Effects of Strategic Management Practices on Firm Performance of Medium and Large Telecommunication Companies in Mogadishu, Somalia

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Abstract

The strategic planning process is used by management to establish objectives, set goals, and schedule activities for achieving those goals and includes a method for measuring progress. Therefore, the general objective of this paper is to examine the effect of strategic management practices on firm performance in telecommunication companies in Mogadishu, Somalia. The study explored the effects of strategy formulation, strategy implementation, and strategy control and evaluation on firm performance in telecommunication companies in Mogadishu. The target population of this study was top managers, middle managers, and normal employees of some telecommunication companies in Mogadishu. There are more than five telecommunication companies in Mogadishu, but our study will focus on three Telecommunication Companies in Mogadishu. The target population of this study was 62. Therefore, since the study population (N) is 110, Error of tolerance used was 0.05. Thus, the sample size is 54 respondents. The study collected primary data which was analyzed using descriptive statistics including frequencies, tables, percentages, mean scores, and standard deviation. Data collected from questionnaires are coded and keyed into a computer. Quantitative data will analyze using the Statistical Package for Social Sciences (SPSS). Descriptive statistics including the means and standard deviations were used to analyze quantitative data and capture the characteristics of the variables under study. Regression model was applied to determine the relationship between strategy formulation, strategy implementation, and strategy control and evaluation as the independent variables and firm performance of telecommunication companies in Mogadishu as the dependent variable. Pearson's product moment correlation analysis is also used and it's a powerful technique for determining the relationship among variables. Correlation coefficient will be used to analyze the strength of the relations between variables.

Key words: Strategy Formulation, Strategy implementation, Strategy control and Evaluation, Firm Performance

1. Introduction

Strategic Management is a concept that concerns making decisions and taking corrective actions to achieve long-term targets and goals of an organization. It is a set of decisions and actions that result in the formulation and implementation of plans designed to achieve a company’s objectives. Strategic management practices therefore include strategic planning, strategy implementation, and strategy evaluation and control, which have in the past studies been seen to influence the competitive positioning of the firm in the industry, thereby determining the performance (Maro & Muturi, 2015). Strategic management has been touted as one of the effective management tools in strengthening organization performance through effective decision making and strategic systematic formulation and implementation. Although, strategic management was more prevalent in the private sector since the concept was first developed, the interest of using strategic management in the public sector has increased over the last decade (Smith, 1994). Since 1980’s there have been a series of reforms taking shape in the public sector, resulting from increased awareness on the importance of quality in the public sector (Juma & Okibo, 2016).

Strategic management process consist of developing a strategic mission, setting objectives, situation analysis, developing a strategy, strategy implementation, and evaluation. The process is dynamic and continuous; a change in one component can necessitate a change in the entire strategy. Strategy formulation entails consideration of economic, social, political, technological, and ecological and industry environment factors which include entry barriers, competitive rivalry, availability of substitutes, and bargaining power of buyers and suppliers. Managing strategy in action is concerned with ensuring that chosen strategies are actually put into action through the development of appropriate strategies, structuring an organization to support successful performance, resourcing strategies in the separate resource areas and managing strategic change (Njeru, 2015).

Strategic management is a thought that has already revealed remarkable outcomes in market operations. Nowadays, it is almost impossible to find a serious revenue organization which does not apply the methods and approaches of strategic planning in their
business. Organizations that have a clearly defined concept of strategic planning are more likely to achieve their goals. Organizations that do not apply strategic planning in their business have little chance of survival in the market (Salkić, 2014).

Strategic Management defines the purpose of the organisation and the plans and actions to achieve that purpose. It is that set of managerial decisions and actions that determine the long term performance of a business enterprise. It involves formulating and implementing strategies that will help in aligning the organization and its environment to achieve organizational goals. Strategic management provides overall direction to the enterprise. Firms that pursue sustainable strategic management base the formulation, implementation, and evaluation of their strategies on an analysis of the ecological issues they face, the values they hold that support sustainability, and the ecological interests of their stakeholders (Nyariki, 2013).

Strategic planning, according to Kroon (1993), makes it possible to lead the enterprise continuously, considering the enterprise's situation (strengths and weaknesses) and the external environment (opportunities and threats), and to exploit the market with the greatest possibilities for the effective presentation and the profitable sale of a product or service. Kroon (1993) also states that strategic management concentrates on effectiveness while tactical management concentrates on efficiency (Langat & Auka, 2015).

1.1 Telecommunication Companies in Mogadishu, Somalia

According to the World Bank (2017), two and a half decades of conflict, concentrated mainly in southern Somalia, destroyed much of the country’s governance structure, economic infrastructure, and institutions. Following the collapse of the Siad Barre government, in January 1991, Somalia experienced deep cycles of internal conflict that fragmented the country, undermined legitimate institutions, and created widespread vulnerability.

