

**EXPANSION STRATEGY AND PERFORMANCE OF TELECOMMUNICATION
COMPANIES IN PUNTLAND STATE OF SOMALIA**

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DECLARATION AND APPROVAL

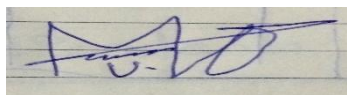
Declaration

This project is my original work and has not been presented for a degree in any other University or for any other award.

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Approval

This research project has been presented for examination with my approval as the appointed University Supervisor.

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Date: October 28, 2024

DEDICATION

This research project was dedicated to my lovely sisters Khadro and Halima who have sacrificed to see through my MBA studies, thank you so much.



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First and foremost, my thankful to the Almighty Allah for granting me the power, knowledge and good health for this undertaking. My appreciation drives to my Supervisor Dr. Mutegi for his guidance, invaluable support, time, patience and dedication to ensure that I completed the project in time. My sincere gratitude to Mount Kenya University Lecturers management and staff.



ABSTRACT

The telecommunication industry is an important sector and significantly contributes to growth of Somalia's economy. However, telecommunication companies in Puntland state of Somalia are confronted with several challenges that affect their continued growth and performance. While expansion strategies have been known to be fundamental in enhancing organizational performance, there lacks adequate empirical backing in the context of telecommunication industry in Somalia. It is on this merit that the study sought to examine the role played by expansion strategies in performance of telecommunication companies in Puntland Somalia. Specifically, the study was sought to find out the influence of market penetration strategy on performance of Telecommunication companies in Puntland state of Somalia, to assess the effect of market development strategy on performance telecommunication Companies in Puntland of Somalia, to determine the role of product development strategy on performance of Telecommunication Companies in Puntland state of Somalia, and to evaluate the effect of diversification strategy on performance of Telecommunication Companies in Puntland state of Somalia. The study was anchored on Porter's five forces model, resource based view and market based view. The study was employed a descriptive research design and were targeted 135 managers drawn from the main telecommunication companies in Puntland State. Used a census, the study was a sample of 135 respondents, and they were surveyed using a structured questionnaire. The questionnaire was administered using both physical method and online method after successfully being pilot tested to enhance its reliability and validity. The collected data was analyzed using descriptive and inferential statistics. The descriptive statistics were included mean, standard deviation, percentages and frequencies. Inferential statistics were included the Analysis of Variance, Correlation coefficients, P-values and Beta coefficients. These were sought to establish the statistical relationship between independent variables and dependent variable. The Study found that expansion strategies including market penetration strategy, market development strategy product development strategy diversification strategy has positive significant role on performance of telecommunication Companies in Puntland state of Somalia. From the findings, the study concluded that diversification strategy has the highest role on performance of telecommunication companies in Puntland Somalia, followed by market development strategy, followed by product development strategy while market development having the lowest effect on performance of telecommunication companies. The study recommended that the telecommunication companies in Puntland state of Somalia should enhance market penetration activities moreover the study recommended the management of Somtel telecommunication company to increase the advertising expenditure, penetration strategies lowering price, distributing, developing network of retailers, customer product use training, and promotion. The study recommends that telecommunication companies in Puntland state of Somalia reach out more customers by being innovative by their advertising mode. Emphasis should be put on social media television and radio to attract more. This study was examined the role of expansion strategy on performance of telecommunication Companies in Puntland state of Somalia. Therefore, this study suggests that future studies could be conducted in dissimilar industries countries and methodologies.

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ABBREVIATIONS AND ACRONYMS

ANOVA:	Analysis of Variance
DS:	Diversification Strategy
GTC:	Golis telecommunication Company
MBV:	Market Based View
MDS:	Market Development Strategy
ML:	Market Liberalization
MMT:	Mobile Money Transfer
MPS:	Market Penetration Strategy
NECSOM:	National energy corporation of Somalia
PDS:	Product Development Strategy
RBV:	Resource based view
STC:	Somtel Telecommunication Company
PTLD	Puntland state of Somalia
DS	Diversification Strategy
DHSHL	Dahabshil
EVC	Electronic voucher Cards

CHAPTER ONE

INTRODUCTION

This chapter highlights background of the study. Statement of the problem. Purpose of the study. Objectives of the Study. Research Questions. Significance of the Study. Scope of the Study. Study Limitations. Delimitations. Assumptions of the study. Operational Definition of Terms

1.1 Background of the Study

In the current dynamic world, organizations are steadily employing critical changes aimed at steering their competitiveness and survival in the highly competitive market. One such strategy involves expanding the firm to capture a larger market share. Different companies utilize growth as a means to surpass their previous successes and strive for higher expansion, especially in the face of increased competition. To ensure a boost in revenue, businesses focus on techniques such as innovations, technological advancements, and adapting to shifting customer expectations (Wiggton, 2018). The author asserts that all these factors are outcomes of effective growth tactics.

Suikki, Tromstedt, and Haapasalo (2016) argue that the unpredictable nature of the current corporate environment makes it challenging to anticipate the future, compelling organizations to develop new competencies. Therefore, it can be argued that environmental factors significantly influence how a company perceives its strategic horizons. Corporate strategy plays a crucial role in maximizing success.

According to the study, organizations should bring into line their strategy with their organizational structure, guidance, and business culture. It emphasizes the importance of developing a successful strategy, employing effective leadership, and appropriately aligning structure and employee culture. Porter (1980, 1985) contends that companies with a defined strategy are more successful than those without one, emphasizing the crucial role of a sound strategy for every organization. Organizational performance, which involves analyzing a business's performance in relation to its aims and purposes, encompasses financial performance, market performance, and shareholder value performance as the three main outcomes in business organizations. Rinaldo and Solimun (2017) highlight components such as revenues and cost-based financial performance, customer-related performance, employee-

related performance, and innovation-related performance as integral to organizational success (Scalera, 2012). Ikonya (2015) suggests that telecommuting companies must increase earnings while minimizing expenses related to serving each end customer.

The telecommunications sector is significant and plays a significant role in the expansion of international markets. Significant political, social, cultural, technological, and economic changes in the market environment have been brought about by globalization. Particularly, a profound technological shift in the world economy has been taking place since the mid-1990s. This transformation is being driven by information and communication technologies. Increased competition against monopolists has resulted from technological advancements and market openings in the telecommunications sector (Scalera, 2012).

With a global reach of 150 countries, Verizon Communications is the biggest telecommunication provider in the United States (Forbes, 2018). Despite constant pressure from competition and growth, Verizon has prospered throughout the years. This can be linked to the strategies. Any nation's economic and social development benefits greatly from the telecommunications sector. The telecommunications sector provides the technological underpinning for social communications, as well as opportunities for involvement and advancement and essential infrastructure for national security (Wiggton, 2018).

For instance, it is estimated that the telecommunications sector in the United States generated 3% of GDP in 2005. Another significant employer is the telecom sector. The top three telecommunications firms in the world are Verizon Communications, AT&T, and Vodafone Group PLC (Day, 1994). A report by a consulting firm claims that the worldwide telecommunication services company has grown significantly over the past five years and is predicted to keep growing. In order to boost sales and gain market share, Pepsico has launched a market penetration strategy in the United States. Growth strategies are the tactics a business employs to meet its expansion objectives (Ansoff, 1957).

In this context, the EU Directives (No. 387 and 388 of 1990) marked the beginning of the liberalization of the telecommunications sector in Europe, which quickly resulted in the abolition of state monopolies and reserved rights as well as the progressive opening of markets to new operators. Given this situation, Italy began a genuine liberalization process in the fixed line telephony sector in 1997 after the former telecom Italia monopolist was privatized (Scalera, 2012). In such a scenario, it is obvious that Telecom Italia has seen its market share reduced in favor of other carriers and has had to adjust both its local and international business

strategies (France, Spain, Brazil, Chile, Turkey, Argentina, & Austria). This has also resulted in substantial merger and acquisition activities, as well as company revamping and reorganization.

According to Ranasinghe and Mallika (2018), in order to perform better, businesses in Nigeria must take strategies that would provide them the stability to hold onto their market over the long term. Therefore, managers must concentrate on organizing their company to be customer-focused and competitively with other industries. According Uko and Ayatse (2014), effective performance motivates a corporation to enhance maintenance, that organizational success is evidenced by the management of competitiveness, or that the advancement of competitive status demonstrates better and defensible financial performance. According to Wangari (2017), the telecommunication sector in Sub-Saharan Africa has rapidly grown, although the active users are not evenly distributed across the region. Most of the users are based in content's leadings telcos including MTN, Vodacom and Safaricom based in Nigeria, Ghana, South Africa and Kenya respectively. To strengthen the ability growth of telco across the region there is therefore need to ensure that the embrace and availability of teleco services cuts across the region.

In Sub-Saharan Africa more than 21% of people use mobile money, making it the region with the highest adoption rates worldwide. In countries like Zimbabwe, Senegal, Kenya and Chad, the number of mobile money accounts outweighs the cumulative bank accounts and indication that the embrace of mobile banking in the region is on the rise, and this is highly enhanced and promoting modern methods of banking (World Bank, 2017). This aspect is said to be highly pushed by the region's rising mobile phone penetration, which as of the end of 2017 averaged 44%, below the global average of 66%. (Golden, 2020).

In Kenya, Tangus and Omar (2017) allude that market expansion tactics include those that increase the size that an entity controls, which translates to the total number of consumers preferring the entity's goods and services in comparison with the overall market. By so doing, every strategy that an entity puts across to strengthen its presence in a given locale is motivated by the urge to enhance overall sales while ensuring that the profits made are sustainable enough to keep the entity on the right track as far as its continuity is concerned. While it is known that business can expand for the pressure of wanting to be more competitive, in the modern-day business world, corporations are expand to even protect their technologies, promote sustainable and strengthen their overall output for better results. As noted by Bulle (2020), To penetrate a

new market implies that the entity has put across all the necessary measures to attract customers and retain them, while creating value that adequately supports speedy growth of the entity's operations and processes. The organization's ability to save the incurred costs, extend markets to other geographical locales while ensuring their services/products are accessible in a wider locale can highly be influenced by the market penetration strategy.

The telecommunications businesses in Kenya use technology to share information over great distances. Telecom firms in Kenya fall under the Network Facilities Provider (NFP) category in accordance with the Kenya Material and Communication Act (1998), Kenya Statement Amendment Act (2009), and Kenya Communication Regulation (2001). This group includes telecom businesses that have the legal right to build, private, and run any kind of transport network infrastructure (satellite, terrestrial, mobile, or fixed) within the nation. Since communication technology employs channels to convey information, this would also include extending operations and processes to dismay areas, having widened data-carriers, while ensuring quality is upheld throughout the expansion process.

For the purpose of telecommunications services in Kenya, policies and strategies must be developed and put into action by the Communications Authority of Kenya (CA). The institution is responsible for giving out licenses and mandates of operations among telcos in Kenya while overseeing their operations to ensure they are within the confines of laws. It is also tasked with reviewing policies on telecommunication from time to time to ensure they are in tandem with the changes in external world and the national policies. The commission also undertakes the fulfilling the obligations outlined in their licenses. Since its inception in 2006, Kenya's mobile money market has seen competition from banks and mobile phone service providers. Safaricom Ltd., the top mobile phone service provider in Kenya, owns the mobile money service M-PESA, which commands an 81% market share (CA, 2018).

In Somalia, telecommunication sector is yet to recover from the aftermath of civil war that led to government's collapse in 1991. The destructions in key infrastructure in the country did not spare the telecommunication infrastructure, and this was a major set-back to the sector. The society has since then been building its own telecommunication infrastructure, which explains the slow pace at which the sector has grown with over the years. While the companies offer their services at lower rates compared to other emerged telecommunication players in other African countries, it still lacks adequate coverage as the investments in growing the sector remains meager (Abdullahi, 2013).

The country's telecommunication sector, regardless of the challenges, plays a pivotal role in promoting the continuous economic growth and development as noted by Ali (2013). The author alludes that the sector has enabled Somalia advance technologically while promoting communication, a critical enabler of development in the modern world. Through telecommunication sector, Somali has been able to be open and visible to the outside world, and this puts the country in the good trajectory of development. In such, the telecommunication market in the country is rapidly growing, with more players putting up efforts and measures to expand their services and enhance their sustainability through embracing more advanced ways of operating and innovating towards stronger brands.

Somalia currently has six major players in the telecommunication sector, which have played the cumulative role of advancing connectivity and widespread of telecommunication in the country. The companies are mainly owned and run by civil society and other non-governmental society-based entities. The companies include Hormuud Telecom, Telecom Somalia, Telesom, Somafone, Nationlink, and Golis Telecom. Somalia telecommunication industry has been dominated by one company each regional state exists one company no Exemption in Puntland state of Somalia. Somtel company has been facing several challenges that confronted growth and improve performance.

