EFFECTS OF COMPETITIVE STRATEGIES ON ORGANIZATIONAL PERFORMANCE OF TELECOMMUNICATION COMPANIES IN MOGADISHU - SOMALIA

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ABSTRACT

The telecommunications business in Somalia, as many other countries in the world has in the recent past been among the most competitive industry of the economy. Initially there were only two players but the entry of two other operators made the industry very competitive. Consequently, the growing competitive environment led to price wars which lead to the prices being the lowest in Africa. The firms employ various competitive strategies to survive in the industry. Whether these strategies facilitate them in achieving this and even making the firms more effective. In Somalia Six main companies provide telecommunication services in the country. These include Hormuud Telecom, Telecom Somalia, Telesom, Somafone, Nationlink, and Golis Telecom. They provides a range of products and services which include Land-line,GSM, roaming services, top-up services, data messaging, MMT, voice services, and security services, 3G, GPRS and much more. These services are all geared towards growth and competition. They uses a lot of strategies to gain sustained competitive advantage, however The general objective of this study was to examine effect of competitive strategies on organizational performance of telecommunication companies in Mogadishu, Somalia. More specifically the study investigated the effects of cost leadership, differentiation, market focus strategies and strategic alliances on organizational performance of telecommunication companies in Mogadishu, Somalia. The researcher used theories of competitive strategies like porter‟s generic strategies and employed a descriptive research design to undertake the study. The population of the study was the top, middle and first line managers of Hormuud telecom Somalia. Data was collected from a sample of 184 respondents using stratified sampling method. A structured questionnaire was used as a research instrument. Both descriptive and inferential statistics was used to analyze data with the help of software called Statistical Package for Social Sciences (SPSS) version 20.0. Standard multiple regression analysis was conducted for hypotheses testing while stepwise multiple regression analysis was conducted in order to establish the best combination of independent (predictor) variables would be to predict the dependent (predicted) variable and to establish the best model of the study. Results confirm the varying importance of the competitive strategies on organizational performance in telecommunication industry in Mogadishu Somalia. In general, the results reveal that all cost leadership strategy and differentiation strategy have significant and positive effects on dependent variable (organizational performance).While focus strategy and strategic alliances have insignificant effect on organizational performance in the mobile telecommunication companies in Mogadishu Somalia. The study recommends that to improve the organizational performance the managers of the telecommunication companies in Mogadishu Somalia should nurture and develop cost leadership strategy and differentiation strategy.

1. INTRODUCTION

1.1 Background

In today‟s competitive business environment, organizations must map out their plans on how to sustain their business performance, their competitive advantage and increase their probability. Thompson, Strickland and Gamble (2007) argued that the main objective of any strategy in an organization is to improve its financial performance, strengthen its competitive position and to outdo its rivals. To obtain effective firm performance within the scope of sustainable competitive advantage, decisions on shaping firms‟‟ competitive strategies will be one of the main issues for organizations. This is because the formulation and implementation of competitive business strategies that will improve performance are one of the competent methods to achieve firm‟‟s sustainable competitive advantage, therefore the effect of competitive strategies on firm performance is a major issue to policy makers and has been playing important role to refine firm performance for a long time (Porter, 2008).

The telecommunication industry is growing and is becoming intensely competitive. As such, every organization needs to adopt strategies which will enable it to have a competitive edge over the other players in the market. As competition intensifies, many businesses continue to seek profitable ways in which to differentiate themselves from competitors (Porter, 2008). Strategies concern the purpose and objectives of the organization. They are the things that organizations do, the paths they follow and the decisions they take in order to reach certain points or level of success. Influences such as economic restructuring, intensified competition, government regulations, and technological advances have resulted in heightened environmental turbulence and uncertainty for small business firms (Covin & Slevin, 2010).

A competitive strategy, from a business level perspective, is the achievement of competitive advantage by a business unit in its particular market. According to Ansoff and McDonnell (1990) competitive strategy is a distinctive approach which a firm uses or intends to use to succeed in the market. Sidorowicz (2007) views competitive strategies as more skill-based and involving strategic thinking, innovation, execution, critical thinking, positioning and the art of warfare. Competitive strategy specifies the distinctive approach which the firm intends to use in order to succeed in each of the strategic business units. Competitive strategy gives a company an advantage over its rivals in attracting customers and defending against competitive forces. Competitive strategy consequently aims to establish a profitable and sustainable position against the forces that determine industry competition (Porter, 2008).

In the context of Nigeria, the study titled effect of strategic issue management on organizational performance. The main purpose of this study was to explore the links between strategic issue management activities and organizational performance. The methodology of this study a survey research design was adopted. The sample size was 100 respondents using simple random and judgmental sampling technique and Questionnaire was used as data collection tool. The study revealed some evidence that issues management is indeed a strategic organizational functions in the sense that the adoption of issues management techniques can improve the performance and relative standing of organization that are with different societal and political issues (Lawal, Elizabeth, & Oludayo, 2012).