As cited by the World Bank (2017), Somalia’s economy has shown remarkable resilience despite over 24 years of weak and ineffective central government; mainly driven by the private sector. Throughout the years of fragility and conflict, Somalia’s vibrant private sector helped maintain economic activity through provision of money transfer, transport, and telecommunications services. The dearth of statistics continues to make it hard to have a precise estimate of the size of the economy and a number of macroeconomic and social indicators. The World Bank and IMF estimates Somalia’s GDP at about $6 billion in 2015 which is six times the pre-war period (1985-1990) average of US$1 billion. Consumption remains the key driver of GDP with Gross fixed capital formation accounting for only 8% of GDP in 2015. The economy is highly dependent on imports with the share of exports to GDP being only 14%. Imports account for more than two thirds of GDP, creating a large trade deficit, mainly financed by remittances and international aid. Remittances not only provide a buffer to the economy but also are a lifeline to large segments of the population cushioning household economies and creating a buffer against shocks (World bank, 2017).

According to above World Bank information, Somalia makes improvement of many industries such as telecommunication service, remittances, and imports which is the most activates of the enterprises and this study investigates effect of strategic management practices on firm performance of telecommunication companies in Mogadishu, Somalia. After the fall down of Somalia government in 1991 many telecommunication companies which all of them are privately owned appeared and these private companies immediately start their operations with very limited and insufficient infrastructure however various operators was established and suddenly begin to compete basic telecom services both local and international. In addition to that all of them offer local and international services to its intrinsic customers on its own network and the privatization in Somalia expands their scope. And today telecommunication in Somalia covers the entire cities and towns in Somalia and surprisingly you can communicate your friends and families while you are cultivating your farm and in addition to that the telecommunication companies started to compete each other and each of them want to dominate the market this competition is beneficial for the customers in some ways because each companies offers lower prices (Abdulahi, 2018).

2. Research Problem

Strategic planning increases the efficiency and effectiveness of firms by improving both current and future operations. Strategic planning provides a framework for management’s vision of the future. The process determines how the organization will change to take advantage of new opportunities that help meet the needs of customers and clients. Strategic planning is a difficult process which requires that people think and act creatively. The strategic planning process is used by management to establish objectives, set goals, and schedule activities for achieving those goals and includes a method for measuring progress. These goals can be accomplished through the steps of the strategic plan, beginning with an external and internal analysis, a clearly defined mission statement, goals and objectives, formulation of specific strategies, concluding with the implementation of the strategy and managed control process (Julian, 2013).

Some of the notable studies that have been conducted in strategic management practices on firm performance in Mogadishu. Somalia did not study the three top telecom operators in Mogadishu, Somali. Ahmed & Aaron (2017) did a study on strategic management practices on firm performance in Hormuud, Nationlink and Somtel (Garad , Abdulahi , & Bashir , 2015)did a study on strategic management practices on firm performance in Hormuud, Nationlink and Somtel, and (Abdi & Sasaka, 2017) only
hormuud, and this research investigated on strategic management practices on firm performance in Hormuud, Nationlink and Somtel. And also this research investigated the strategic process of telecommunication companies in Mogadishu and their use formal strategy planning according to strategy process steps such as strategy formulation, strategy implementation, strategy evaluation and strategy control since there is strong fight between them and some have weak market share and other declare bankruptcy.

3. Objectives of the Study

3.1 General Objective

The main objective of the research was to examine the effect of strategic management practices on firm performance in telecommunication companies in Mogadishu, Somalia.

3.2 Specific Objectives

The specific objectives of the study were:

i. To determine the effects of formal strategy formulation on firm performance of medium and large telecommunication companies in Mogadishu, Somalia.

ii. To establish the effects of planned strategy on firm performance of medium and large telecommunication companies in Mogadishu, Somalia.

iii. To examine the effects of strategy evaluation on firm performance of medium and large telecommunication companies in Mogadishu, Somalia.

iv. To evaluate the effects of strategy control on firm performance of medium and large telecommunication companies in Mogadishu, Somalia.

4. Research Questions

This study was guided by the following research questions:

i. What is the effect of formal strategy formulation on firm performance of medium and large telecommunication companies in Mogadishu, Somalia?

ii. What is the effect of planned strategy on firm performance of medium and large telecommunication companies in Mogadishu, Somalia?

iii. What is the effect of strategy evaluation on firm performance of medium and large telecommunication companies in Mogadishu, Somalia?

iv. What is the effect of strategy control on firm performance of medium and large telecommunication companies in Mogadishu, Somalia?

5. Justification of the Study

In Somalia, there is a little in strategic management practices on firm performance, so the researcher decided to add more to exploit students and business and find immediately the important of strategic management practices on firm performance in telecommunication companies the researcher thinks more how to increase the knowledge of strategy in business fields and getting information about whether organization perfectly using strategy planning and result is a good source for both organizations and students to get as a literature review.

6. Review of Literature

6.1 Theoretical Framework

6.1.1 Resource-Based Theories

This theory was developed by Birge Wenefeldt in 1984. It is a method of analyzing and identifying a firm’s strategic advantages based on examining its distinct combination of assets, skills, capabilities and intangibles as an organization. The RBV’s underlying premise is that a firm differs in fundamental ways because each firm possesses a “unique” 12 bundle of resources-tangible and intangible assets and organizational capabilities to make use of those assets. Each firm develops competencies from these resources, and when developed especially well, these become the source of the firm’s competitive advantage; (Nyariki, 2013) in the context of this theory, it is evident that the resources that a firm has will play a big role in the strategic implementation process. This is because no matter how good the strategies are, without the necessary resources to enable the implementation, they remain in the planning phase.
A resource-based perspective means that there is a certain focus on resources owned by the company or by its partners; and the various resources (and capabilities) that can explain company performance and long term growth/ or decline. A resource perspective aims to give a picture of company resources before and during decision-making processes in company and business strategies. It also aims to describe potential need for changes in company organization (in systems and structures) in order to be able to implement value creating business strategies. A resource-based perspective also has a certain focus on management, its /limited/ access to information and its capability to work efficiently and effectively with business strategy (Boström, 2016).