One of the services offered to customers by the telecommunications sector is mobile money transfer (MMT). These service providers deliver MMT under various brands. For instance, Telesom Somaliland offers ZAAD service in the northern regions; Golis Telecom offers SAHAL service in the eastern northern regions; Nationlink and Hormuud Telecom offer E-MAAL and Electronic Voucher Cards (EVC Plus) in the southern and central regions, respectively (Ali, 2020). It is believed that growth strategies can increase the performance nevertheless, penetration into new markets as a way of expanding as well as developing new products/services has been largely uninvestigated, despite low performance at Somtel telecommunication company in Puntland state of Somalia. Moreover, there have been visible efforts diversify by providing products and services that are different from what competitors are offering, and at the same time developing markets to ensure that more value is given to the consumers. The continued embrace of these strategies by the telecommunication industry opens a major platform for advancements in the sector and more value created to the consumers. This enables the sector to be more comprehensive in addressing market needs thus stimulating more growth.

According to Abdullahi (2013). The first company in the nation to offer MMT service was Hormuud Telecom Group. EVC Plus, an improved version of its earlier Electronic Voucher Cards, enables users to send and receive money using their mobile phones as airtime (Ali, 2020). Since its launch two years ago, more over 70% of the 2.5 million Hormuud mobile members have used EVC Plus for daily transactions (Ali, 2020). MMT services offered a number of benefits, including affordability and accessibility. Mobile phone banking is frequently used instead of traditional banking services. For instance, the MMT service is becoming more and more popular since Pakistan now has twice as many mobile phone users as it did a year ago, when there were more than 70 million of them. He claims that MMT became more widely accepted and popular among customers due to its accessibility and decreased transaction costs.

Hormuud Telecommunication Company was the first to offer MMT service in Somalia. The initial offering, ZAAD money transfer, was nonetheless prohibited by AL-Shabaab Group. Later, the business unveiled EVC Plus, an upgraded service. Later, comparable items were sold under various trademarks by other telecommunications service providers. For instance, Nationlink and Telecom Somalia both offer E-MAAL and ZAAD services, while Golis offers SAHAL money transfer service (Daly, 2010). Mobile network provider Somtel telecom provides service to Somaliland and Puntland. The business was established in 1998 and is a publicly traded corporation registered in the British Virgin Islands. Since 2008, MTO Dahabshiil, a firm based in the UAE, has owned the bulk of the company (about 95%). Hargisa serves as the home base for Somtel. In July 2011, the company introduced 3G UMTS services over B1 (2100 MHz), expanding its 2G GSM services to the 900 and 1800 MHz bands. In February 2019, DC-HSPA+ was introduced for 3G data services. In November 2014, Somtel introduced its first 4G LTE services using the B20 (800 MHz) band. In March 2019, the network underwent an upgrade to LTE-A, enabling peak data rates of 150 Mbps. It is not yet known whether LTE-A is being used. In this research, the researcher needs to discovery out which growth strategies relevant and applicable to telecommunication industry in Puntland Somalia.

The history of the banking and telecommunications industries is reflected in the concept of mobile money transfers. The two industries work together to make MMT services more convenient (Mohamed, 2013). According to Ali (2013) MMT services offered a number of benefits, including affordability and accessibility. Instead of using traditional banking services, mobile phone banking is widely used. For example, the MMT service is becoming more and

more popular because there were over 70 million mobile phone users in Pakistan as of today, and that figure has doubled.

Somtel telecom provide network services in Somaliland and Puntland. Ranging since 1998, this company has rapidly expanded and established itself as one of the leading telcos in the country. With its commitment to offer diverse and reliable services to its customers and upscale this as its competitive strategy. Somtel has gradually updated its network coverage and rapidly grown from 2G network to 3G network in 2011 and 4G network in 2019. This rapid growth is an indication that the company has been focusing on key expansion strategies that could steer its both internal and external success. Notably, the company had been testing other new strengths of network in a bid to provide diversified and reliable connectivity services to its customers. With such strategies in place, it is an indication that the sector could expand spontaneously if the right expansion strategies are put in place. In this study the researcher needs to investigate which expansion strategies relevant and applicable to telecommunication industry in Puntland Somalia (Abdullahi, 2013).

1.2 Statement of the problem

Telecommunication industry has not been very vibrant over the years orchestrated by the country's civil in 1991. However, telecommunication industry became main target for the civil society, businessmen and the foundation of any business. Telecommunication is very important tool for the business and development of the country. It is also crucial for economy growth, reduction of unemployment and job creation. Telecommunication industry operate within an environment which is constantly changing and increasingly competitive. Worldwide all organizations exist in an open environmental system which means that they either impact or are impacted via external environmental conditions that are largely beyond their control (Gymfi, 2015). Somalia has Seven main companies provide telecommunication services. These include Golis Telecom, Telecom Somalia, Telesom, Somafone, Nationlink, hormud telecom and Somtel furthermore every company dominate different region.

Telecommunication companies in Puntland Somalia have faced many challenges which prevent them from growing and improve their performance. Several telecommunication companies such as Nationlink telecom, Puntel telecom, and telecom failed and closed their doors. According to Golis telecommunication company report (2019) 90% of the population of Puntland state of Somalia uses Golis product. Golis telecom company has dominated telecommunication industry in Puntland state of Somalia since 2002 when they edged out other telecommunication companies such as telecom, Nationlink telecom and Puntel telecom.

Entrance of Somtel into the market has changed the competition terrain although not significant. Golis telecom has embraced cutthroat competition strategy which has hindered growth and performance of Somtel company in relation to satisfaction new product development and profitability.

Various empirical literature has addressed how expansion strategies stimulate performance in modern entities. As study by Anyanga and Nyamita (2016) addressed how small and medium enteritis embraced expansion avenues to grow their operations and established that expansion strategies were fundamental in growth of the enterprises. Dennis (2019) undertook an assessment of how growth strategies stimulated entity's performance and focused on hotel industry. The author's results were evident that expansion strategies were fundamental in steering performance. All the above studies were conducted in varied contexts and none of them focused on the telecommunication industry in Somalia. The studies also have conceptualized expansion strategies differently and utilized different methodologies. It is on this merit that this research seeks to fill these gaps by assessing the role played by expansion strategies on performance of telecommunication companies in Puntland state of Somalia.

1.3 Purpose of the Study

The Drive of the study was to examine the role of expansion strategies on performance of telecommunication companies in Puntland state of Somalia.

1.4 Objectives of the Study

The study was guided by the following objectives:

- i. To find out the role of market penetration strategy on performance of telecommunication companies in Puntland state of Somalia.
- ii. To ascertain the role of market development strategy on performance of telecommunication industries in Puntland state of Somalia.
- iii. To determine the role of product development strategy on performance of telecommunication companies in Puntland state of Somalia.
- iv. To evaluate the role of diversification strategy on performance of telecommunication companies in Puntland state of Somalia.

1.5 Study Questions

The following questions were tested in this study:

The study was sought answers to the following research questions:

- i. What is the influence of market penetration strategy on performance of Telecommunication Companies in Puntland Somalia?
- ii. To what Extent does market development strategy affect on performance of Telecommunication Companies in Puntland state of Somalia?
- iii. How does product development strategy affect on performance of Telecommunication companies in Puntland Somalia?
- iv. What is the role of diversification strategy on performance of telecommunication companies in Puntland Somalia?

1.6 Rationale of the Study

This study finding will benefit the management and stakeholders of Telecommunication Companies in Puntland state of Somalia to make appropriate decisions about the role of expansion strategies on performance. Moreover, they will also know which specific expansion strategies to adopt in order to remain competitive and improve their performance. The study will give a guideline for confirming success of current growth strategies which are employed by various telecommunication industry external and internal of the country.

Besides from academics and researchers, the outcomes of this study will be expected to provide new understanding about role played by strategies (expansion) in steering success among telcos in Somalia. This particular study's outcome will add value to the body of knowledge by providing reference to the researchers and academicians on the same topic of growth strategies.

The government of Puntland state of Somalia will be benefited from the findings of the study as it establishes the role of growth strategy on performance of telecommunication companies in Puntland state of Somalia. The government will be able to come up policies that can guide telecommunication industry and create a good environment that will improve business performance. This study will be beneficial to the management and stakeholders of telecommunication companies that failed and unable to growth like Somtel Company

Local and potential investors will benefit from the findings of this study in that they will establish the essence of expansion strategies and the promising market in Puntland state of Somalia. Through the findings, the investors will identify key expansion strategies to incorporate in order to grow their enterprises in other parts of the country as well. The findings will be beneficial to future scholars and academicians in that they will identify the key

strategies that can be utilized in the context of expansion strategies. The scholars can as well identify research gaps which they can seek to fill in their future research endeavors.

1.7 Scope of the Study

This study seeks to examine the role of expansion strategy on performance of telecommunication companies in Puntland state of Somalia. Unit of analysis were telecommunication companies in Puntland Somalia and unit of observation were be senior middle managers and operative managers. The study will target 135 participants which is less than 200. And will employ descriptive survey design. The study was targeted senior managers, middle managers and operative level managers of telecommunication companies in Puntland state Somalia since they are the ones that involved making important decisions that relate to growth and performance. The study was limited to telecommunication companies with three different cities at Puntland state of Somalia. This study was conducted in a period of two months which is from February to December 2024. On the content scope, the study was focused on four key expansion approaches through which telcos are able to succeed and perform better, The strategies included penetration into new markets, development of new products, diversification as well as development of markets.

1.8 Study Limitations

This study was limited by managers of telecommunication Companies in Puntland state of Somalia. The fact that the telecommunication companies are private entities with competitors, the selected managers may be reluctant to share sensitive information regarding their companies and expansion strategies adopted. This is because they might fear exposing internal information to outsiders which may land to the competitors. This was however mitigated by assuring them of the sole purpose of the study which is entirely for academic purpose. This was supported by a research authorization letter from Mount Kenya University. The researcher was given the assurance that all information would be kept confidential and were used only for academic purposes. Telecommunication companies in Puntland state of Somalia are diversely located in areas with rough topography. This might pose a challenge in regard to their accessibility for the purpose of data collection. However, this was mitigated by hiring a research assistant and as well as embracing online questionnaire which was not necessitate the need to physically visit the companies. As managers were typically busy and difficult to engage in questionnaires, the researcher also difficulty obtaining the intended respondents. The researcher persistently and patiently was press for appointments.

1.9 Delimitations

Delimitations are simply the attributes that provide definition of scopes and boundaries of the study (Vladu et al., 2012). Delimitations are merely characteristics that define the study's scopes and boundaries. The study's boundaries are somewhat under the researcher's control. The researcher has some degree of control on the delimitations of the study. In this regard, the study was focused telecommunication Companies in Puntland state of Somalia. This study was therefore not considered views and opinions from companies not located in Puntland. Moreover, the study was targeted managers from these companies, hence the opinions and views of other personnel were not considered in this study.

1.10 Assumptions of the study

This study presupposes that respondents were share reliable and honest data for analysis. The study also assumes that quantitative approach was fit for examine the role of growth strategy on performance of telecommunication companies Puntland Somalia. Furthermore, the study was assumed that the four variables market development strategy product development strategy market penetration strategy, and diversification strategy were had linear relationship with performance telecommunication companies in Puntland will allowance the researcher permission to collect data from the companies This assumption will support hypothesis using regression analysis.

1.11 Operational Definition of Terms

Expansion Strategies: They are the approach put across by entities to strengthen their operations while spreading their presence in additional markets, bringing on board more products and services, while steering the overall outcome which is to perform better and gain more markets.

Market penetration strategy: This is the process of boosting the market share of an existing product, or selling promoting of new product. This is when businesses try to expand using existing product in order to boost their market share.

Market development strategy: It refers to the process of introducing existing products to new location or markets market development strategy often use by businesses in order to find and develop new opportunities to sell their products and services in previously untapped markets.

Product development strategy: It involves enhancing the products availed to consumers through either introducing new ones or strengthening qualities/features of already existing ones. This is aimed at capturing new markets, retaining existing markets and meeting more value for the consumer.

Company performance this refers to a situation how well a company meets both its market oriented and financial objectives, perfection in work place. It can be measured in terms of economic performance and operational performance.

Market domination is a measure of a brand's services. Products or company's strength in comparison to competing offerings as proved by controlling a substantial amount of the market's power however When a company controlling large proportion of the power in a particular market. Market dominance refers when a company is in dominant position that has control over other competitors.

Market Liberalization means to eliminate of controls in an industry or market to valor entrance of new providers and thereby to rise the strength of competition. it refers to efforts to make a market more competitive by lowering entrance barriers.

Diversification strategy refers to a company's strategy for growing its business, which include expanding its reach across a variety of products and industry areas.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter presents a theoretical review of Porter's five forces, resource-based theory and market-based theory. It also covers a Literature review of market penetration strategy, product development strategy, market development, diversification strategy, and organizational performance, conceptual framework, a summary of literature review, and research gaps. .

2.1 Empirical Literature Review of growth strategy and performance

This section was present the empirical review based on the study objectives. Several Studies have been conducted the influence of expansion strategy on organizational performance in dissimilar industries besides countries while approaches and methodologies embraced are spelled-out for clarity and expounding of outcomes obtained from those studies.