In Somalia Six main companies provide telecommunication services in the country. These include Hormuud Telecom, Telecom Somalia, Telesom, Somafone, Nationlink, and Golis Telecom. They provides a range of products and services which include Land-line,GSM, roaming services, top-up services, data messaging, MMT, voice services, and security services, 3G, GPRS and much more. These services are all geared towards growth and competition. They uses a lot of strategies to gain sustained competitive advantage (Ali & Dhaha, 2013).

The Hormuud Telecom started its journey in the world of communications in April 2002 from Mogadishu, the capital city of Somalia and since then it has earned name and fame with 5000 permanent employees and a varying number of temporary staff. The faith of people in Hormuud Telecommunication can be assessed by the fact that about 4000 Somali businesspersons have shares in this company (www.Hormuud.com).

The company provides a range of services, which include Mobile service (GSM), landlines and mobile linked internet services (such as GPRS, 3G and Hotspots). and cover Southern and Central regions of Somalia and cater to people‟s needs ofcommunication. It‟s not only known for telecommunication expert services but also they serve as a charity. (Hormuud Telecom Foundation) which has been established to cater to Corporate Social Responsibilities (CSRs) with an agenda of poverty alleviation. It focuses on projects related to education and social developments (Hormuud.com).

1.2 Statement of the problem

The telecommunications business in Somalia, as many other countries in the world (Daniel, 2007) has in the recent past been among the most competitive industry of the economy. Initially there were only two players but the entry of two other operators made the industry very competitive. Consequently, the growing competitive environment led to price wars which lead to the prices being the lowest in Africa (Rapoport, 2005). The firms employ various competitive strategies to survive in the industry. Whether these strategies facilitate them in achieving this and even making the firms more effective is an area that this paper explores.

Studies done on competitive strategies are noted to have given attention to contexts other than Somalia and in particular the mobile telecommunications business. For example, a study by Murage (2011) focused on the competitive strategies in the petroleum industry, a study by Gathoga (2001) focused on competitive strategies by commercial banks in Kenya and Karanja (2002) studied competitive strategies within the real estate firms in the perspective of Porter‟s generic model, but there is no previous competitive strategies study conducted in telecommunication industry in somalia. This paper examines the relationship between competitive strategies and organizational performance among firms in the mobile telecommunications industry in Somalia. Specifically the study set out to identify the competitive strategies adopted by firms in the mobile telecommunication industry in Somalia and thereafter examine the relationship between these strategies and firm performance in this industry.

1.3 Objectives of the study

General objectives

The general objective of this study is to determine the effect of competitive strategies on organizational performance of telecommunication companies in Mogadishu, Somalia.

Specific objectives

1. To determine the effect of cost leadership strategy on organizational performance of Hormuud telecom in Mogadishu, Somalia.
2. To analyze the effect of differentiation strategy on organizational performance of Hormuud telecom in Mogadishu, Somalia.
3. To investigate the effect of market focus strategy on organizational performance of Hormuud telecom in Mogadishu, Somalia.
4. To examine the effect of strategic alliances on organizational performance of the Hormuud telecom in Mogadishu, Somalia.

2. LITERATURE REVIEW

2.1 Theoretical Review

Scholars in the strategy field are concerned fundamentally with explaining differential firm performance (Rumelt, Schendel, & Teece, 2009)..

2.1.1 Resource Based View theory

Within the resource-based framework, the firm is viewed as a nexus of resources and capabilities that are not freely bought and sold in the spot market (Conner, 1991; Rumelt, 1987; •Wernerfelt, 1984). To the extent that these firm-specific resources and capabilities yield economic benefits that cannot be perfectly duplicated through competitors' actions, they may be potent sources of sustained competitive advantage (Arnit & Schoemaker, 1993; Barney, 1991, 1992; Oierickx & Cool, 1989; Reed & OeFillippi, 1990).A firm's resources encompass all input factors-both tangible and intangible, human and nonhuman-that are owned or controlled by the firm and that enter into the production of goods and services to satisfy human wants (Amit & Schoemaker, 1993). Organizational capabilities characterize the dynamic, nonfinite mechanisms that enable the firm to acquire, develop, and deploy its resources to achieve superior performance relative to other firms (Dierickx & Cool, 1989).