According to the RBV, a firm's internal capabilities determine the strategic choice it makes in competing in its external environment. This is in line with the influence that strategic management practices have on the performance of a firm. Closer within the context of the construction industry, the RBV is used to identify and explore man-power expertise and strategic planning systems that can help construction firms manage present construction projects and grab future business opportunities therefore increasing the firms portfolio. Capabilities, resources and knowledge acquired over time create options for future business exploration and give a firm leverage over its competitors (Waweru & Omwenga, 2015). The theory argues that firms should utilize the resources within the company to gain competitive advantage. The theory emphasizes looking within the enterprise to achieve sustainable competitive advantages (Orony, 2016).

6.1.2 Game-Based Theories

A game is any situation in which players (participants) make strategic decisions i.e. they take into account each other’s actions and responses. Strategic decisions result in payoffs to the players. Payoffs are outcomes that generate benefits or rewards and these benefits or rewards could be in the form of profits, prices, utility, dividends (Sunde, 2017). The theoretical background to such an approach is based on mathematical models of options and choice coupled with the theory of chance. Despite its avowedly theoretical perspective, has also played a significant role in deepening our understanding of competitive interactions (Camerer 1991, Furrier and Thomas 2000, Saloner 1991).

Game theory does of course rely heavily on the principle of rationality, and it may well be that competitors do not always behave rationally. However, it does provide a way of thinking through the logic of interactive competitive markets and, in particular, when it makes sense to compete, on what bases, and when it makes sense to cooperate. Game theory, when applied to markets, proves everything and nothing at the same time because models developed for one setting are unlikely to prove robust when applied elsewhere (Teece, 2017).

6.1.3 Systems Theory

Systems theory was originally proposed by Hungarian biologist Ludwig Von Bertalanffy in 1928 (Kast & Rosenzweig, 1972; Scott, 1981; Olum, 2004). The foundation of systems theory is that all the components of an organisation are interrelated, and that changing one variable might affect many others, or if one sub-system fails, the whole system is put in jeopardy. Organizations are viewed as open systems, continually interacting with their environment (Grace, 2013). Bertalanffy’s idea behind systems theory is that nothing can be explained by isolating a component of system. His thought on scientific reductionism could not accurately explain a whole system because that thought pattern broke everything up into pieces instead of studying things as a whole (Heil, 2013).

The system components include entities, objects of interest within the system, attributes, or defining properties of entities, states of the system’s collective descriptive variables at a given time, activities taking place at a given time, and events that have the potential to change the state of the system (Kihara, 2013). Systems theory is important in examining how strategic planning processes and actions influence learning within the organisation and how this translates to improved internal business processes. These effects are likely to create value for customer in terms of efficient delivery of services and quality products. For instance, consensus management and decision making in organizations, especially small organizations, rely on a systems approach. The strategic planning and implementation models are based on processes and systems approach. (Amurle, 2013)

6.1.4 Porter's Theory of Competitive Advantage

The dominant paradigm in strategy at least during the 1980s was the competitive forces approach. Pioneered by Porter (1980), the competitive forces approach views the essence of competitive strategy formulation as ‘relating a company to its environment. The key aspect of the firm's environment is the industry or industries in which it competes.’ Industry structure strongly influences the competitive rules of the game as well as the strategies potentially available to firms. In the competitive forces model, five industry level forces-entry barriers, threat of substitution, bargaining power of buyers, bargaining power of suppliers, and rivalry among industry incumbents-determine the inherent profit potential of an industry or sub segment of an industry (Nyariki, 2013).
Michael E. Porter of Harvard Business School developed the Five Forces model in the late 1970s. The Five Forces model is a simple but influential tool for the identification where power lies in a certain business situation by using the outside-in perspective (Dälken, 2014).

The central question Porter asks in The Competitive Advantage of Nations is why firms based in a particular nation are able to create and sustain competitive advantage against the world’s best competitors in particular industries or industry segments (Porter 1990: 1). In Porter’s view, a rising standard of living at the national level depends on the capacity of a nation’s firms to achieve high levels of productivity and to increase productivity over time (Robert & Hiro , 2015). Companies gain advantage against the world’s best competitors because of pressure and challenge. They may benefit from having strong domestic rivals, aggressive domestic suppliers and demanding local consumers. Competitive advantage is created and sustained via a localized and structured national process. National values, organizational culture, economic structures may contribute deeply to competitive success. There are striking differences in the patterns of competitiveness in every country; no nation can achieve competitive advantage in all sectors. They may achieve it in particular industries depending on the national or regional environment and benefits that it can procure to their growth and development (Nehme & Eliane , 2014).