Growth strategy is a strategic plan created and put into action to improve company performance and provide it a competitive advantage over rival businesses (Andrews, 2001). According to the author, excellent strategic ideas are simple to put into practice and can lead to progress. Organizations that proactively get the right expansion strategies that are in tandem with their industry's specifics and features stand a better chance to benefit from the latter. Through focusing on the right strategies, entities are able to align with what the target customers expect thus strengthening their success and performance.

According to Blackburn, Hart, and Wainwright (2013), expansion or growth strategies are mainly approaches that entities put across in order to achieve greater heights. As much as the strategies are more challenge to the management team, they pose an opportunity for the team to upscale their capabilities and competencies, and though this meet the expectations of not only the customers, but those of the shareholders, who at the end of the day want strong profits that can lead into sustainability of the entities. The authors were of the view that expansion strategies put an entity ahead by making them proactive in recognizing and taking advantage of new opportunities in the market, including entry into new unexplored markets. According to Wainwright (2013), a business's growth strategy enables it to expand both internally and outside, which boosts its performance and shareholders' or investors' value. These growth strategies have been essential to the development of businesses, in that they enable the

enterprises to discover their potential while strengthening their ability to take advantage of the developing nature of most markets across the globe. Such strategies are known to not only favour larger entities that are in a position to implement the most of strategies, but also smaller ones that require minimal resources and efforts to implement the strategies, not forgetting that such small firms are disruptive and capable of having a simple strategy serve the underserved market and emerging the market leader in a short period. Authors have prompted diversification as a potential growth strategy that steadily enables modern business spread faster and gain more acceptance across markets. Market penetration has also been taunted as a crucial expansion strategy that enables entities to get into new underexplored markets thus making them expand their sales revenue among other performance indicators.

The growth tactics described by Ansoff (1957) will be investigated as a way of arriving at a conclusive position for the research at hand. Strategies such as development of markets, penetration into new ones, diversifying products and operations while developing new and existing products have been upheld as essential expansion strategies. Boosting the existing framework of undertaking business calls for these strategies, and their use implies that the entity is in a better position to reclaim its position in a given market.

Growth strategy will be outlined in this study as a strategic plan created and put into action to improve company performance and provide it a competitive edge over rival businesses.

Market penetration strategy happens when a business tries to increase sales in an existing market. Current clients are sold already-existing products (Kemppi et al., 2012). The product is not changed, but the company is attempting to boost sales by marketing or repositioning its goods. The business must persuade potential customers and sway rivals. Entities that are known to utilize such as strategy have been known to be on a good trajectory to boost their presence in any given market without straying from the initial product-market strategy. According to research by Day (2004), industries frequently enter new markets by raising the quality or level of their products or services, luring clients away from rival brands, or persuading their existing clientele to buy more of their products.

In market development, by launching its present items on new markets, the company seeks to boost sales (Rowe & Clark, 2015). A diversity of current goods is launched in first-hand markets. Once more, the product is just sold to a new target; it is not transformed. The products might experience slight modifications in order to account for cultural variances. A combination of competitive price approaches, marketing, sales upgrade, and possibly greater properties

devoted to individual selling can be used to retain or grow the market share of present products (Eisenhardt & Schoonhoven, 2010). According to a study by Kotler and Armstrong (2011), management is seeking to sell greater quantities of its current products in new markets by implementing market development strategies. This may contain raising income, which is most expected to result in substantial growing.

Ansoff (1987) noted that developing markets entails put in place measures and methods aimed at ensuring that untapped markets are tapped through inducing the already available products/services in such markets. This whole process is aimed at seeing that the entity is making extra sales while capturing newer geographical locales where their services were not before. This strategy achieves best results when introduced in markets where the clients were previously under-served in terms of quality, reliability and responsiveness to changes in the world. While agreeing to the essence of developing markets, McCarthy et al (2014) alluded that entering new markets serves as a strong way to learn new approaches of serving diverse needs of consumers, while ensuring streamlined approach of handling increased geographical locale. As a response to the growing concerns of market saturation, it becomes paramount for modern business enterprises to upscale how they enter new markets through market development strategy.

The company is attempting to enhance sales through product development strategy by releasing new or altered products on the market. Customers are sold the new products through the current distribution channels (Rukia Atikiya, Elegwa Mukulu, 2015). Product development strategy is mostly driven by businesses' desire to maintain their total market share (Ittner & Larcker, 2011). product development strategy is being pursued by management in an effort to trade a new product to existing customers (Lee & Grewal, 2004). The development and innovation of new product offers to replace current ones is the focus of efforts. Then, existing customers are offered new products (Miller, 1987; Porter, 1985).

Product development takes into account both developing new products/services that the market wants and improving current items to stimulate an existing market (Kotler,2013) outlined the process of introducing new ideas to consumers, from concept to testing to distribution, as product development strategy. Additionally, Ansoff (1957) stated that when a company wants to develop a product, the purpose is to offer the current market with new offerings. This is acknowledged and realized through a procedure that enables the members of an organization with decision-making authority to interact with both internal and external partners.

According to Ibrahim and Kaka (2012) Diversification strategy refers to the strategy that a company adopts for the development of its business which involves spreading the scope of the company across numerous products and market segments.

2.1.1 Market Penetration Strategy and Performance

Ojwaka and Deya, (2018) carried out a study on the relationship between expansion strategies and organizational performance of commercial printing firms in Nairobi, Kenya. This study focused on the role played by market penetration strategy among towards enabling continued organizational; success. It was revealed that through embrace of market penetration as a growth strategy, performance was steered through improved sales and overall profitability. The authors indicated that when penetration into newer markets was marked as a core aspect of gaining growth, organizations become more vibrant in new geographicals, an aspect that streamlined their ability to outgrow and outdo there rivals for enhanced success. Growth in profits was also found to be steered by penetration into new markets. According to Ardyan (2018), majority of American businesses employed market penetration strategies to establish a presence in the markets they aspired to dominate. He adds that market penetration can occur in a number of ways. Each form depends on the marketing strategy the company choose to implement as part of their overall market penetration strategy.

Norah (2019) assessed the role played by market penetration strategy on performance of food and beverage manufacturing firms in Kenya. This study utilized a descriptive research design and targeted 187 firms. The findings revealed that market penetration strategy had a significant influence on company performance ($r = 0.815, p < 0.05$). According to Norah (2019), the ability of an organization to penetrate new markets is a key indicator of how well the company is strengthening its existence in the market, thus being more competitive. The findings are supported by those of Chen (2021) who established that market penetration helps in increasing market share which often means outperforming competitors in the same industry. A higher market share can result in economies of scale, cost advantages, and enhanced bargaining power, providing a competitive edge that positively impacts overall organizational performance.

Other scholars have expounded market penetration strategy as the firm's efforts to increase its market share in existing markets using its current product offerings. It is one of the growth strategies outlined in Ansoff's Matrix, along with product development, market development, and diversification. Market penetration aims to achieve growth through a combination of

competitive pricing, promotional activities, distribution enhancement, and product improvements. Numerous empirical studies have investigated the impact of market penetration strategies on firm performance, with findings highlighting the strategy's effectiveness in boosting sales, improving brand recognition, and achieving economies of scale. A study by Akbar and Ehsan (2020) in the manufacturing sector in Pakistan found that firms using aggressive penetration strategies experienced a 15% higher annual growth rate in sales compared to those relying on conservative approaches. This growth was attributed to the ability to leverage promotional offers and targeted advertising, which attracted new customers and increased product uptake among existing clients. Similarly, research by Oluwaseun and Ajayi (2019) on small and medium enterprises (SMEs) in Nigeria showed that firms employing market penetration strategies achieved a significant increase in profitability due to improved sales volumes and the ability to capitalize on cross-selling opportunities within established customer bases.

Market penetration also has a significant effect on market share and competitive positioning. Empirical studies have shown that firms using this strategy are better positioned to defend against new market entrants and increase their influence in the industry. For instance, Nyaga and Otieno (2021) examined 100 retail firms in Kenya and found that companies focusing on market penetration through discounts and loyalty programs captured a larger market share within a short period. The authors concluded that firms with strong market penetration strategies are more capable of reducing the threat of competition, thus enhancing their long-term sustainability. Another key finding in the literature is the positive effect of market penetration on brand loyalty and customer retention. Studies like that of Chang et al. (2018) in the service sector indicate that firms adopting a market penetration strategy can build stronger customer relationships through repeated promotions and customer engagement initiatives. This results in higher customer retention rates and reduced churn. The researchers also noted that customers are more likely to remain loyal to a brand that consistently offers value and maintains a strong presence in the market.

One of the main issues highlighted by empirical studies is the risk of market saturation, where a firm's capacity to increase its market share diminishes over time. According to the work of Johnson and White (2017), firms in the U.S. electronics industry experienced diminishing returns on investment in penetration strategies after capturing more than 70% of the market. This indicates that firms must periodically assess the saturation point and consider alternative strategies, such as market development or diversification, to sustain growth. While market

penetration strategies can lead to increased revenues, they often come with high costs, particularly in the short term. An empirical analysis by Patel and Gupta (2020) in the Indian FMCG sector showed that firms adopting penetration pricing strategies experienced reduced profit margins during the initial implementation phase due to high promotional expenses and competitive pricing pressures. However, the long-term benefits were realized through increased customer volumes, which eventually offset the initial costs. Thus, firms must weigh the short-term financial costs against the potential long-term gains when implementing such strategies.

The effectiveness of market penetration strategies is also influenced by external factors such as market structure and firm size. For example, a study by Lee and Park (2019) in the telecommunications industry found that larger firms with significant resources were more successful in implementing penetration strategies compared to smaller firms. This suggests that market penetration may be more effective in industries with high entry barriers and in firms that have the capital to sustain aggressive pricing and promotional campaigns. The empirical evidence demonstrates that market penetration strategy can have a significant positive effect on firm performance, particularly in terms of increased sales, enhanced market share, and improved brand loyalty. However, the effectiveness of the strategy is contingent on various factors, including the firm's size, market structure, and the stage of market development. Firms must carefully assess these conditions to determine the most appropriate strategy and avoid the pitfalls of market saturation and high initial costs.

Harimaya (2023) addressed the effect of market penetration strategy on organizational performance. The study focused on banking service industry in Japan. Using a correlational research approach, their study surveyed 219 respondents using a structured questionnaire. The findings revealed that market penetration strategy had a significant influence on organizational performance. The authors indicated market penetration leverages existing products and services, utilizing the resources already invested in their development. This strategy allows organizations to make the most of their current capabilities and assets, contributing to operational efficiency and overall performance (Harimaya, 2023). They further argued that through successful market penetration, the organization were able to strengthen their position in the market. A well-established market presence can enhance brand recognition, perception, and trust among consumers, positively impacting sales and overall performance.

2.1.2 Product development Strategy and performance

Empirical studies support the positive impact of product development strategies on performance, particularly when firms focus on innovation and differentiation. Mwangi (2019) found that firms with a strong emphasis on product innovation had higher profitability, market share, and customer satisfaction. These studies highlighted that speed-to-market, product quality, and alignment with customer needs are critical factors in determining the success of product development efforts. Mwangi (2019) emphasized the importance of structured stages, including idea generation, concept development, product design, and commercialization, to ensure that new products meet market requirements and contribute to overall firm performance.

Calantone et al. (2012) demonstrated that firms with a robust product development strategy are more likely to achieve superior financial and market performance. Their findings showed that product development strategies lead to enhanced profitability, higher market share, and increased return on investment (ROI) by capitalizing on new market opportunities and responding proactively to competitive pressures. Similarly, Eisenhardt (2015) found that firms that excel in product innovation tend to outperform their competitors in terms of growth and financial performance. Their study emphasized that successful product development strategies require a balance between creativity and structured management processes to minimize risks and maximize returns.

Narver (2014) found that market orientation significantly moderates the relationship between product development strategy and performance. Firms that integrate customer feedback and anticipate market trends during product development achieve better alignment between new products and customer needs, leading to higher satisfaction and loyalty. This market-oriented approach is particularly beneficial in highly dynamic industries such as technology and consumer goods, where rapid changes in customer preferences require firms to be agile and responsive. Similarly, empirical studies by Henard and Szymanski (2011) identified product uniqueness, pre-launch marketing efforts, and cross-functional collaboration as critical success factors for effective product development strategies, which in turn positively influence firm performance.

According to Winfred (2017), there was a substantial and positive correlation between product development strategy and the performance of commercial banks, as indicated by $\beta_3=0.573$ and $p=0.001<0.05$. This indicates that an rise of one unit in product development strategy will result in a significant rise of 0.573 units in the performance of Kenya's commercial banks. Kuncoro

and Suriani (2018) underscored that a well-executed product development strategy can significantly enhance organizational performance, but its success depends on multiple factors. Firms need to ensure that their product development efforts are aligned with their overall strategic objectives, leverage internal capabilities, and are responsive to external market conditions. The findings revealed that product development was instrumental in steering the success of modern organizations by strengthening the existence in the market while continually meeting customer needs.