Capabilities are dependent upon the firm's capacity to generate, exchange, and utilize the information needed to achieve desired organizational outcomes through the firm's human resources (Amit & Schoemaker, 1993). Among the organizational capabilities that have been posited as potent sources of sustainable competitive advantage are organizational culture (Barney, 1986a; Fiol, 1991), learning (Fiol & Lyles, 1985; Teece et aI., 1990), routines (Nelson & Winter, 1982), and entrepreneurship (Nelson, 1991; Rumelt, 1987; Schumpeter, 1934). Resources and capabilities have been labeled distinctive competence (Fiol, 1991; Reed & DeFillippi, 1990; Selznick, 1957), core competence (Prahalad & Hamel, 1990), firm-specific competencies (Pavitt, 1991), organizational capabilities (Stalk, Evans, & Shulman, 1992; Ulrich & Lake, 1990), and organizational capital (Prescott & Visscher, 1980; Ranson, 1987; Tomer, 1987), reflecting a wide range of research objectives and theoretical perspectives.

These firm attributes or isolation mechanisms (Rumelt, 1984) include unique historical conditions (Barney, 1991), socially complex interactions, as in the case of team productions (Amit & Schoemaker, 1993; Reed & DeFillippi, 1990), specialized assets (Teece, 1987; Williamson, 1985), tacit knowledge and skills (Polanyi, 1967; Reed & DeFillippi, 1990), and causai ambiguity (Lippman & Rumelt, 1982), or the relative difficulty in establishing causal connections between organizational competencies and outcomes. Furthermore, organizational competencies must have no close substitutes in order to confer durable economic benefits to the firm (Barney, 1991; Dierickx & Cool, 1989). As Dierickx and Cool (1989: 1509) pointed out, the existence of substitutes for a given stock of organizational competencies "threatens to render the original asset stocks obsolete, typically because they no longer create value to the buyer.

2.1.2 Industry Structure Theory

One way to look at competition is by industry analysis. Competition drives down rates of return on invested capital. If the rate is "competitive" it will encourage investment, if not, it will discourage competition. Porter (1980) and (1985) looked at the forces influencing competition in an industry and the elements of industry structure.

Porter further postulated that the elements of industry structure are suppliers, buyers, new entrants and substitutes. To a large degree, these five market forces collectively determine the ability of a firm, whether large or small, to be successful. Obviously, all industries are not alike; therefore, each force has varying impact from one situation to the next. Porter identifies numerous elements of industry structure that influence these five factors. Briefly stated, these factors influence the creation of a competitive advantage as follows:

2.1.3 Michael Porter's generic strategies

Porter (2008) argued that superior performance can be achieved in a competitive industry through the pursuit of a generic strategy, which he defines as the development of an overall cost leadership, differentiation, or focus approach to industry competition. If a firm does not pursue one of these strategy types, it will be stuck-in-the-middle and will experience lower performance when compared to firms that pursue a generic strategy. Competitive strategy consists of all those moves and approaches that a firm has and is taking to attract buyers, withstand competitive pressure and improve its market position A company has competitive advantage whenever it has an edge over its rivals in securing customers and defending against competitive forces (Thompson & Strickland, 2010). Sustainable competitive advantage is born out of core competencies that yield long term benefit to the company. Sources of competitive advantage include high quality products, superior customer service and achieving lower costs than its rivals. To succeed in building a sustainable competitive advantage, a firm must try to provide what buyers will perceive as superior value. This entails either a good quality product at a low price or a better quality product that is worth paying more for (Porter, 2008).

2.2 Conceptual framework

For this study the dependent variable is firm‟s performance while the independent variables are as cost leadership strategies, market focus strategies, differentiation strategies and strategic alliances strategies.