6.2 Conceptual Framework

Different scholars define conceptual framework according to the subject under review but all point to the same type of methodology or maps of processes and procedures followed in solving a problem. (Smyth, 2004; Miles & Huberman, 1994) for instance, define conceptual framework as a group of concepts that are broadly defined and systematically organized to provide a focus, a rationale, and a tool for the integration and interpretation of information. (Soprin, 2013) define a variable as a concept which can take on qualities of quantitative values. A dependent variable is the outcome variable that is being predicted and whose variation is what the study tries to explain while independent variables are factors that tries to explain variations in the dependent variable (Kihara, 2016).

![Conceptual Framework Diagram]

**Independent Variables**
- Strategy Formulation
  - Cost Leadership Strategy
  - A Differentiation Strategy
  - A Focus Strategy
- Strategy Implementation
  - Establish Annual Objectives
  - Device Policies
  - Allocate Resources
- Strategy Evaluation
  - Feedback
  - Reward
  - Review
- Strategy Control
  - Control Standards
  - Determine Deviations
  - Corrective Action

**Dependent Variable**
- Firm Performance
  - Achievement of goals and targets,
  - Competitive advantage
  - Acceptance by employees

6.3 Discussion of Variables

6.3.1 Strategy Formulation

Strategy formulation is one of the most important tasks that managers in every organization need to perform. This process has emerged with a range of approaches that enjoyed different levels of support and recognition over time. But, somehow in Indian unorganized SMEs, it has not been applied effectively. The aim of the present study is to develop an appropriate strategy for Indian corrugated firms. Strategy formulation forces an organization to carefully look at the changing environment and to be prepared for the possible changes that may occur. A strategic plan also enables an organization to evaluate its resources, allocate budgets, and determine the most effective plan for maximizing ROI (return on investment). (Salzer, 2013)
Strategy formulation consists of determining the organization’s mission, goals, and objectives, and selecting or crafting an appropriate strategy. Strategy implementation is followed by evaluation and control. Although each of these strategic management stages can be considered individually, they are all interrelated and must build upon one another to form the overall, integrated process. Strategy formulation involves much research and decision making, yet it is primarily a process to answer the question, “How are we going to accomplish our goals and get where we want to go?” Before this question can be asked, however, the goals and objectives must already have been determined, (Alkhafaji, 2017).

6.3.2 Strategy Implementation

Strategy implementing is a tough and time consuming challenge. Practitioners emphatically agree that it is a whole lot easier to develop a sound strategic plan than it is to “make it happen.” Putting strategy into effect and getting the organization moving in the chosen direction calls for a different set of managerial skills. Successful strategy implementation depends on working through others, organizing, motivating, culture-building and creating strong fits between strategy and how the organization does things. Ingrained behavior does not change just because a new strategy has been announced. Managers and employees should be involved in the implementation decision and adequate communication between all parties is important for successful implementation. Elements that require consideration during the implementation process include annual objectives, policies, resource allocation, management of conflict, organization structure, managing resistance to change, and organizational culture (Muchira, 2013).

Implementation is done according to what is planned. Such monitoring should not only focus on financial performance but should also include nonfinancial performance, such as people, systems and policies. Performance measures and indicators serve as important vehicles in the monitoring process. Monitoring and evaluation depend on the availability of timely and relevant information. (Sehoa, 2015)

6.3.3 Strategy Evaluation

Strategy evaluation involves setting control processes to continuously review, evaluate and provide feedback concerning the implemented strategies to determine if the desired results are being attained such that corrective measures may be taken if needed (Maroa & Willy , 2015). The performance measurement of organizational goals poses a key issue in the management of the organizations. Without these measurement systems, organizations would hardly deal efficiently and effectively with the uncertainty inherent to the environment, resulting in poor use of resources and, consequently, increasing the probability of failure (Beuren & Teixeira, 2014).

6.3.4 Strategy Control

Strategic controls are a critical component of the strategic management process and in particular the implementation process, as it involves tracking, monitoring and evaluating the effectiveness of the implemented strategies, as well as making any necessary adjustments and improvements where necessary. Typically, strategic control systems (SCS) are viewed as tools of strategy implementation necessary to steer an organization through the changes that take place in response to the organization’s external and internal situations while providing feedback or feed forward to the strategy management process. They are formal target-setting, measurement, and feedback systems used by managers to evaluate whether a company is achieving desired behavior and implementing its strategy successfully (Wanjohi, 2013).

Management control was defined by Anthony (1965) as “the process by which managers ensure that resources are obtained and used effectively and efficiently in the accomplishment of the organization’s objectives (smith, 2013). Evaluation and control entails gauging the extent to which management objectives have been achieved during the specified period (Dorice , Marangu , & Masungo, 2015). Strategy control is the last phase of the strategic management process. Strategies are subject to future modification because the environment constantly changes. 4 During strategy evaluation and control, managers review internal and external factors surrounding the firm and get insights on the progress of chosen strategies towards attaining desired goals. Strategy evaluation and control is of great significance to an organization as it informs every stage of the strategic management process (Chepkwony, 2016). Strategic level requires management control systems for the evaluation and management of performance. The designs of the management control systems sometimes take the format of causal maps, which show the operational implications for different strategies. However, these are derived, largely, from case studies and consulting experiences. (Beuren & Teixeira, 2014)

6.3.5 Performance

Organizational performance may be defined as the transformation of inputs into outputs for achieving certain outcomes. With regard to its content, performance informs about the relation between minimal and effective cost (economy), between effective cost and realized output (efficiency) and between output and achieved outcome (Andreea, 2015). Performance measurement systems are called strategic expert systems through which organizations observe and measure their intangible elements of
performance, both in form of qualitative and quantitative assessments. While using these systems organizations intend to monitor internal and external opportunities and threats resulting from, and in intangible resources in strategic processes. The performance measurement literature has considered different impacts of the assessment and measurement of intangible resources in organizations (Rajnoha & Lorincová, 2015).