According to Berg, Birkeland, Nguyen-Duc, Pappas, and Jaccheri (2020), organizations adopt various product development strategies to enhance sales performance, often incorporating elements of the retail mix. These strategies encompass offering quality products, a wide selection, strategic positioning, after-sales service, convenient location, attractive design, sales incentives, and more (Bellia et al., 2017). Product development also extends to service differentiation, where companies consistently deliver superior service quality compared to competitors (Gorondutse & Abdullah, 2017). Another form is optimizing processes while emphasizing the importance of a clear brand image to achieve a competitive advantage in the market (Panwar & Khan, 2020). Once a company defines its brand image, effective communication can make it a long-term source of competitive advantage (Gao & Hafsi, 2019).

Nashua (2015) emphasizes the necessity of product development due to marketers engaging in practices that dilute brands instead of strengthening them. Product development not only establishes a marketing identity but also plays a crucial role in product differentiation, laying the foundation for building a trustworthy brand name. The primary goal of branding is to assist target customers in recognizing branded items and fostering familiarity to encourage acceptance.

In a study conducted by Obado (2015) on Kenyan sugar manufacturing firms, product development strategies were employed through branding sugar, developing distribution networks, and enhancing customer service. According to Obado (2015), product development in this case entailed offering products or services perceived as unique throughout the industry. Companies aim to appeal to customers with a particular sensitivity to certain product attributes, cultivating customer loyalty that allows for charging premium prices (Pearce & Robinson, 2016). To establish a competitive advantage through brand positioning and differentiation, a firm must identify sources of uniqueness that are challenging and time-consuming for rivals to replicate.

2.1.3 Market Development Strategy and Performance

According to Sande (2019), market development strategy has positive effects on how well public institutions perform. 33 public universities in Kenya were all represented in the study, which used a cross-sectional research study approach. Both were used descriptive and inferential statistics to analyze the data.

Winfred (2017) found that market development and expansion strategies have a positive relationship on the performance of commercial banks in Kenya. The key objective of the study was to find whether there was a relationship between expansion and performance. Both primary and secondary data were used in this study, which used a cross-sectional design. A questionnaire was used to gather the primary data. This section has revised on growth strategy and organization performance nevertheless there is revealing same literature within the context of Somalia mostly of the reviewed studies focused on other countries not Somalia. this creates a gap which the current study with attempt to fill.

Empirical literature reveals that market development strategy involves a firm's efforts to expand into new geographic markets, attract new customer segments, or adapt existing products to reach previously untapped areas. This strategy is one of the four growth strategies outlined in Ansoff's Matrix, along with market penetration, product development, and diversification. Unlike market penetration, which focuses on increasing share in existing markets, market development seeks to leverage a firm's existing product offerings to establish a presence in new markets. The objective is to diversify the customer base, reduce dependence on a single market, and generate additional revenue streams.

One of the primary objectives of a market development strategy is to achieve revenue growth by expanding into new customer bases. Empirical studies often emphasize this strategy's potential to boost revenues, particularly for firms operating in saturated domestic markets. For instance, a study by Ahmed and Wang (2019) on technology firms in China found that companies employing market development strategies in emerging economies (e.g., Southeast Asia and Africa) experienced a 20% higher annual revenue growth compared to firms focused solely on their home market. This was attributed to the ability to tap into fast-growing markets with increasing demand for technology solutions. Similarly, Kinyua et al. (2020) investigated the impact of market development in the Kenyan banking sector and reported that banks expanding into neighboring countries achieved a 30% increase in profitability within three

years. The authors linked this growth to diversified revenue streams, which allowed the firms to optimize their profitability through cross-border synergies.

Market development strategies have also been found to help firms manage risk by diversifying their market presence and revenue sources. Empirical research by Owusu and Boateng (2018) in the Ghanaian agricultural sector indicated that firms pursuing market development strategies had a significantly lower risk of business failure during economic downturns. The study, which analyzed data from 50 agricultural exporters, showed that firms entering multiple international markets achieved higher financial stability due to the distribution of business risks across different markets. This finding was corroborated by Johnson and Palacios (2017), who analyzed European automotive firms and found that those with a strong market development focus in Asia and Latin America were better able to withstand the 2008–2009 financial crisis. These firms experienced lower revenue volatility compared to competitors with limited international exposure.

Market development is essential in enhancing a firm's competitive advantage. Entering new markets can strengthen a firm's position by creating barriers to entry for competitors and establishing a broader customer base. For example, a study by Nguyen and Tran (2019) on Vietnamese manufacturing firms found that market development led to higher market share and competitive strength, especially when firms employed localization strategies such as adapting products to meet the cultural and legal requirements of the new markets. Firms that successfully established a foothold in these markets gained first-mover advantages, which translated into improved brand recognition and customer loyalty. However, one major issue highlighted in the literature is the difficulty of entering new markets, particularly those with different cultural, regulatory, and competitive dynamics. For instance, a study by Misra and Sharma (2018) on Indian pharmaceutical firms found that companies expanding into Western markets faced significant regulatory barriers and high initial costs, which impacted profitability. The study reported that nearly 40% of firms exiting these markets cited difficulties in navigating local regulations and establishing competitive pricing models. Additionally, studies such as that of Saito et al. (2020) in the Japanese retail industry highlighted the importance of cultural adaptation, noting that firms that failed to localize their product offerings and marketing strategies faced lower customer acceptance and higher market exit rates.

Market development strategies often require substantial resources and capabilities to be successful. According to a study by Kapur and Rao (2020) on Indian IT firms, companies

investing in market development needed to allocate significant resources to market research, customer relationship management, and local partnerships. The research found that firms with strong financial and human capital were more successful in new market entries, achieving higher profitability and customer acquisition rates. In contrast, firms lacking these resources faced challenges in sustaining their market presence and incurred higher operational costs. This underscores the need for firms to assess their internal capabilities before committing to market development strategies. Empirical evidence suggests that market development strategies can contribute to long-term growth and sustainability, provided that firms maintain strategic alignment and adapt to changing market conditions. A longitudinal study by Manktelow and Alessi (2021) on European consumer goods companies showed that firms that consistently pursued market development achieved sustained revenue growth and profitability over a 10-year period. These firms were able to weather industry downturns and economic recessions better than competitors who focused solely on existing markets. The authors concluded that a well-executed market development strategy not only drives short-term growth but also strengthens the firm's ability to adapt and compete over the long term.

Empirical studies indicate that market development strategies can have a profound positive impact on firm performance, including revenue growth, risk management, and competitive advantage. However, the success of such strategies is highly dependent on factors such as market entry barriers, cultural adaptation, and the firm's resource capabilities. While the strategy provides significant growth opportunities, firms must carefully evaluate their readiness to enter new markets and address potential challenges such as regulatory compliance and high initial costs. According to Matuma (2013), a company's performance isn't solely determined by its sales figures; rather, changes in sales could just be a reflection of changes in the market's size or in the overall state of the economy. The amount of the marketplace that a company is gifted to take (market share) is used to determine how well it performs in comparison to its rivals. While the firm's sales figures can be obtained easily, it is more challenging to estimate total market sales. Sales can be calculated on a value basis or a unit basis (Jim 2003). Many companies aim to outperform rivals in terms of sales. To take advantage of the economies of scale, a company can try to increase its market share. Gaining a cost advantage can be facilitated by operating at bigger quantities. Gaining market share in a declining business is justified by rising sales. All are relevant to this study. Performance measurement can be broken down into four stages: system design, implementation, use, and maintenance. The process of calculating an action's efficacy and efficiency is known as performance measurement.

Quantifying an event's or process's input, output, or degree of activity is another definition of performance measurement.

2.1.4 Diversification Strategy and Performance

Diversification strategy involves expanding a firm's operations by entering new markets or industries, either through related or unrelated business ventures. Scholars generally classify diversification into two categories: related diversification, where a firm expands into industries with synergies to its core business (e.g., similar products, customer base, or supply chains), and unrelated diversification, where the firm ventures into entirely new and unconnected industries. Empirical research has sought to understand how these strategies impact organizational performance in terms of profitability, market share, risk reduction, and long-term sustainability. Studies have found that related diversification tends to have a positive impact on firm performance, as it enables firms to leverage existing resources, knowledge, and capabilities. Mutua (2016) study indicated that firms engaging in related diversification had higher profitability compared to those following unrelated diversification or remaining focused on a single business. Similarly, Arosa (2014) found that related diversification is associated with superior performance, as firms can exploit economies of scope, achieve cost efficiencies, and share knowledge across business units. The research shows that the bank had a successful product and service diversification strategy, and that there was a strong correlation between Kenya Commercial Bank Group performance and diversification strategy. All studies are relevant to the study.

Makau and Ambrose (2017) found that related diversification was positively associated with firm value, while unrelated diversification had a negative effect. This study used a more nuanced measure of diversification and controlled for firm-specific factors such as R&D intensity and corporate governance structures. In contrast, La Rocca et al. (2009) studied Italian manufacturing firms and reported that unrelated diversification could lead to performance improvements if the firm's internal governance mechanisms were strong, suggesting that the effectiveness of diversification strategies depends on the broader organizational context.

Manyuru et al. (2017) argued that in developing countries, unrelated diversification can improve firm performance by creating internal markets and overcoming market inefficiencies. They studied diversified business groups in India and found that unrelated diversification was positively related to firm performance, primarily because these groups could compensate for

the absence of efficient external markets for capital, labor, and managerial talent. This finding was supported by further research in other emerging markets, where diversified conglomerates were found to outperform focused firms.

The literature by Arosa (2014) suggests that the impact of diversification on organizational performance is highly context-specific. Firms pursuing related diversification generally experience better performance due to synergies, resource sharing, and economies of scope. However, unrelated diversification can be beneficial in specific contexts, such as emerging markets or industries characterized by high environmental uncertainty, where it can reduce risk and provide access to new growth opportunities. Managers need to consider the firm's internal capabilities, governance structures, and the external environment when deciding on a diversification strategy to maximize performance outcomes. While early research suggested a straightforward relationship between diversification and performance, more recent studies have shown that the impact of diversification strategies is nuanced and influenced by multiple factors. Strategic choices should therefore be made with careful consideration of industry characteristics, firm-specific capabilities, and the broader market context. By aligning diversification strategies with these factors, firms can optimize their competitive positioning and enhance long-term performance.

2.2 Theoretical Review

The study was anchored on key theories that inform the need for expansion strategies on organizational performance. These theories include the; Porter's five forces model, the Research based view (RBV), and the Market based view (MBV).

2.2.1 Porter's five forces Model

Michael E. Porter of Harvard Business School created Porter's Five Forces of Competitive Position Analysis in 1980 as a straightforward framework for determining the competitive position and strength of a company organization. Porter (1980) evaluated a business organization's competitive position and strength and categorized it into a five-force model. The model has been extensively discussed in both academic and business literature as a tool for understanding the external environment in which a company operates. Its primary purpose is to assess the attractiveness of an industry by examining five key forces: Threat of New Entrants, Bargaining Power of Suppliers, Bargaining Power of Buyers, Threat of Substitute Products or Services, and Rivalry among Existing Competitors. According to Porter (1980), the combined strength of these forces determines the profitability potential of an industry and helps firms

understand the dynamics that drive competition. The theory can also be used to find areas of strength, to improve weaknesses, to raise performance, and to prevent errors and failure by recognizing where power rests. It's a strong marketing instrument for any industry. These factors have an impact on an industry's long-term profit potential as well as its attractiveness. competition between current rivals This force is one of the five forces model that assesses the level of competition that currently exists in the market. For instance, this is determined by the quantity and size of current rivals, the industry growth rate, product differentiation between rivals, and exit barriers.

Scholars like Grant (2010) and Johnson, Scholes, and Whittington (2008) have emphasized that the Five Forces Model goes beyond traditional market analysis by incorporating both microeconomic and competitive elements, making it a comprehensive tool for strategic decision-making. The literature suggests that when firms conduct a Five Forces analysis, they can pinpoint the external pressures that are most likely to impact profitability and use this understanding to craft strategies that align with or mitigate these pressures. The model has been found to be particularly effective in identifying the root causes of profitability issues within an industry and guiding strategic responses such as market expansion, product diversification, or mergers and acquisitions (M&A). Furthermore, academics like Hill and Jones (2013) argue that the model's broad applicability across various industries and contexts makes it an essential component of strategic planning for market entry and expansion strategies.

The Five Forces Model supports market expansion strategies by offering a structured way to evaluate new market opportunities and competitive threats. In literature, market expansion is often defined as a strategic move where a firm enters new geographical areas or customer segments to increase market share, revenue, and profitability (Kotler & Keller, 2012). Porter's framework provides a lens to assess whether a new market is attractive enough for entry by analyzing the strength of the competitive forces in that market. For example, when evaluating a new market for expansion, a firm can use the Five Forces Model to determine the threat of new entrants. High barriers to entry, such as significant capital requirements or stringent regulatory policies, might deter other potential competitors, making the market more attractive for expansion. On the other hand, low barriers could signal a risky market, requiring strategies that focus on building brand loyalty or leveraging economies of scale.