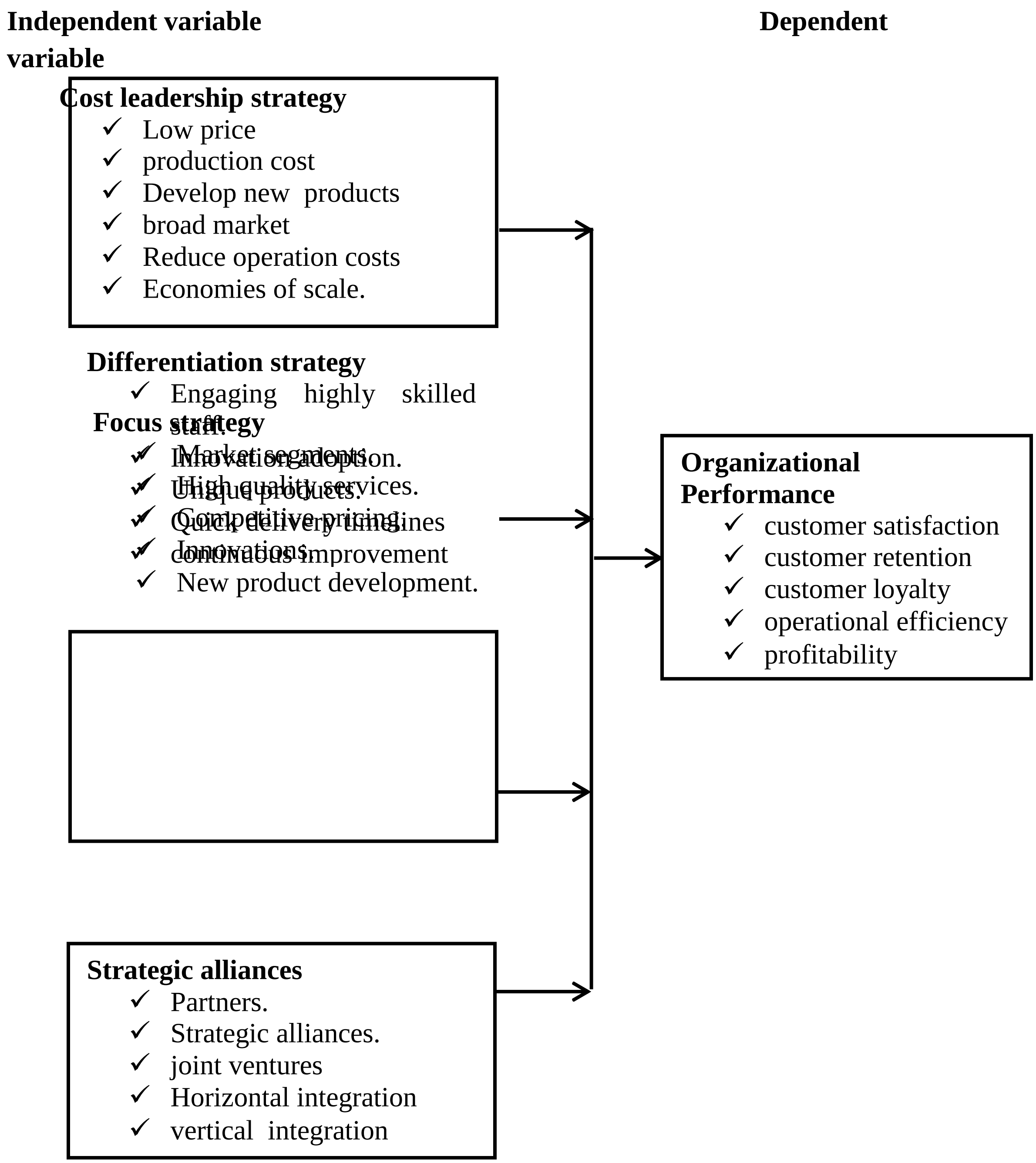

Figure 2.1: Conceptual frame work

2.3 Review of variables

2.3.1 Cost leadership strategies

The purpose of this strategy is the company's low-cost products offers in an industry. Cost leadership strategy takes place through experience, investment in production facilities, conservation and careful monitoring on the total operating costs (through programs such as reducing the size and quality management). The existing literature contains some discussions of why the relationship between leverage and performance depends on a firm‟s choice of strategy. Firms pursuing a strategy of cost leadership will benefit more from the use of leverage in terms of the increased managerial efficiency which corresponds to be monitored by lenders. According to Jensen (2009), monitoring by lenders also limits managers‟ opportunistic behaviors by reducing the resources available for discretionary spending. Hence, Jensen (2010) proposed that the control function of debt is more important for companies that strive to be efficient (Jermias, 2008). Accordingly, Porter (2008) suggested that cost leadership firms need to control costs tightly, refrain from incurring too many expenses from innovation or marketing, and cut prices when selling their products.

The other option is to sell at the normal market price and take advantage of the increased profit due to reduction in the production cost. In order to gain competitive advantage as a low cost provider, an organization has to employ ways and means which are very difficult for rivals to copy. Porter (2008) postulates that the sources of cost advantage are varied and depend on the structure of the industry. They may include the pursuit of economies of scale, proprietary technology, preferential access to raw materials etc.

Thompson, Strickland, and Gamble (2008) argue that there are two ways of accomplishing the low cost provider strategy.ie Cost-Efficient management of value chain activities and revamping the value chain to curb or eliminate unnecessary activities.

2.3.2 Market focus strategies

Focus strategies are assigned to help a firm target a specific niche within an industry. Unlike both low-cost leadership and differentiation strategies that are designed to target a broader or industry-wide market, focus strategies aim at s specific and typically small niche. These niches could be a particular buyer group, a narrow segment of a given product line, a geographic or regional market, or a niche with distinctive, special tastes and preference. The basic idea behind a focus strategy is to specialize the firm‟s activities in ways that other broader-line (low-cost or differentiation firms cannot performs as well, Superior value, and thus higher profitability, are generated when other broader-line firms cannot specialize or conduct their activities as well as a focused firm. If a niche or segment has characteristics that are distinctive and lasting, then a firm can develop its own set of barriers to entry in much the same way that large established firms do in broader markets.