Performances of organizations have been attributed to their ability to deliberate on the customer requirement effectively and efficiently. It has also been argued that growth of the firm is a context in a particular framework of the matter being investigated (Hofer, 1983). Historically Financial components have been used as yard stick to gauge institutional performances. This may include return on assets, liquidity ratios, gearing ratios, revenue growth and earnings per share (Ndung’u, 2016). Performance can be measured from financial and non-financial aspects. Standard for such measurement are different for organizations that are dependent on objective and goal, which they want to achieve. This is the traditional approach, which emphasizes on organizational effectiveness by using qualitative or intangible success factors for measuring it; for instance, a company’s image, culture, technological competence learning, employee morale and so on (Langat, Jackline Chepngeno; Auka, Daniel Onwonga, 2015).

7. Research Methodology

In this research study qualitative method is used because it makes it possible to answer to the questions of why, how and in what way. On the other hand quantitative approach is also equally important as questionnaires and surveys are used to collect the numerical or measurable data. The expectations of the researcher to get a broader picture of what he expects are also a part of quantitative research. (Karamat, 2013) So study used mixed research design. Some authors regard this approach as the third methodological movement one which complements purely quantitative or qualitative strategies. The mixed methods design can be determined by both priority and implementation of data collection (Kibicho, 2015).

Target population refers to the larger population to which the researcher ultimately would like to generalize the results of the study. It is thus the entire group of individuals, events or objects having a common observable characteristic (Waiganjo, 2013). The target population of this study considered all levels of firms such us top managers, middle managers and normal employee of some telecommunication companies in Mogadishu. There are more than five telecommunication companies in Mogadishu but our study will focus on three Telecommunication Companies in Mogadishu. The target population of this study was 62.

The study employed purposive sampling technique. The sample size of the study was calculated from the Slovene’s formula and a sample size of 54 was obtained.

A regression model was applied to determine the effects of each of the variables with respect to profitability. Regression is concerned with describing and evaluating the relationship between a given variable and one or more other variables. More specifically, regression is an attempt to explain movements in a variable by reference to movements in one or more other variables.

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon \]

Where

- \( Y \) = Firm Performance
- \( X_1 \) = Strategy Formulation
- \( X_2 \) = Strategy Implementation
- \( X_3 \) = Strategy Evaluation
- \( X_4 \) = Strategy Control
- \( \beta_0 \) = Constant Term
- \( \beta_1 \) to \( \beta_4 \) = Beta coefficients
- \( \epsilon \) = error term

8. Research Findings and Data analysis

8.1 Descriptive Results

8.1.1 Strategy Formulation

The research wanted to identify the formal strategy formulation and it is effect on firm performance in telecom companies in Mogadishu Somalia. Table 1 summarizes respondents’ level of agreement on strategy formulation a. The respondents agreed that the organizations have a written mission and vision statement. As shown by mean of 1.65. The respondents also agreed that all employees and other stakeholders are working towards making the organization achieve this mission and vision. As reported by a mean of 2.22. The respondents also agreed that Firm does internal and external environmental scanning. As shown by mean 2.02.
The respondents also agreed the organization have written longer-term (3-5 years) and short term (1-year) goals. As shown by mean 2.15. The respondents also agreed firms identifies competitors and determines the reasons for success of competitors and consider this in strategy formulation. As reported by a mean of 2.09. This shows that telecommunication companies in Mogadishu agree that they done strategy formulation. Strategy formulation is very vital for organizations to experience such positive performance (Emeka, Ejim, & Ozobu, 2015)

Table 1 Strategy Formulation

<table>
<thead>
<tr>
<th>Items</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>The organization has a written mission and vision statement</td>
<td>54</td>
<td>1.65</td>
<td>1.184</td>
</tr>
<tr>
<td>all employees and other stakeholders are working towards making the</td>
<td>54</td>
<td>2.22</td>
<td>1.766</td>
</tr>
<tr>
<td>organization achieve this mission and vision</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Firm does internal and external environmental scanning</td>
<td>54</td>
<td>2.02</td>
<td>.812</td>
</tr>
<tr>
<td>The organization has written longer-term (3-5 years) and short term (1-</td>
<td>54</td>
<td>2.15</td>
<td>1.139</td>
</tr>
<tr>
<td>year) goals.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>My firm identifies competitors and determines the reasons for success of</td>
<td>54</td>
<td>2.09</td>
<td>.957</td>
</tr>
<tr>
<td>competitors and consider this in strategy formulation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Valid N (list wise)</td>
<td>54</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