Additionally, understanding the bargaining power of suppliers and buyers can inform pricing and supply chain strategies in the new market. If suppliers hold significant power, a firm might

opt for vertical integration or establish long-term contracts to secure favorable terms. Similarly, if buyers have high bargaining power, the firm may need to adopt a cost leadership strategy to attract and retain customers. The threat of substitutes is crucial in determining whether the firm's products or services can sustain a competitive advantage. For instance, if substitute products are readily available and priced competitively, firms need to innovate or differentiate their offerings to avoid price wars and eroding profitability. The intensity of rivalry among existing competitors is another vital factor in expansion decisions. High rivalry suggests that the market is saturated, making it difficult to achieve profitability without aggressive marketing or differentiation strategies. Conversely, low rivalry could present an opportunity for a firm to capture significant market share quickly.

Previous works like Mwangi (2018) and Dobbs (2014) have shown that firms using Porter's Five Forces Model in their expansion strategy are better positioned to identify competitive pressures early and adapt their strategies accordingly. For example, a Five Forces analysis might reveal that a new international market has high buyer power due to low product differentiation. In response, a firm might focus on unique value propositions or branding to reduce the influence of powerful buyers. The literature also highlights that understanding these forces enables firms to anticipate and neutralize threats, such as by acquiring local competitors to reduce rivalry or creating exclusive agreements to control the supply chain, thereby facilitating smoother entry into the new market.

When rivalry is fierce, competitors are more likely to actively engage in price and advertising wars, which can significantly harm a company's bottom line. For instance, if direct competitors engage in a price war to compete for market share, their profit margin will decrease. In addition, they may decide to spend more money on advertising, which would increase costs once more. In Puntland state of Somalia there is only two players or in order to prevent new competitors from entering existing players might decide to lower prices or provide free service in order to scare off new competitors and this decrease the growth. The threat of new entrants in the telecommunications industry can be viewed as minimal because it requires significant upfront investments. In addition, it can be expected that existing players have constructed up a large base of experience over the years to reduce costs and increase service levels. However, new entrants are likely to lack this kind of expertise, which places them at an immediate competitive disadvantage.

Every industry differ from each other in customer needs wants and demands, growth potential challenges of business and size. Growth potential which is existing in Golis may not the same in Somtel and the nature challenge Somtel facing not equal at Golis Telecommunication Company.

Threat of new entrants (possible rivals) additional players in a business bring additional resources and a desire to expand their market share, which puts pressure on prices, expenses, and the rate of investment. Simply stated, more participants in the market make it necessary to compete. The severity of the threat is influenced by the entry barriers in a particular market; the higher these barriers, the less likely it is that new players will enter the market and the less dangerous it is for current competitors. Examples of entrance obstacles include the need for economies of scale, customer loyalty to established brands, significant capital expenditures, the need for accumulated experience, governmental regulations, and restricted access to distribution channels. The theory is pertinent to the study because it can assist Golis, a telecommunications company, in determining the competitiveness of the market and initiating corporate strategies to enter the market. Once in the market, however, existing Golis may need to increase their investment in product development, market development, and market penetration in order to remain competitive. Due to this choice, the profit margin will be reduced and costs will rise.

The telecommunication industry in Puntland state of Somalia is dominant so this theory is relevant to the study because porter's theory provides a suitable framework that can enable the companies in the telecommunication industries come up with growth strategies that can enable it survive in the industry improve Companies performance and sustainability.

2.2.2 Resource Based View Theory

This concept was proponents by Penrose in 1959, but was later developed by Wernerfelt (1984). According to the Resource Based Theory (RBV) approach to competitive benefit, internal resources of a corporation are more important than external elements for achieving and retaining competitive advantage. The theory highlights that the most long-lasting competitive advantage can be attained when we have a collection of human resources that cannot be replaced by competitors. This theory, an organization's performance is significantly influenced by its internal resources, including its financial, human, and organizational assets. According to Grant (2010), the resource-based view of businesses offers various perspectives on how to best capture and maintain competitive advantage. A company must constantly adapt to changes

in external trends and events as well as internal capabilities, competences, and resources in order to maintain a competitive advantage. Additionally, a firm must formulate, put into action, and evaluate plans that take advantage of these aspects in an efficient manner. This theory is relevant to the study because the concept of RBV believes that having adequate resources is essential for achieving outstanding business results. A resource that demonstrates VRIO characteristics enables the business to grow and obtain a sustained competitive advantage. Organizations should look inside the company to find the sources of competitive advantage instead of looking outside competitive environment for it Utilizing internal rather than external elements can be more effective than an organization's input-output view for achieving a sustained competitive advantage (Bulle, 2017).

The Theory is pertinent to the study because Resources are important to every company. According to RBV, are essential to Company performance. This is why certain businesses outperform their rivals. A resource-based perspective on business performance helps your business succeed where others fail. Company that personal strategic resource has a habit of to have more competitive gain than its opponents (Mwangi.2021). According to the resource base view, businesses rely on both tangible and intangible resources, and their resources must meet specific criteria in order to aid and provide their rivals an advantage. In the context of the supply chain, tangible resources can include distribution centers and vehicles. Tangible resources are those that can be physically seen and touched, such as land, buildings, equipment, and capital. Intangible resources, such as skills, capabilities, know-how, and process expertise, on the other hand, take time to develop and are difficult to easily purchase in the open market. These types of resources can provide advantages, but they are frequently temporary.

The belief that resources are heterogeneous suggests that resources vary from company to company and that businesses operating in the same industry as one another that are subject to the same external influences may nonetheless have diverse internal resources that contributed to varying company performance and growth. The idea that resources are immobile means that they can't quickly move from one company to another, and that rivals can't easily copy their strategies or resources. Companies should have VRIN resources to give them a competitive edge because these traits helped them gain an edge over their rivals and grow. The company's resources are valuable because they enable it to lower costs, differentiate more, or do both at once to provide customers with benefits. The resource must also be uncommon, not easily implemented by others, difficult or expensive to imitate, and finally, unable to be replaced by

readily available resources for the company. All of these internal resources are crucial that easily led to performance and growth. If everyone has them, the resource won't give them a competitive advantage. Resources are the highest basic opinion for an organization to formulate and retain the ability to win strategies, a factor that combines the importance of the theoretical research in question (Ndungu 2022).

This philosophy is relevant to the study because this theory highlights the organization's ability to utilize company-specific resources, i.e., the company's strategic resources like physical resources, human resources, and organizational resources, in order to gain a competitive advantage over rival firms and achieve greater performance in order to expand (Shahmansoun, Esfahan & Niki 2013). The study was based on the resource based theory since it provides a better understanding of the multifaceted inside of companies besides their complex communication with their environment as they pursue ideal performance.

2.2.3 Market Based View Theory

Market-Based View served (MBV) was advanced by Bain (1968). The theory claims that industry variables and an emphasis on the outside market are the main elements influencing organizational growth. The organization's market-based perspective (MBV) emphasizes the importance of a firm's external market environment in determining its competitive advantage and performance. Unlike the Resource-Based View (RBV), which focuses on internal capabilities, the MBV prioritizes external factors such as market positioning, industry structure, and competition intensity. Central to the MBV is the use of Porter's Five Forces Framework—threat of new entrants, bargaining power of suppliers and buyers, threat of substitutes, and rivalry among competitors—to analyze industry dynamics and identify strategic opportunities. By thoroughly assessing these forces, firms can identify attractive markets, develop effective positioning strategies, and adapt to market changes. The MBV also emphasizes strategic positioning through differentiation, cost leadership, or niche focus, along with continuous environmental analysis to ensure a strategic fit in changing market conditions. For businesses aiming to expand into new markets, the MBV guides decisions on market selection, strategic alliances, and market timing, thereby helping firms navigate external pressures and enhance long-term profitability.

In the context of market expansion strategy, the MBV helps companies identify the most lucrative markets for growth by evaluating market potential and competitive dynamics. This approach includes examining market conditions such as entry barriers, competitor strategies,

and buyer power to choose markets that align with the firm's strengths and strategic goals. Moreover, the MBV framework aids in developing strategic alliances with local players, which can mitigate entry risks and provide valuable insights into local preferences and regulatory environments. By leveraging the MBV's focus on market positioning, firms can decide whether to adopt a differentiation, cost leadership, or niche strategy in the new market (Porter, 2008). Furthermore, the MBV supports managing risks inherent to market expansion by continuously monitoring external changes, such as regulatory shifts or technological advancements, ensuring the firm remains agile and responsive. Through strategic timing and competitive positioning, firms can establish a strong foothold in emerging markets, gaining first-mover advantages, or effectively penetrating mature markets by offering unique value propositions that meet unaddressed needs. This comprehensive approach helps companies sustain competitive advantage, optimize their market presence, and achieve sustainable growth in diverse market environments.

The MBV indicates that the market expansion strategies under research (marketplace penetration strategy, creation development strategy, market expansion strategy and diversification strategy) can be implemented independently or jointly and have the long-term goals of establishing a secure position, fostering industry growth, and outperforming rival players. The theory's relevance in the study at hand is on the premises that it builds on the need for diversity in markets and clear analysis of new markets of the purpose of expansion. MBV points on some key barriers in the market as well as the turbulent environment the telecommunication industry has extremely high entry barriers due its capital intensity

This theory is pertinent to the study because it claims that entry barriers, the number of competitors in a market, and a volatile environment are crucial to Company's performance. The telecommunications industry has extraordinarily high entry barriers because of its capital intensity. This model is also pertinent to this study because it shows how companies marketing strategies helps the company to improve their bargaining power.

2.3 Conceptual Framework

Conceptual framework below as shown in Figure 2.1 the Role of expansion strategies on performance of telecommunication companies in Puntland state of Somalia. For this study, the independent variables were (Marketplace penetration strategy, Product expansion strategy, market increase strategy Diversification strategy effect on performance (growth, profit, sales growth operational efficiency and customer satisfaction).

Independent Variables

Dependent Variable

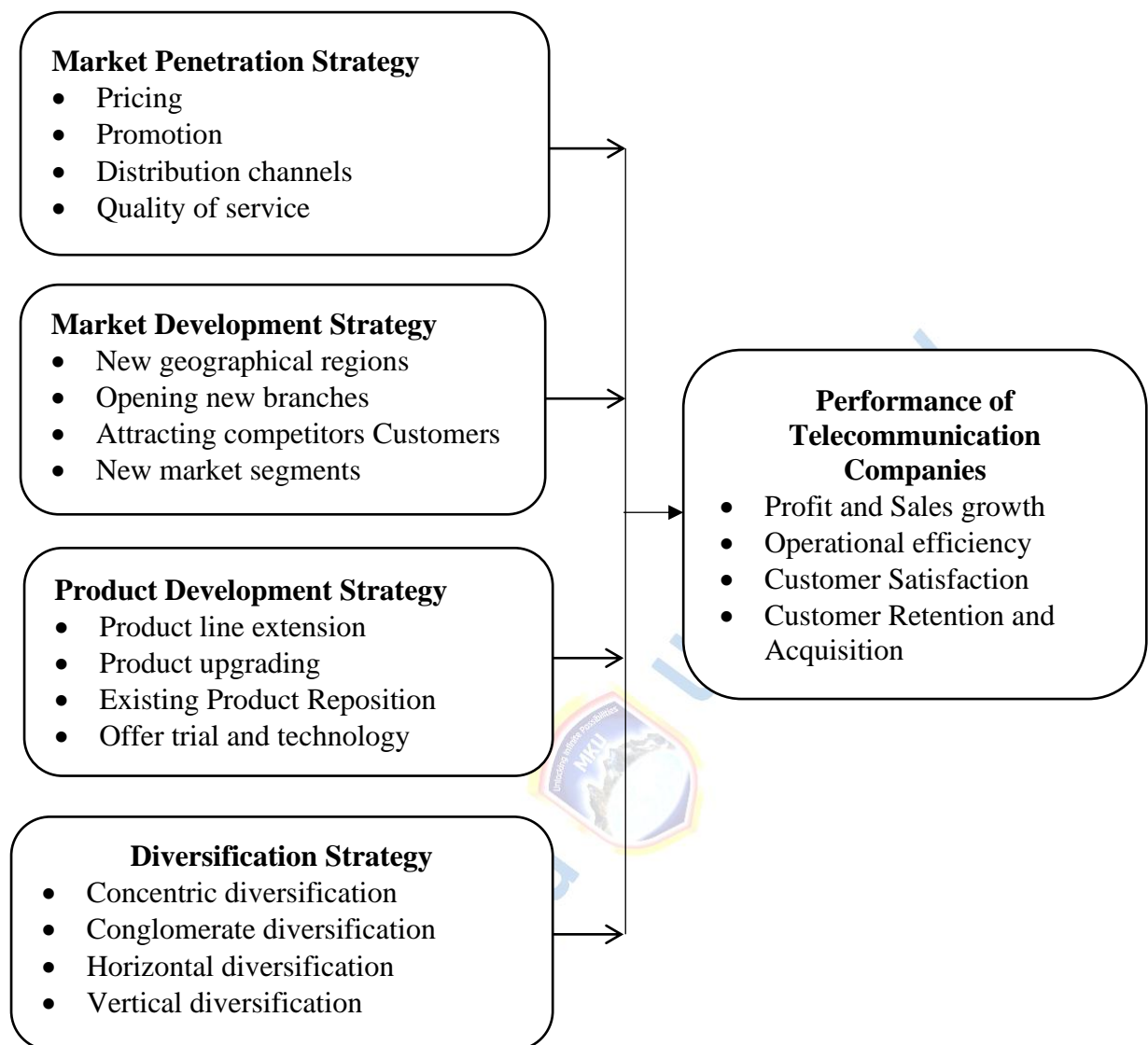


Figure 2.1: Conceptual Framework

Source: Researcher (2024)