Kombo (2008) in a study on the motor industry notes that firms had to make substantial adjustments in their strategic variables in order to survive in the competitive environment. The firms introduced new techniques in product development, differentiated their products, segmented and targeted their customers more and improved customer service. Karanja (2012) observes in a study of real estate firms in Kenya that increase in the number of players has led to increased competition. The most popular type of competitive strategy was on the basis of focused differentiation. Firms tended to target certain levels of clients especially the middle and upper class who resided in certain targeted estates.

2.3.3 Strategic alliances

Strategic alliances are increasingly becoming popular day by day. To achieve competitive advantages firms combine their assets and capabilities in a cooperative policy that is termed as strategic alliance. Strategic alliance is considered as an essential source of resource-sharing, learning, and thereby competitive advantage in the competitive business world. Management of alliance and value creation to attain competitive advantage is very important in strategic alliance (Ireland, Hitt, & Vaidyanath, 2012). This involves firms exchanging and sharing of resources and capabilities to co-develop or distribute goods or services (Kale, Singh & Perlmutter, 2010).

The achievement of competitive advantages may not be possible by one firm itself because it does not possess required all resources and knowledge to be entrepreneurial and innovative in dynamic competitive markets. Inter - organizational relationships create the opportunity to share the resources and capabilities of firms while working with partners to develop additional resources and capabilities as the function for new competitive advantages (Kuratku, Ireland, & Hornsby, 2011).

Alliances also bring together technology and skills that would otherwise have taken large amount of time and money for each individual firm to develop. For example alliance between Google and Huawei enabled the development of low to high end smart phone of Huawei phone running on android (Google) software.

2.3.4 Differentiation strategies

This strategy requires the development of goods or unique services from unmatched by relying on customer loyalty to the brand. A company can be offered higher quality, performance or unique features that each of them can justify the higher prices. Miller (2007) argued that product differentiation firms tend to invest heavily in research and development activities in order to increase their innovative capability and enhance their ability to keep up with their competitors‟ innovations (Jermias, 2008). The constraints of increased debt and requirements to satisfy debt covenants will likely impede managers‟ creativity and innovation, qualities which are critical to maintain competitive advantage for product differentiation firms (Balakrishnan and Fox, 1993; Simerly and Li, 2000; Jermias, 2008). Biggadike (1979) argued that product differentiation firms face high uncertainty, as their strong emphasis on innovation requires them to engage in more risky activities and bet on products that have not yet crystallized. This might make it both difficult and undesirable for firms to use a greater amount of debt (Jermias, 2008).

According to Thompson, Strickland, and Gamble (2008), companies can take differentiation from many angles e.g. Multiple features (e.g. Microsoft Windows, Microsoft office);wide selection and one stop shopping (e.g. Home Depot, Amazon.com),superior service, availability of spare parts ,engineering design and performance, prestige and distinctiveness, quality manufacturing, technological leadership etc .They also argue that differentiation yields longer lasting and more profitable competitive edge when based on product innovation technical superiority, product quality and reliability, comprehensive customer service and unique competitive capabilities.

Focused differentiation strategy normally generates a lot of goodwill and loyalty drawn from the efforts of catering to the specialized needs of their customers. This in turn makes it difficult for a competitor targeting the same market. Organizations like Ferrari manufactures cars for sports enthusiast .The cars are manufactured based on orders and customization as per client wishes, are assembled by hand, and built for speed and targets the high end consumers willing to pay a premium price for the vehicle.

2.3.5 Organizational Performance

Performance is a continuous and flexible process that involves managers and those whom they manage acting as partners within a framework that sets out how they can best work together to achieve the required results (Armstrong, 2010). Performance is the end result of activities; it includes the actual outcomes of the strategic management process. The practice of strategic management is justified in terms of its ability to improve the organization‟s performance (Wheelen & Hunger, 2010). Organizational performance comprises the actual output or results of an organization as measured against its intended outputs (or goals and objectives). According to Richard et al. (2009), organizational performance encompasses three specific areas of firm outcomes: financial performance (profits, return on assets, return on investment) product market performance (sales, market share) and shareholder return (total shareholder return, economic value added).Specialists in many fields are concerned with organizational performance including strategic planners, operations, finance, legal, and organizational development adopted by different firms in providing the services. This study therefore sought to answer the question: what is the relationship between the competitive strategies and the performance of telecommunication companies in Mogadishu Somalia.