8.1.2 Strategy Implementation

The study sought to examine if the firm implements fully planned strategy and it is effect on performance in telecom companies in Mogadishu Somalia, table 2 summarizes respondents’ level of agreement on innovation affects organizational performance. The respondents strongly agreed that the organizations make strategic decisions (implementation action plans) based upon the strategic plan. As reported by a mean of 1.24. The respondents also strongly agreed that the organization clearly assign lead responsibility for action plan Implementation to a person or, alternately, to a team. As shown by mean of 1.35. The respondents also agreed that sufficient resources allocated for implementation. As reported by a mean of 1.67. The respondents also agreed that Managers support affects implementation of strategic plan, as shown mean of 1.69. The respondents also agreed in my organization the strategies are implemented completely. As reported by a mean of 1.87. Strategy implementation has been a major challenge in today’s businesses. This is due to the fact that there are very many mixed factors that influence the realization of strategy implementation which range from mechanisms in place to control and coordinate to the people who implement or communicate the strategy (Somi, 2017)

Table 2 Strategy Implementation

<table>
<thead>
<tr>
<th>Items</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>The organization make strategic decisions (implementation action plans)</td>
<td>54</td>
<td>1.24</td>
<td>.432</td>
</tr>
<tr>
<td>based upon the strategic plan.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>the organization clearly assign lead responsibility for action plan</td>
<td>54</td>
<td>1.35</td>
<td>.756</td>
</tr>
<tr>
<td>Implementation to a person or, alternately, to a team</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>sufficient resources allocated for implementation.</td>
<td>54</td>
<td>1.67</td>
<td>1.009</td>
</tr>
<tr>
<td>Manager’s support affects implementation of strategic plan.</td>
<td>54</td>
<td>1.69</td>
<td>.865</td>
</tr>
<tr>
<td>In my organization the strategies are implemented completely.</td>
<td>54</td>
<td>1.87</td>
<td>.933</td>
</tr>
<tr>
<td>Valid N (list wise)</td>
<td>54</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
planned strategic directions. During the strategic planning process there should be a constant focus on both the internal and external factors impacting the business. During the evaluation process there needs to be a continuous measurement of the circumstances both inside and outside of the company. Significant changes in conditions or in performance signal the need to consider adaptation to the near term business plan to steer the business back on the course set by the Strategic Plan and the Scorecard. Any changes in the near term annual business plan must still conform to the parameters of the long term strategic plan. In cases where the changes cannot be accommodated in the near term business plan then consideration for Strategic Plan changes are likely called for. In this case a repeat of part or all of the Strategic Planning Process will help to get the business back on course and in a position to meet its goals and satisfy customer needs (Babafemi, 2015)

Table 3 Strategy Evaluation

<table>
<thead>
<tr>
<th>Items</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>My firm ensures that strategy implementation is on course to achieving the mission and vision</td>
<td>54</td>
<td>1.96</td>
<td>1.027</td>
</tr>
<tr>
<td>The success of strategy evaluation is done on regular basis and corrective action is taken on timely basis on the strategy for highest performance</td>
<td>54</td>
<td>2.37</td>
<td>1.663</td>
</tr>
<tr>
<td>The company review strategic management decisions</td>
<td>54</td>
<td>1.67</td>
<td>.869</td>
</tr>
<tr>
<td>There is evaluation of the implementation of strategy at your Firm</td>
<td>54</td>
<td>1.78</td>
<td>.816</td>
</tr>
<tr>
<td>Strategy implementation time line is evaluated</td>
<td>54</td>
<td>1.80</td>
<td>.595</td>
</tr>
</tbody>
</table>

Valid N (listwise) 54

8.1.4 Strategy Control

The researcher required to determine the importance of strategy control and it is measurement of performance in telecom companies in Mogadishu Somalia. Table 4 summarizes respondents’ level of agreement on high quality service affects organizational performance. The respondents agreed that the success of a strategy is implemented and controlled at end of implementation stage and corrective measures taken, as shown mean of 2.06. The respondents also agreed that there is a clearly defined and measurable Control target for each strategic management plan element, as shown mean of 2.20. The respondents also agreed how has the performance management control system changed, taking into account the dynamic change of the organization and its environment, as shown mean of 1.75. The respondents also agreed that Control is undertaken in any process there is reword, as shown mean of 1.65. The respondents also agreed that there is monitoring and control of the implementation of strategy at your firm, as shown mean of 2.22. Strategic control referred as the process used by firms to control the formation and execution of strategic plans. They contend that it is a specialized form of management control which differs from other forms of management control in respect of its need to handle uncertainty and ambiguity at various points in the control process (Ondoro, 2017).

Table 4 Strategy control

<table>
<thead>
<tr>
<th>Items</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>The success of a strategy is implemented and controlled at end of implementation stage and corrective measures taken</td>
<td>54</td>
<td>2.06</td>
<td>.899</td>
</tr>
<tr>
<td>There is a clearly defined and measurable Control target for each strategic management plan element.</td>
<td>54</td>
<td>2.20</td>
<td>1.016</td>
</tr>
<tr>
<td>How has the performance management control system changed, taking into account the dynamic change of the organization and its environment</td>
<td>53</td>
<td>1.75</td>
<td>1.036</td>
</tr>
<tr>
<td>Control is undertaken in any process there is reword</td>
<td>54</td>
<td>1.65</td>
<td>1.184</td>
</tr>
<tr>
<td>There is monitoring and control of the implementation of strategy at your firm</td>
<td>54</td>
<td>2.22</td>
<td>1.766</td>
</tr>
</tbody>
</table>