2.4 Recap of literature review

Researchers(Year)	Focus of the study	Findings	Research gap	Focus of the current study
Bulle(2020)	Market Penetration Strategies on Organizational Performance in Telkom Kenya limited, Nairobi city county, Kenya	The study found that pricing strategy, distribution channel strategy, diversification strategy and differentiation strategy have positive significant influence on organizational performance.	The study context was Telkom Kenya limited, Nairobi city county, Kenya	The study was Telecommunication companies in Puntland state of Somalia.
Abolarinwa (2020)	Corporate expansion strategies and financial performance of quoted manufacturing firms in Nigeria	The study found that internal growth strategies enhance firms' value and also that found external growth strategies serve firms better during GECs.	The study was used An Expost facto research design	The study was cast-off descriptive research design
Faith (2019)	Effect of expansion strategies on performance of insurance industries in Kenya.	The study found that divergence strategy marketplace penetration strategy and creation development strategy has positive and significant effect on organization performance	The study adopted correlational study design	The study was used descriptive survey design
Murithii (2021)	Internal growing strategies and performance of agrochemical companies in Nakuru County, Kenya	The study found marketplace penetration, market development, merchandise development and variation strategies have a constructive and statistically significant relationship with the performance of agrochemical companies	The study context was agrochemical companies in Nakuru	The study context was Telecommunication companies in Puntland state of Somalia.
Japheth (2021)	Market expansion strategy and performance of insurance firms during covid 19 Pandemic period in Kenya	The study found market growth strategies promoted performance	The study employed cross-sectional research design	The study was employed descriptive survey design
Mwangi (2018)	Growing strategies and Presentation of selected milk processing companies in Kenya	This study found expansion strategies such as merger acquisition market penetration strategies product diversification have significant role on performance of milk processing companies in Kenya.	This study was employed explanatory study design	This study was employed descriptive research design

Sande (2020)	Influence of market penetration strategy on Organizational performance of public universities in Kenya.	The study establish market penetration growing strategy has a positive influence on the performance of public universities	The study was used cross-sectional survey design	The study was adopted descriptive research design
Nyaga (2021)	Growing Strategies and Performance of Faith Based Universities in Kenya: A Case of Catholic University of Eastern Africa (CUEA)	The study found that growth strategies have optimistic and significant effect on the performance of the Catholic University of Eastern Africa, except for the variable on proactive marketing strategy that did not affect the performance significantly	The study was adopted a mixed methods research design in which both quantitative and qualitative approaches were combined.	The study was adopted descriptive survey design
Kioko, Wasike, and Ndiao (2019).	Growth strategies and Product Performance: A Case of M-pesa	The study found that four growth strategies, only two of these strategies, produce development and market expansion have a statistically substantial impact on product performance. The remaining two growth strategies of market penetration and diversification have negligible effect on product performance	The study employed correlation research survey design	The study was used descriptive research design
Winfred (2017)	The relationship between growing strategy and performance of commercial banks in Kenya.	The study concluded merchandise development strategy market expansion strategy market penetration strategy and diversification strategy have positive and important relationship on performance of commercial banks in Kenya.	This study used cross sectional design	The study was used descriptive research design
Mwangi (2019)	Effects of growth strategies on organizational performance in five-star hotels in Nairobi	This study findings showed that there exists a major relationship between product development diversification and market development on organizational performance, in five-star hotels in Nairobi	The study context was five-star hotels in Nairobi	The study context was telecommunication companis in Puntland state of Somalia.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This section highlights the approach was employed in the study. It represents the study design, the target population of the study, area of study, sample size, sampling techniques, information collection methods then data analysis.

3.2 Research Design

A study design as well-defined Atikiya (2015) stands the blueprint and framework that guides the study on the type of data to collect and analyze so as to answer to the research questions. The study was utilized a descriptive research design. As defined by Saunders (2019), a descriptive research design incorporates both qualitative and quantitative approaches in collecting and analyzing the research data. Kothari (2004) considers a design in a research work to be a critical element that informs the framework, approaches and means to be employed when obtaining critical data to respond to research issues. By choosing the appropriate design, a research is able to articulate how plans in a research work will be actualized in a bid to ensure the problem at hand is resolved. Through descriptive study design, the study is able to extensively respond to the research questions by collecting a wide range of data and analyzing it in diverse methods and approaches. The design was deemed appropriate in this study since it was enabled the study to extensively expound on the role played by expansion strategies on performance of telecommunication companies in Puntland State North Somalia.

3.3 Location of the Study

The research area was Puntland north eastern of Somalia. This study was focused on telecommunication companies in Puntland. Puntland has three districts which include Garowe, Galkaio, and Bosaso. The telecommunication companies in Puntland state are spread across the three districts.

3.4 Target Population

According to Mugenda (2003), a target population is a collection of persons, things, events, otherwise objects that share a particular observable trait that is of interest to the researcher. The target population for this study was comprised of telecommunication companies in Puntland state of Somalia. Population is well defined collection of individuals or objects

with the similar characteristics (Kothari, 2004). It indicates that aim population refers to the population to which the researcher intends to generalize the outcome of the study. The study was specifically targeted key managers whose were comprised of operations managers, technical managers, finance managers, human resource managers and commercial managers. These are the main decision-makers in the telecommunication companies and have a high level of knowledge in regard to the expansion strategies adopted by their respective companies. Table 3.1 shows the distribution of the target population.

Table 1: Target population

Category	Frequency	Percentage
Operation Managers	27	20
Finance Managers	32	23.8
Technical Managers	17	12.6
Human Resource	25	18.6
Commercial Managers	34	25
Total	135	100

Source: Respective Telecommunication Companies' in Puntland HRM (2023)

3.5 Sampling procedure and Technique

According to Copper and Schindler (2014), sampling entails generating a sizeable unit that appropriately stands-in for main population, thus making it easier to acquire the required information easily and more effectively. The whole process is meant to ensure that researcher fairly generalizes the study from the result. On the other hand sampling frame is mainly the manual or a credible source that tells where sample will be gotten from, by articulating how the individuals suitable for the research at hand flow. It contains potential participants in a given research work, thus being instrumental in informing and articulating individual cases in population. The procedure of sampling articulates steps to be put into consideration when attaining key participants in a study. According to Naoum (2007) described a sample size as representational or partial portion in a given population that can give information adequate to actualize the study. This study embraced probability sampling method because of finite and registered population. The procedure of this study was stratified random sampling technique. This technique is deemed appropriate since it gives all the categories in a heterogeneous population an identical chance to be included in the study. The

population were grouped into five strata operational Managers, Finance Managers, Technical Managers, Human Resource and Commercial. Afterwards, a proportionate number was selected from each of the strata.

3.6 Sample Size

Sampling frame as earlier described tells source and flow of individuals to take part in a given research work, and it is from which samples are extracted. This is more of an articulate and properly distributed population in that it tells exactly how population is structured. Sampling is a process aimed at singling out individuals to take part in a given research work by articulating how many should be included and how they are hand-picked from population. According to Naoum (2007), a sample size is a percentage of the entire people whose characteristics have been examined to gather more data for the study.

According Glenn (1992), if a population is equal or less than 200, census should be adopted. In this study, the population is 135 respondents which is less than 200. Consequently, the study was adopted census. A sample size of 30% of study's population was arrived at in this particular research work in that it was found to appropriately stand-in for population. A larger sample size suggests more accurate data and lowers uncertainty. This study was target 135 respondents and sample size were 135 which is comprised operation management, finance, technical, human resource and commercial managers at telecommunication companies in Puntland state of Somalia.

Table 2: Sample Size

Category	Target population	Sample size	Percentage
Operational Managers	27	27	20
Finance Managers	32	32	21
Technical Managers	17	17	14
HR Managers	25	25	20
Commercial Managers	34	34	25
Total	135	135	100

Source: Researcher (2023)

3.7 Construction of Research Tools

The study was employed a questionnaire to collect information for the purpose of examining the role of expansion strategies in steering continued success of telcos in Puntland, Somalia. A questionnaire as outlined by Ghauri et al. (2020) comprises of critically though questions aimed at grasping and understanding of the participants regarding the thematic areas in a research work. Using a questionnaire is known to generate more data at short period of time while using very minimal of required resources. The intrusion of research in a bid to manipulate responses is also very dismal when employing questionnaire for data. A questionnaire was chosen because of its efficiency and accuracy. Further, a questionnaire is easy to administer and captures a lot of information within a short period of time and at an affordable cost. The survey was used both closed-ended and open-ended questions. The questionnaire was used Likert scale as the measurement scale. The study was divided questionnaire into three sections. Section A that was collected respondents' general information. Section B was collected data from market penetration strategy. Section C was collected from market development strategy. Section D was collected from diversification strategy and lastly part E provided performance on telecommunication companies.in Puntland state of Somalia.

3.8 Research Quality

Quality of research has to be attained for the output to be credible and articulate as per the expectations. Similarly, study at hand upheld quality as a major way of ensuring outcomes obtained were as credible as possible. The main approach through which quality can be achieved is through have the right and properly-tested instrument (Falaye, 2015). The study upheld this by testing for reliability and validity of questionnaire utilized in gathering info herein.

3.8.1 Validity of Instruments

For the validity to be established, the instruments have to produce the same results when used repeatedly in the same category of the population and under the same circumstances. Therefore, the grade to which the outcomes of the information analysis essentially reflect the spectacle being studied determines the rationality of the research instrument (Brinkmann, 2014). The study was ensured the questionnaire meets face validity, content validity and construct validity. Content validity was ensured by reviewing extensive literature to ensure the questions used align with what previous researchers have used. Face validity was ensured by experts' opinion where the supervisor and two other experts in the field of expansion

strategies were given the questionnaire to review and give suggestions which was upheld to enhance clarity of the questions.

3.8.2 Reliability Instruments

Reliability is the consistency, accuracy, dependability, and stability of an instrument for measuring or scores received (Falaye, 2015). It was intended to determine the level at which the same test would produce the same results if it were administered repeatedly under same circumstances using alternative sets of equivalent items or both. The study instrument's reliability was evaluated using the Cronbach alpha reliability statistics for each scale within the instrument and for the sum of all scales. According to a widely used guideline, a coefficient of 0.7 suggests fair reliability, whereas one of 0.8 or higher suggests good reliability (Mugenda & Mugenda, 2003). The study was adopted a 0.70 threshold.

3.9 Pilot Study

Piloting means undertaking a study that looks almost similar to the proposed one but this time with a minimal number of participants. This is meant to understand the hitches and flaws that are likely to be experienced when actualizing the study. Thus addressing them early enough before actual research is undertaken. Waiting for main research to commence without pilot first puts the credibility of a research work at risk, as some shortcomings and risks could be experienced and provide no room for rectifying (Faith, 2017). The data collecting for this study was taken place over two stages, with a pilot study being undertaken in the first stage before to the participants' actual survey. The Aims of the pilot research is to improve the questionnaire, find any gaps in the questionnaire, and foresee any logistical issues that might arise during the actual survey. This was completed by distributing questionnaires to the designated pilot unit. The study was selected 15 respondents to pilot test and not include the final study.

3.10 Data Collection Methods and Procedures

Data collection is the process of collecting data from the respondents that form the target population of the study in a systematic manner in order to address the research questions effectively (Cooper & Schindler, 2014). Data collection in research is the process of acquiring precise information with the intention of verifying or refuting certain truths (Kambo & Tromp, 2006). The study was used questionnaire to collect primary data. The questionnaire was managed using both drop and pick methods (physical technique) and through online means (Google Forms). The physical method was comprised of dropping the questionnaire at the respondents' places of work and picking it at the agreed timelines. The

online method was comprised of loading the questionnaire on Google form and sharing it through email to the respondents' addresses. They were asked to fill and send the questionnaire back for analysis. To enhance the speed of the data collection procedure, two research assistants were recruited and trained on data collection. They were required to carry out follow-ups with the respondents in addition to delivering and picking the questionnaires.