They stated that as a concept in modern management, organizational performance suffered from problems of conceptual clarity in a number of areas. The first was the area of definition while the second was that of measurement. The term performance was sometimes confused with productivity. According to Ricardo (2001), there was a difference between performance and productivity. Productivity was a ratio depicting the volume of work completed in a given amount of time. Performance was a broader indicator that could include productivity as well as quality, consistency and other factors. In result oriented evaluation, productivity measures were typically considered. Ricardo

(2001) argued that performance measures could include result- oriented behaviour (criterion-based) and relative (normative) measures, education and training, concepts and instruments, including management development and leadership training, which were the necessary building skills and attitudes of performance management. Hence, from the above literature review, the term "performance" should be broader based which include effectiveness, efficiency, economy, quality, consistency behavior and normative measures (Ricardo, 2001).

3. RESEARCH METHODOLOGY

.3.1 Research design

This study adopted a descriptive research design.

3.2 Analytical Model

The correlation and regression model was used $y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4$ where Y is the dependent variable (Organizational performance of telecom Industry). X1 is cost leadership strategy, X2 is differentiation strategies, X3 Is Focus strategy, X4 Is strategic

4. RESEARCH FINDINGS AND DISCUSSION

4.1 Competitive Strategies

Several strategies were identified against which the respondents were requested to indicate the extent to which they applied them in their organizations. A five point Likert scale was provided ranging from: 5= Very Large Extent; 4= Large Extent; 3= Moderate Extent; 2 = Little Extent; 1= Not at all. From the responses, descriptive measures of central dispersion: mean and standard deviation were used for ease of interpretation and generalization of findings. The findings are clearly illustrated below.

4.1.1 Cost leadership strategy

The respondents were asked the extent to which they agreed on the statements below on cost leadership strategy adopted by their organizations. The Findings are shown in Table 4.9

Table 4.9 Cost leadership strategy

Statements	N		S. D
Organizations use low prices for its products to remain	148	4.16	1.325
By charging lower prices, our company increases its market	148	4.22	1.228
Organization develops new products that meet the market	148	3.48	1.426
Organization uses knowledge gained from past production to lower production costs.	148	3.45	1.274
The cost leadership strategy protects organization from	148	4.20	1.189
Lower cost strategy helps organizations gain a competitive advantage over competitors.	148	3.44	1.366
There is quality delivery of service at competitive prices and at appropriate locations.	148	3.71	1.268
Cost leadership strategy offers services in a broad market at the lowest prices.	148	3.68	1.267
Competitors imitate technology leading to the organization‟s loss of its competitiveness.	148	3.95	1.271
Our organization focuses on reducing operating costs.	148	3.77	1.218
Our organization focuses on defending our existing Products.	148	3.80	1.271
Our organization focuses on searching for the economies of	148	4.04	1.172

As shown in the Table 4.9, organization increases its market share as supported by the mean of 4.22 with a standard deviation of 1.228. Organization protects organization from competition as supported by the mean of 4.20 with a standard deviation of 1.189. These findings shows that increases its market share had an influenced on cost leadership strategy to a large extent. At the same time protection from competition had influenced the organization cost leadership strategy to a very large extent. Organization focused on searching for the economies of scale as indicated by a mean of 4.04 with a standard deviation of 1.172., thus had an influenced on the cost leadership strategy to a very large extent.

4.1.2 Differentiation strategy

The respondents were asked the extent to which they agreed on the statements below on differentiation strategy adopted by their organizations. The Findings are shown in Table 4.10

Table 4.10 Differentiation strategy

statements	N	Mean	Std. D
Engaging highly skilled staff.	148	3.86	1.260
Maintaining high innovation adoption.	148	4.03	1.178
Reducing rate of customer defection.	148	3.20	1.272
Introducing unique products.	148	3.63	1.185
Outsourcing in order to access the best and then offer.	148	3.49	1.307
Quick delivery timelines	148	4.06	1.197
Leadership focusing on continuous improvement	148	4.17	1.115
Focusing on continuous improvement	148	3.59	1.470
Creating a first-mover advantage	148	4.26	.997

As shown in the Table 4.10, organization creates first-mover advantage as supported by the mean of 4.26 with a standard deviation of 0.997. Organization leadership focuses on continuous improvement as supported by the mean of 4.17 with a standard deviation of 1.115. These findings shows that creating first-mover advantage had an influenced on differentiation strategy to a large extent. At the same time focusing on continuous improvement had influenced the organization differentiation strategy to a very large extent. Organization focused on Quick delivery timelines as indicated by a mean of 4.06 with a standard deviation of 1.197., thus had an influenced on the differentiation strategy to a very large extent.

i. focus strategy

The respondents were asked the extent to which they agreed on the statements below on focus strategy adopted by their organizations. The Findings are shown in Table 4.11.