Valid N (listwise) 53

8.1.5 Firm Performance

A number of questions were asked to assess how effects strategic management practices on firm performance in telecom companies in Mogadishu Somalia. Table 5 respondents agreed that It boosts efficiency (reduces costs and increases productivity), as shown mean of 1.65. The respondents also agreed that it enhances timely delivery of products and services, as shown mean of 2.17. The respondents also agreed that it aids the utilization of human and material resources, as shown mean of 2.02. The respondents also agreed that it brings about the innovation of services, as shown mean of 2.15. The respondents also agreed that
Service quality of the company is improved, as shown mean of 2.15. Firm performance is defined as outcome of the combination of the strategies and capabilities and their deployment to achieve specific goals. Deployment and implement of the firms’ strategy and capability and measuring their outcome depends on the industry where a firm operates. Typically, firms gauge organizational performance using financial and non-financial outcomes related to certain aspects of the quality and operations they employ (Azim, Abdullah, & Gorondutse, 2017).

Table 5 Firm Performance

<table>
<thead>
<tr>
<th>Items</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>It boosts efficiency (reduces costs and increases productivity)</td>
<td>54</td>
<td>1.65</td>
<td>1.184</td>
</tr>
<tr>
<td>It enhances timely delivery of products and services</td>
<td>54</td>
<td>2.17</td>
<td>1.756</td>
</tr>
<tr>
<td>It aids the utilization of human and material resources</td>
<td>54</td>
<td>2.02</td>
<td>.812</td>
</tr>
<tr>
<td>It brings about the innovation of services</td>
<td>54</td>
<td>2.15</td>
<td>1.139</td>
</tr>
<tr>
<td>Service quality of the company is improved</td>
<td>54</td>
<td>2.15</td>
<td>1.035</td>
</tr>
<tr>
<td>Valid N (list wise)</td>
<td></td>
<td>54</td>
<td></td>
</tr>
</tbody>
</table>

8.2 Inferential Statistics

8.2.1 Multiple Regression Analysis

Multiple regressions are an extension of simple linear regression. It is used when we want to forecast the value of a variable based on the value of two or more other variables. The variable we want to predict is called the dependent variable (or sometimes, the outcome, target or criterion variable). The variables we are using to predict the value of the dependent variable are called the independent variables (or sometimes, the predictor, explanatory or regress or variables).

8.2.1 Model Summary

Model summary is a summery that describes how far the in dependent variables explain the dependent variables that mean the greater R value has the great number the greater independent variables explain with dependent variable. In order to test the research hypotheses, a standard multiple regression analysis was conducted using firm performance the dependent variable, and the four investigations determine effect of strategy formulation, strategy implementation, strategy evaluation and strategy control of the firm Performance.

In order to exam the research hypotheses, a standard multiple regression analysis was conducted using value addition as the dependent variable, and the four strategic management practices determinants of firm performance of strategy formulation, strategy implementation, strategy evaluation and strategy control as the predicting variables. From the model summary in table 6, it is clear that the adjusted R² was 0.852 indicating that a combination of strategy formulation, strategy implementation, strategy evaluation, and strategy control explained 85.2% of the variation in the Firm Performance of telecommunication companies in Mogadishu, Somalia.

Table 6 Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R²</th>
<th>Adjusted R²</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.852*</td>
<td>.726</td>
<td>.703</td>
<td>.33534</td>
</tr>
<tr>
<td>a. Predictors: (Constant), Strategy Control, Strategy Implementation, Strategy Evaluation, Strategy Formulation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

8.2.2 Analysis of Variance

Analysis of Variance (ANOVA), as the name implies, is a statistical technique that is intended to analyze variability in data in order to infer the inequality among population means. This may sound illogical, but there is more to this idea than just what the name implies. The ANOVA technique extends what an independent-samples t-test can do to multiple means. The null hypothesis examined by the independent samples t-test is that two population means are equal. If more than two means are compared, repeated use of the independent-samples t-test was lead to a higher Type I error rate (the experiment-wise α level) than the α level set for each t test.
From the ANOVA table 7, it is clear that the overall standard multiple regression models (the model involving constant, strategy formulation, strategy implementation, strategy evaluation and strategy control) is Significant in predicting firm performance, strategy formulation and strategy control determine firm performance of telecommunication companies in Mogadishu, Somalia. The regression model achieves a degree of fit as reflected by an R2 of 0.703 (F = 31.761; P = 0.00 < 0.05).

### 8.2.3 Regression Coefficients

Table 8 presents the regression results on how Strategy Formulation, Strategy Implementation, strategy Evaluation, and Strategy Control determine firm performance of telecommunication companies in Mogadishu, Somalia. The multiple regression equation was that: 

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e \]  

and the multiple regression equation became:

\[ Y = 0.559 + 0.535X_1 - 0.255X_2 - 0.138X_3 + 0.615X_4. \]

There was positive and significant effect of strategy management practices on firm performance in telecommunication companies in Mogadishu, Somalia. There was positive and significant effect of strategy formulation and firm performance (\( \beta = 0.460; t = 5.428; p > 0.05 \)). There was positive and significant effect of strategy implementation and firm performance (\( \beta = 0.168; t = 2.118; p < 0.05 \)). There was positive and significant effect of strategy evaluation and firm performance (\( \beta = 0.150; t = 0.1650; p > 0.05 \)). As same as there was positive relation of strategy control and firm performance in telecommunication companies in Mogadishu, Somalia (\( \beta = 0.681; t = 7.359; p <0.05 \)).