3.11 Data Analysis

Data analysis as defined by Greenfield and Greener (2016) is the process of transforming raw data in a more understandable form that can be easily interpreted by the target users. In this study, data was examined using together quantitative and qualitative methods. Qualitative data were analysed using thematic content analysis. Quantitative data on the other hand was analysed using descriptive and inferential statistics through use of the Statistical Package for Social Sciences (SPSS) version 27. According to Greenfield and Greener (2016), data analysis helps to provide order in the raw facts gathered by the study. In this study independent variables include market penetration strategy, market development, product development and dependent variables include profit growth, sales growth operational efficiency and customer satisfaction all will be measured using a Likert scale (5-point) (1=Strongly disagree 2=Disagree 3=Neutral 4=Agree 5=Strongly Agree. Data is offered on tables to give full picture and for easy understanding of the results. Regression method was analyzed using the relationship between variables. Regression method enables the researcher to have deep insight on the relation of the variables. Descriptive data were comprised of means, standard deviation, frequencies and percentages. Inferential statistics on the other hand were used to test the statistical connection between independent variables and the dependent variable. This was through used of a regression model.

The model was as shown:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where:

Y= Performance of telecommunication Companies in Puntland state of Somalia.

B_0 is the Constant

$\beta_1, \beta_2, \beta_3$ and β_4 are Coefficients

ε = error term

X₁= Market penetration strategy

X₂= Market development strategy

X₃= Product development strategy

X₄= Diversification Strategy

3.12 Ethical Considerations

According to Fowler (2013), research ethics states that the researcher should respect the respondents' rights in all of their activities and decisions. The researcher was requested for a letter of introduction from the Mount Kenya university and research permit from ministry of education in Puntland state of Somalia that was sought in advance before carrying out this study. All information gathered from the participants were handled with confidentiality. All relevant information and literature reviewed in the study was appropriately referencing using APA Style. Consent of the respondents were sought in advance before they participate in the study. The participants were not coerced to take part in the study and were encouraged not to include any personal information or contacts that would reveal their identity on the questionnaire.

CHAPTER FOUR

RESEARCH FINDINGS ANALYSIS AND DISCUSSIONS

4.1 Introduction

The chapter contains the research findings, analysis and discussions of the study based on research questions. This first section shows the descriptive analysis of the general information of the participants. The second segment presents the findings of the role of expansion strategy including market development strategy, market penetration strategy product development strategy diversification strategy on performance of telecommunication Companies in Puntland state of Somalia. The study used both descriptive and inferential analysis.

Table 3: Reliability Test

Expansion strategy Variables	No of Items	Cronbach's Alpha	Remarks
Diversification Strategy	6	.776	Reliable
Market development Strategy	6	.845	Reliable
Product development Strategy	6	.838	Reliable
Market penetration Strategy	6	.822	Reliable
Aggregate		0.820	Reliable

Source: Researcher (2024)

The result in table 4.1 indicates that market development strategy had a highest alpha coefficient at 0.845(84.5%) followed by product development at 0.838(83.8%). followed by diversification strategy at 0.822(82.2%) market penetration strategy had lowest alpha coefficient at 0.776(77.6%). The study was reliable because the overall coefficient obtained was higher than 0.7 at 0.820 as recommended by Mugenda and Mugenda (2003).

4.2 Response Rate

Response rate is the percentage of people answered to a questionnaire. According to Kothari (2004) Response rate of 50% is considered average, 60-70% is considered adequate while anything above 70% is considered to be excellent response rate. It is frequently supposed that the higher the response level, the more expected the results are representative of the population. This below table shows the response rate from the sample size of the population.

Table 4: Response Rate

Response	Frequency	Percentage
Filled in questionnaires	128	95
Unreturned questionnaires	7	5

A total of 135 questionnaires 128(95%) were filled and returned successfully. 7(5%) were not returned. According to Mugenda (2003) a response rate of 50% is considered as satisfactory 60% good while 70 and above considered very good This study shows the response rate of 95%.

4.3 Respondents Background information

In this section respondents were asked background information specially gender of respondents, age of the respondents, level of education, department in the company and work experience.

4.3.1 Gender of Respondents

Gender remained the first demographic variable in which the respondents were asked to classify themselves as either females or male. The findings of this study indicated 87.5% were Male participants while 12.5% were female. It shows that a male domination of the study, but it is understandable that the study was targeted telecommunication companies in Puntland state of Somalia and there is a cultural issue in the country that allow males to outnumber females in telecommunication companies.

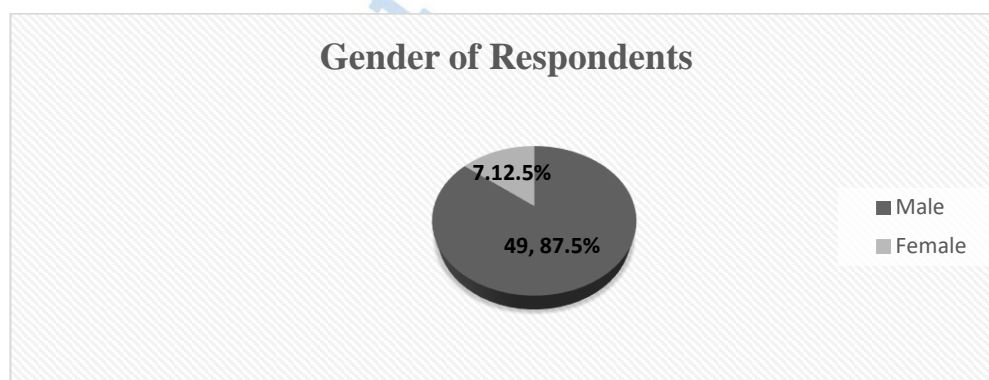


Figure 4.1: Gender of the Respondents

4.3.2 Respondents' Age

This study sought to find out respondent's Age and the findings presented figure 3 below

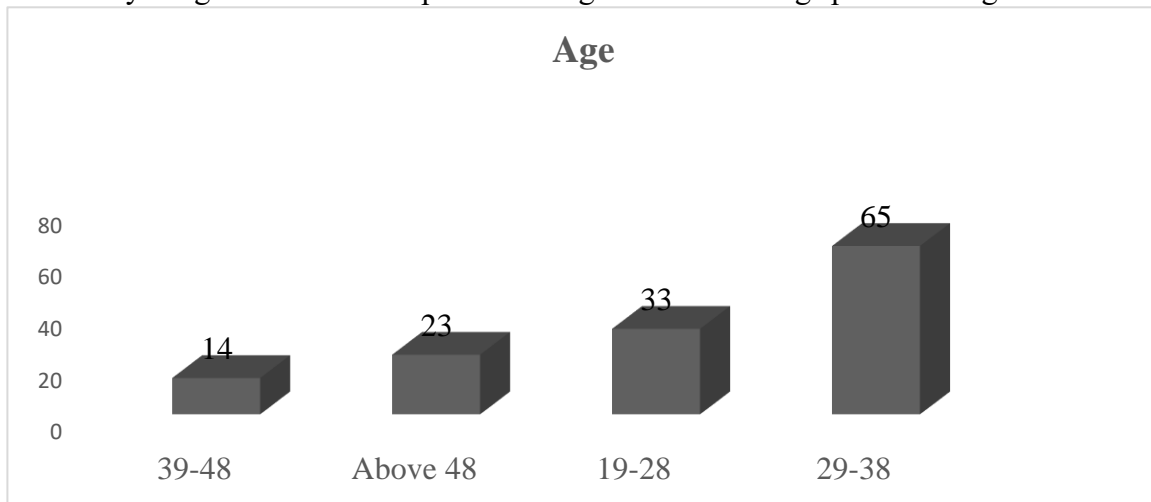


Figure 4.2: Respondent's Age

The respondents were willing to disclose their ages without problems. People's age is always related to experience and understanding of a given issue of interest. People in different age groups generally have different opinions of a given issue and this provides important data. This study most of the respondent ages ranged between 29-38 which comprised 65(48.2%),33(24.5%) were aged while 19-28, 23(17.04%) were aged above 48 in conclusion 14(10.4%) were 39-48.

4.3.3 Level of Education

This study sought to find out level of education of the respondents and the findings shown figure 4 below

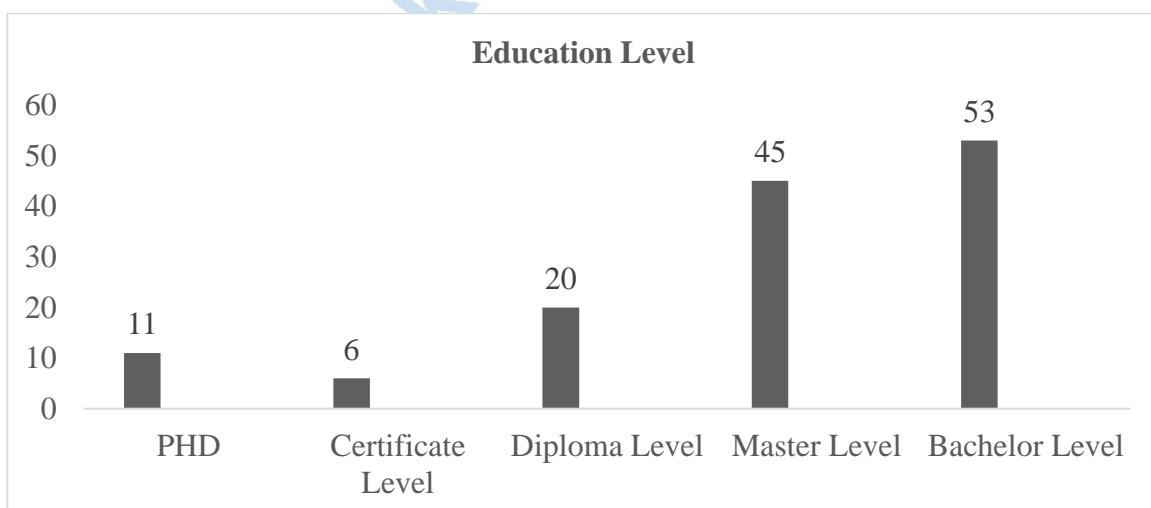


Figure 2.3:Level of Education

This research sought to find out the academic qualifications attained by respondents. From the finding's majority 53(39.3%) of the participants showed that they had Bachelor

level,45(33.4%) had master level, 20(14.9%) had Diploma level, 11(8.14) had PHD while 6(4.5%) had certificate level of education.

4.3.4 Department in the Company

The study sought to discover Department in the company of the participants and the results shown figure 5 below

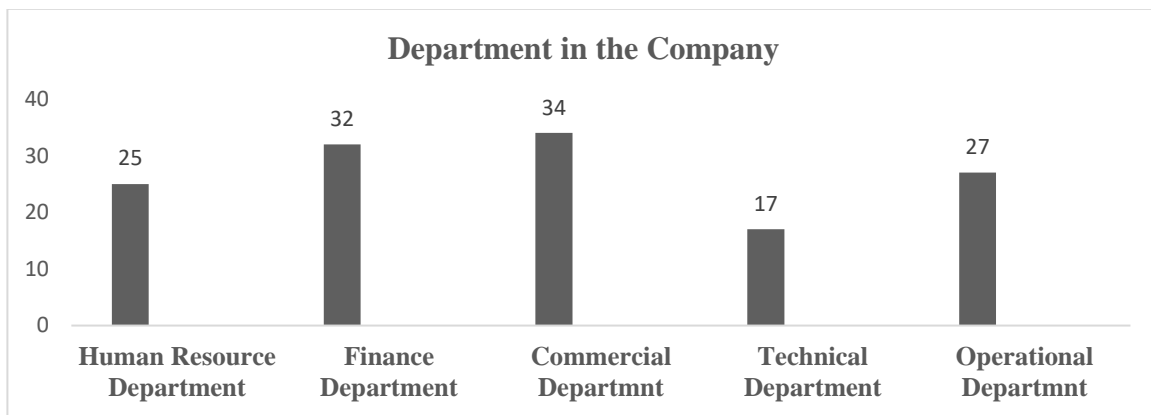


Figure 4.4: department in the Company

From the findings of the respondents, 34(25.2%) were Commercial department, followed by 32(23.7%) were finance department 27(20%) of the respondents were operational department, while 25(18.6) were human resource department.and 17(12.6%) remained technical department.