Table 4.11 Focus strategy

statements	N	Mean	S.D
The Company has chosen specific market segments for some of its products.	148	4.0	1.175
Focusing of specific market segments enable our company to deliver high quality products/services.	148	4.16	1.069
The Company focuses on differentiating its products from those of its competitors.	148	3.71	1.247
The Company focuses on competitive pricing to remain competitive.	148	3.94	1.162
Our Company focuses on innovations to remain Competitive.	148	4.05	1.392
Our Company focuses on new product development to remain competitive.	148	3.94	1.089

As shown in the Table 4.11, the company focuses on specific market segments that enable our company to deliver high quality products/services as supported by the mean of 4.16 with a standard deviation of 1.069. The company also focuses on innovations to remain Competitive as supported by the mean of 4.05 with a standard deviation of 1.392. These findings show that focusing on specific market segments to deliver high quality products/services had influenced the company focus strategy to a large extent. At the same time focus on innovations to remain Competitive advantage also had influenced the organization focus strategy to a very large extent.

Organization chosen specific market segments for some of its products as indicated by a mean of 4.0 with a standard deviation of 1.175 thus had an influenced on the focus strategy to a very large extent.

ii. Strategic alliances

The respondents were asked the extent to which they agreed on the statements below on strategic alliances adopted by their organizations. The Findings are shown in Table 4.12.

Table 4.12 Strategic alliances

statements	N	Mean	Std. D
The company chooses a partner with the desired complementary assets.	148	4.17	1.115
The company formed strategic alliances with other firms.	148	3.89	1.138
Formed joint ventures with other firms	148	3.80	1.400
Integrated with other companies horizontally	148	4.22	.980
Integrated with other companies vertically	148	4.26	1.184

As shown in the Table 4.12, High scores on integrated with other companies vertically as supported by the mean of 4.26 with a standard deviation of 1.184. Integrated with other companies horizontally as supported by the mean of 4.22 with a standard deviation of 0.980. These findings show that focusing on integrated with other companies vertically had influenced the company strategic alliances to a large extent. At the same time Integrated with other companies horizontally also had influenced the organization strategic alliances to a very large extent. Chooses a partner with the desired complementary assets as indicated by a mean of 4.17 with a standard deviation of 1.115 thus had an influenced on the strategic alliances to a very large extent.

iii. Organizational performance

The respondents were asked the extent to which they agreed on the statements below on strategic alliances adopted by their organizations. The Findings are shown in Table 4.13.

Table 4.13 Organizational performance

Statements	N	Mean	Std. D
Improved customer satisfaction	148	4.00	1.405
Improved customer retention	148	3.95	1.423
Improved customer loyalty	148	4.32	1.077
Increased operational efficiency	148	3.97	1.304
Improved profitability for the Company	148	4.01	1.262
Increased market share	148	4.05	1.506

As shown in the Table 4.13. The study further investigated whether performance is improved customer loyalty. This question was repeated so as to check for consistency in the response a mean of 4.32 was obtained. In the Increased market share construct a mean of 4.05 was obtained and this indicates consistency in the findings. The study further requested the respondents there improved profitability for the Company; a mean of 4.01 was obtained.

Correlation Analysis

Pearson Bivariate correlation coefficient was used to compute the correlation between the dependent variable (organizational performance) and the independent variables (cost leadership strategy, differentiation strategy, focus strategy and strategic alliances). According to Sekaran (2015), this relationship is assumed to be linear and the correlation coefficient ranges from -1.0 (perfect negative correlation) to +1.0 (perfect positive relationship). The correlation coefficient was calculated to determine the strength of the relationship between dependent and independent variables (Kothari, 2013).

Table 4.14 Correlation Analysis

		OP	CLS	DS	FS	SA
OP	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	148				
CLS	Pearson Correlation	.927	1			
	Sig. (2-tailed)	.000				
	N	148	148			
DS	Pearson Correlation	.884	.972	1		
	Sig. (2-tailed)	.000	.000			
	N	148	148	148		
FS	Pearson Correlation	.731	.889	.921	1	
	Sig. (2-tailed)	.000	.000	.000		
	N	148	148	148	148	
SA	Pearson Correlation	.538	.689	.719	.692	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	148	148	148	148	148

***Correlation is significant at the 0.01 level (2-tailed).*

**Correlation is significant at the 0.05 level (2-tailed).*

From table 4.14, the results generally indicate that all independent variables (cost leadership strategy, differentiation strategy, focus strategy and strategic alliances) were found to have positive significant correlations on organizational performance at 5% level of significance. There was a strong positive and significant correlation between cost leadership strategy and organizational performance ($r = 0.927$, $P < 0.05$). There was a strong positive and significant correlation between differentiation strategy and organizational performance ($r = 0.884$, $P < 0.05$). There was a strong positive and highly significant correlation between focus strategy and organizational performance ($r = 0.731$, $P < 0.01$). There was a moderately strong positive and highly significant correlation between strategic alliances and organizational performance ($r = 0.538$, $P < 0.01$). The results imply that cost leadership strategy, differentiation strategy, focus strategy and strategic alliances significantly influenced the performance of the telecommunication firms in Somalia.

5. SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter discusses the summary of key data findings and draws conclusions from the findings based on the objectives. The chapter also presents the recommendations made from the findings. The purpose of this study was to determine effect of competitive strategies on organizational performance in the mobile telecommunication companies in Mogadishu Somalia.

5.2 Summary of Findings

The general objective of this study was to investigate the effect of competitive strategies on organizational performance of telecommunication companies in Mogadishu Somalia. More specifically investigated the effects of the following specific objectives. Cost leadership strategy, differentiation strategy, focus strategy and strategic alliances on organizational performance of telecommunication companies in Mogadishu, Somalia The study employed a survey research design in data collection. This research employed quantitative data collection method whereby data was gathered by the use of closed ended questionnaires which were self- administered. Factor analysis was used to assess the validity and Cronbach"s alpha to assess reliability of the questionnaire. Multiple regression analysis was performed to assess the relationship between the dependent variable (organizational performance) and the independent variables (cost leadership strategy, differentiation strategy, focus strategy and strategic alliances) and to test the research hypotheses on the effect of competitive strategies on organizational performance of telecommunication companies in Mogadishu, Somalia.

Standard multiple regression analysis was conducted for hypotheses testing (Cooper & Schindler, 2013; Sekaran, 2008), while stepwise multiple regression analysis was conducted in order to establish the best combination of independent (predictor) variables would be to predict the dependent (predicted) variable and to establish the best model of the study (Cooper & Schindler, 2013). Results confirm the varying importance of the competitive strategies on organizational performance in telecommunication industry in Mogadishu Somalia. In general, the results reveal that all independent variables (cost leadership strategy , differentiation strategy , focus strategy and strategic alliances have significant and positive effects on dependent variable (organizational performance) in the mobile telecommunication companies in Mogadishu Somalia. The study recommends that to improve the organizational performance the managers of the telecommunication companies in Mogadishu Somalia should nurture and develop cost leadership strategy , differentiation strategy focus and strategic alliances.

5.3 Conclusions

Based on the findings of this study, the following conclusions were drawn. The results reveal that cost leadership strategy and differentiation strategy have significant and positive effects on organizational performance, while focus strategy and strategic alliances have insignificant effects on organizational performance of telecommunication companies in Mogadishu Somalia. These findings indicate that the existing focus strategy and strategic alliances are not so suitable for improving organizational performance in different levels of the telecommunication companies in Somalia. The stepwise multiple regressions indicated that among the cost leadership strategy and differentiation strategy had more effects on improving organizational performance of telecommunication companies in Mogadishu Somalia. This result was an emphasis on the role of cost leadership strategy and differentiation strategy in providing a suitable environment for developing organizational performance in different levels of the telecommunication companies in Somalia.

5.4 Recommendations

Based on the findings of this study and the conclusions drawn, the following recommendations were made:

Managerial Recommendations

1. The existing cost leadership practices should be maintained and developed

annually in order to gain competitive advantage from other competitors in Somalia since it‟s significantly affects the organizational performance.

2 The existing differentiation strategy practices should be maintained and developed annually in order to gain competitive advantage from other competitors in Somalia since it‟s significantly affects the organizational performance.

3 The existing focus strategy practices should be modified towards modern focus strategy practices in order to improve organizational performance in different levels of the telecommunication companies in Somalia.

4 The existing strategic alliances practices should be modified towards modern strategic alliances practices in order to improve organizational performance in different levels of the telecommunication companies in Somalia.

Policy Recommendations

1. Policy makers should find out how on cost leadership and differentiation strategies could be modified in order to facilitate organizational performance of the telecommunication companies in Mogadishu- Somalia.

2. Policy makers should decide on the mechanisms to encourage focus strategies in the Telecommunication companies in Somalia.

3. Policy makers should decide on the mechanisms to encourage strategic alliances in the Telecommunication companies in Somalia.

4. The government should create a positive competition policy to encourage the new market entrants in in the telecommunication companies in Mogadishu- Somalia.

5. The government should develop very clear and elaborate regulatory framework and policies so as to guide the operations of the telecommunication companies in Mogadishu- Somalia.

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