### Table 8 Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>.559</td>
<td>.229</td>
<td></td>
<td>2.437</td>
</tr>
<tr>
<td>Strategy formulation</td>
<td>.535</td>
<td>.099</td>
<td>.460</td>
<td>5.428</td>
</tr>
<tr>
<td>Strategy implementation</td>
<td>-.255</td>
<td>.121</td>
<td>-.168</td>
<td>-2.114</td>
</tr>
<tr>
<td>Strategy evaluation</td>
<td>-.138</td>
<td>.084</td>
<td>-.150</td>
<td>-1.650</td>
</tr>
<tr>
<td>Strategy control</td>
<td>.615</td>
<td>.084</td>
<td>.681</td>
<td>7.359</td>
</tr>
</tbody>
</table>

### 8.2.4 Correlation Analysis

Pearson correlation analysis indicates the strength, direction, and significance of bivariate relationship among the variables. The larger the correlation coefficient, the stronger the level of association. Further, the correlation may be either positive or negative depending on the direction of the relationship between the variables (Kitonga, 2017) this relationship is assumed to be linear and the correlation coefficient ranges from -1.0 (perfect negative correlation) to +1.0 (perfect positive relationship).

A correlation matrix was run in order to identify the existence of relationship between the variables. Pearson Product Moment Correlation coefficient was used for the correlation analysis (Ali, 2017). The results generally indicate that except for strategy formulation and strategy controls were found to have positive significant correlations on firm performance at 0.05 level of significance. There was a weak positive but insignificant correlation between strategy implementation on Firm performance (\( r = .083, P > 0.05 \)), and there was a weak positive and significant correlation between strategy evaluation and Firm performance (\( r = .343, P < 0.05 \)). The results imply that strategy formulation and strategy controls significantly influenced Firm performance of the telecommunication companies in Mogadishu, Somalia.
### Table 9 Correlation Matrix

<table>
<thead>
<tr>
<th></th>
<th>Strategy Formulation</th>
<th>Strategy implementation</th>
<th>Strategy evaluation</th>
<th>Strategy control</th>
<th>Firm performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategy Formulation</td>
<td>Pearson Correlation</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>54</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strategy Implementation</td>
<td>Pearson Correlation</td>
<td>.292*</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.032</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>54</td>
<td>54</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strategy Evaluation</td>
<td>Pearson Correlation</td>
<td>.327*</td>
<td>.176</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.016</td>
<td>.202</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>54</td>
<td>54</td>
<td>54</td>
<td></td>
</tr>
<tr>
<td>Strategy Control</td>
<td>Pearson Correlation</td>
<td>.371**</td>
<td>.188</td>
<td>.535**</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.006</td>
<td>.178</td>
<td>.000</td>
<td>.533</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>53</td>
<td>53</td>
<td>53</td>
<td>53</td>
</tr>
<tr>
<td>Firm performance</td>
<td>Pearson Correlation</td>
<td>.619**</td>
<td>.083</td>
<td>.343*</td>
<td>.740**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.551</td>
<td>.011</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>54</td>
<td>54</td>
<td>54</td>
<td>53</td>
</tr>
</tbody>
</table>

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

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

### 9. Conclusions and Recommendations

Based on the findings of this study, the following conclusions were drawn. The results reveal that strategy implementation, and strategy control have significant and positive effects on firm performance, while strategy formulation and strategy evaluation have significant effects on firm performance of telecommunication companies in Mogadishu. Stepwise regressions revealed that strategy implementation determinants of firm performance including strategy control, strategy formulation and strategy evaluation explained statistically significant portion of the variance associated with the extent of firm performance of telecom companies in Mogadishu, Somalia. The study recommends that to improve firm performance of telecommunication companies in Mogadishu, Somalia. Managers of telecom companies in Mogadishu should nurture and develop strategy formulation and strategy evaluation.

Organizations should continually adapt to changes in external trends and events and internal capabilities, competencies, and resources; and by effectively formulating, implementing, evaluating and controlling strategies that capitalize upon those factors. Strategy formulation, implementation, evaluation and control activities should occur at three hierarchical levels in telecom companies: corporate, divisional or strategic business unit, and functional. By fostering communication and interaction among managers and employees across hierarchical levels, so strategic management will helps the telecom companies function as a competitive team.

Telecom company’s top managers should recognize that intuition is essential to making good strategic decisions. Intuition is particularly useful for making decisions in situations of great uncertainty or little precedent. It is also helpful when highly interrelated variables exist or when it is necessary to choose from several plausible alternatives. Strategic management is all about gaining and maintaining competitive advantage. So telecom companies continuously compare and monitor to rival firms and build Strategists whose help the organization gather, analyze, and organize information and also track industry and competitive trends, develop a forecasting models and scenario analyses, evaluate corporate and divisional performance, spot emerging market opportunities, identify business threats, and develop creative action plans.

### References