4.3.5 Respondents' Work Experience

The study sought to got on work experience of the respondents and the outcomes shown figure 6 below

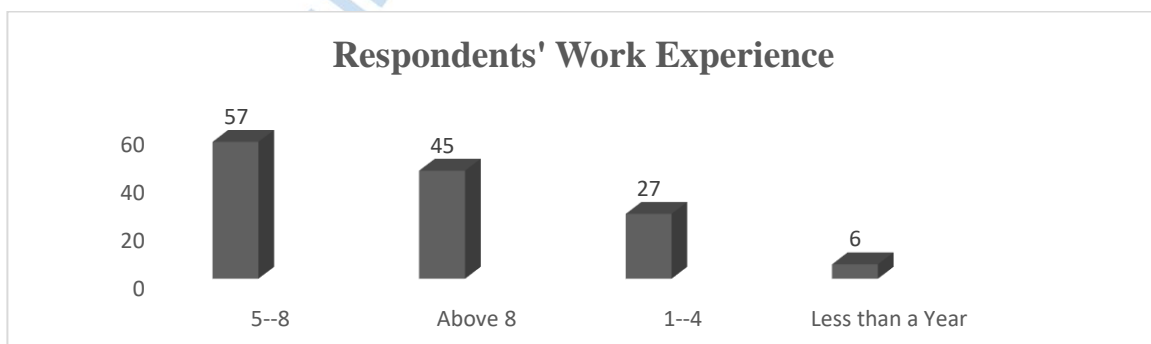


Figure 4.5: Respondents' Work Experience

This study sought to know the historical of time the respondents had been working in the company. From the outcomes,57(42.3) of the respondents had been working in the company

for 5 to 8 years, 45(33.3%) of the respondents had been working company for above 8 years while 27(20%) of the respondents indicated that they had been working company for 1-4 years. Furthermore, 6(4.4%) had been in the company less than a year.

4.4 Descriptive Analysis

Participants were questioned to show their agreement level with each statement related to diversification strategy market penetration strategy market development strategy product development strategy then how it's affected on performance of telecommunication companies in Puntland state of Somalia.

Table 5: Market penetration strtgty on performance of telecommunication companies

Statements	No	Minimum	Maximum	Mean	Std deviation
Market penetration strategies maximizes profitability and market share of a company	128	1	5	4.2143	.90883
The company has increased its advertising and marketing activities to increase brand awareness over the last ten years (2013-2022)	128	1	5	4.0636	.84034
Lowering price strategy has a positive effect on customer satisfaction in a company	128	1	5	4.2500	.83666
We provide our customers with product use training to increase Customer effectiveness Acquisition and retention	128	1	5	4.0536	.94233
Penetration strategy innovates new ideas and response to customer request	128	1	5	4.2857	.80259
Distribution strategy enables to the company develop network of retailers that covers a large geographic area	128	1	5	3.9107	.95873
Market Promotion strategy maximizes sales growth of your company	128	1	5	4.0714	.95073

From the study outcomes of table 4.3 majority of the participants agreed penetration strategy develop network and covers a large geographical area Mean =4.2857 and standard deviation .8259, followed by respondents agreed lowering price has effect on customer satisfaction Mean=4.2500 and standard deviation=0.83666. The respondents were asked market penetration strategy maximizes profitability and market share respondents were agreed Mean=4.2143 and standard deviation=0.90883 followed by advertising marketing activities increase brand awareness were agreed Mean=4.0536 and standard deviation=0.84034 while customer product line training increase customer awareness and retention were agreed Mean=4.0536 and standard deviation=0.94233. Respondents were also asked market promotion strategy maximizes sales of their company and were agreed Mean=4.0714 and standard deviation=0.95073 followed by distribution strategy develop network retailers Mean=3.9107 and standard deviation 0.95073 in conclusion overall Average Mean=4.121 and Standard deviation=0.892.

Table 6: Market Development strategy and Companies Performance

Statements	No	Minimum	Maximum	Mean	Std deviation
The company has adopted price discounts and fair pricing strategies over the last ten years (2013- 2022)	128	1	5	4.1607	.86921
Market development strategies/ your company introduced new geographic segments for the last 5 years	128	1	5	4.0000	.95346
Market development strategy/ Your Company attracted competitor's customers and enhance profit of the organization	128	1	5	3.9821	1.10357
Product Modifying Strategy will maximize customer satisfaction at your organization	128	1	5	3.9464	.90292

Market Development Strategy/Your company has developed new distribution channels for the last 5 Years	128	1	5	3.8750	.97351
Market Development Strategy/ Distribution strategy Attracts non-users to your product/service that can increase sale growth	128	1	5	4.9107	.95873
Overall Average				4.146	0.96

This study sought to search out the level of agreement to which market development strategy effected performance of telecommunication companies in Puntland state of Somalia. According to the findings table 4.4, Distribution strategy attracts non-users to your product/service and increase sale respondents were agreed Mean=4.9107 and standard deviation =0.95873. Respondents were also asked fair pricing strategies over the last 10 years and were agreed Average of 4.1607 and standard deviation of .86921. in totaling, respondents were asked company introduced new geographical segments and agreed Mean of 4.0000 and standard deviation of 0.95346 and also agreed Company attracted competitor's customers and enhance profit of the organization Mean=3.9821 and standard deviation=1.10357, followed by Modifying Strategy will maximize customer satisfaction at your organization respondents were agreed Mean=3.9464 and standard deviation= 0.90292 while respondents agreed company developed new distribution channels mean=3.8750 and STD Deviation=.97351.

Table 7: Product Development strategy and Companies Performance

Statements	No	Minimum	Maximum	Mean	Std deviation
Product development strategy is crucial for business performance/Improvement of service technology	128	1	5	4.2143	.90883
Changing product attributes to provide more value to the customer by improving product quality	128	1	5	4.1607	.94920
Product Upgrading strategy enhances operational efficiency and customer retention	128	1	5	3.7143	1.18650
Your Company continually upgrades all nonperforming products to maximize sales growth of the company for the last 5 Years	128	1	5	3.8393	.80401
Product development strategy finds new market and increased market share of your company for the last 5 years	128	1	5	3.9464	.92283
Product Development Strategy innovates intensive technology that Retains Customer	128	1	5	4.4821	.57179
Product development Offering better product/service quality enhance customer loyalty	128	1	5	3.8929	1.03886
Overall Average				4.04	0.92

Results in table 4.6 show that the overall mean for product development strategy was M=4.04 and standard deviation was 0.92. from the scale 1 to 5, where 1 is strongly disagree

and 5 was strongly Agree. The findings indicated that product development statements were agreed Overall Mean=4.04 and Standard deviation=0.92.

Table 8: Diversification strategy and Companies Performance

Statements	No	Minimum	Maximum	Mean	Std deviation
Diversification strategy is significant for your business performance.	128	1	5	4.09	1.14
Golis has developed new product and services that are not related former product and services to the current customers	128	1	5	4.11	1.1
Diversification strategy is an essential for new customer acquisition .	128	1	5	3.88	1.188
We have introduced new product and service using our existing technology	128	1	5	3.97	1.07
Conglomerate diversification strategy boosts new product and service features that strengthens customers' loyalty.	128	1	5	4.14	.796
The company has used diversification strategy to increase the organization's scope across various products and market sector	128	1	5	4.4821	.57179
Overall Average				4.11	0.97

The results shown in Table 4.6 indicated that respondents were agreed diversification strategy statements Overall Mean=4.11 and Standard deviation=0.97

Table 9: Telecommunication Companies Performance

Statements	No	Minimum	Maximum	Mean	Std deviation
How do you rate the Profit of your company (Somtel)?	128	1	5	4.1607	.70780
How do you rate the Customer Acquisition of your company (Somtel)?	128	1	5	4.0179	.72591
How do You Rate Your Company Customer Satisfaction	128	1	5	4.0357	.85204
How do you rate the Sales of your company (Somtel)?	128	1	5	4.0000	.93420
How do you rate the Operational efficiency of your company (Somtel)?	128	1	5	4.0357	.83043
How do you rate the Customer retention of your company (Somtel)?	128	1	5	4.0536	.81842
Overall Average				4.06	0.82

From the findings of table 4.7 These participants were questioned to indicate how do they rate their company's performance. They were responded the overall mean=4.06 and standard deviation 0.82 from the scale 1 to 5 Where, 1 was greatly decreased 2 decreased 3 neutrals 4 improved and 5 was Greatly improved.

4.5 Inferential Statistics

The study was conducted correlation and regression analysis to examine the role of expansion strategy on performance of telecommunication industry in puntland state of somalia. To determine strength and direction of the connection association between expansion strategy and performance. Correlation and regression analysis was done. The findings of Correlation, Model Summary, ANOVA and Regression coefficients are as shown in subsequent sections. Correlation analysis was carried out to establish relationship between diversification strategy market development strategy product development strategy market

penetration strategy (independent variables) on performance of telecommunication companies in Puntland state of Somalia.

Table 10: Correlation between Expansion strategies on Companies performance

		Correlations				
		MPS	MDS	PDS	DS	Performance
Market Penetration Strategy	Pearson Correlation	1	.781**	.844**	.020	.450**
	Sig. (2-tailed)		.000	.000	.885	.000
	N	56	56	56	56	56
Market Development Strategy	Pearson Correlation	.781**	1	.682**	.148	.542**
	Sig. (2-tailed)	.000		.000	.277	.000
	N	56	56	56	56	56
Product Development Strategy	Pearson Correlation	.844**	.682**	1	-.036	.493**
	Sig. (2-tailed)	.000	.000		.793	.000
	N	56	56	56	56	56
Diversification Strategy	Pearson Correlation	.620	.148	.360	1	.586
	Sig. (2-tailed)	.001	.002	.003		.531
	N	56	56	56	56	56
Companies Performance	Pearson Correlation	.450**	.542**	.493**	.586	1
	Sig. (2-tailed)	.000	.000	.000	.531	
	N	128	128	128	128	128

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

Correlation analysis was carried out to examine relationship between diversification strategy market development strategy product development strategy market penetration strategy (independent variables) on performance of telecommunication companies in Puntland state of Somalia. According to the table 4.8 above generally there is a helpful relationship between expansion strategy on performance of telecommunication companies. Starting with diversification strategy had highest positive relationship with telecommunication companies $r=.586$, $P<001$. Followed by Market Development strategy which had the moderate positive relationship with companies performance $r=.529$ $P<001$ followed by product development

strategy which had positive and significant relationship with companies performance $r = .472$ $P < 0.001$ and lastly there was a moderately and significant correlation between market penetration strategy and companies performance $r = .426$ $p < 0.001$ therefore all the variables had moderate and significant role on telecommunication companies in Puntland state of Somalia

4.6 Regression analysis for Expansion Strategy and Companies Performance

The study used regression analysis to examine the degree to which diversification strategy, market development strategy, product development strategy and market penetration strategy (independent variables) influenced dependent variables Companies performance the results are presented as follows.

Table 11: Model Summary for Expansion Strategy and companies Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.797	0.637	0.619	0.25415

Table 4.9 above shows that the model summary of regression analysis for Expansion strategy and Companies performance. R is the coefficient connection which indicated the relationship between independent variable (Expansion strategy) and dependent variable (telecommunication companies in Puntland) while R Square was the coefficient of determination. From the findings of the model summary with R Square 0.637 which indicates Expansion strategy explained about 63.7% of the variability on performance of telecommunication companies in Puntland Somalia.

Table 12: ANOVA for Expansion strategy and Companies Performance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11.688	4	2.897	44.879	0.000
	Residual	1.496	126	0.067		
	Total	13.184	127			

- a. Dependent Variable: Companies Performance
- b. Predictors: (Constant), market penetration, market development, product development, diversification strategy

The ANOVA Table Sought to indicate importance of regression model The. F value indicates whether the set of independent variables as a whole contribute to the change in the dependent variable. An F value of 44.879 was found. From the findings in table 4.10 in addition show that F value was significant (P=0,00) which is less than 0.05 the model has significant level 0.05 and 95%. Confident level. This shows that there is a substantial variance between Expansion Strategy on performance of telecommunication Companies in Puntland.

Table 13: Coefficients for Expansion strategy and Companies Performance

Mode		Unstandarized coefficients		Standarized Coefficients	t	sig
		B	Std. Error			
1	Constant	4.574	0.478		1.382	0.171
	Market penetration strategy	0.479	0.094	0.379	2.898	0.005
	Market development strategy	0.406	0.066	0.768	2.878	0.006
	Product development strategy	0.574	0.199	0.488	4.764	0.000
	Diversification strategy	0.541	0.187	0.746	7.403	0.000

a. Dependent Variable: Companies Performance

The coefficients Table 4.11, shows the beta coefficient values for the variables under study are computed as, constant (β_0) = 4.574 and beta for Market penetration strategy (β_1) = 0.574. The p-value for product development is recorded as 0.005 (p=0.001, p-value < 0.05). followed by market development strategy had a positive significant coefficient $\beta_2=0.406$ and P=0.006 which is less than 0.05 which Suggests that if telecommunication compamies increases the use of market development strategy by a unit, then this would significantly improve the Company's performance at a unit of 0.406. Followed by product development strategy had a positive significant coefficient $\beta_3=0.574$ and P=0.000 which is less than 0.05 which means that product advance strategy pays positively to the performance of telecommunication companies in Puntland Somalia. It also indicates that a unit increase in merchandise development strategy would significant improve 0.574 the performance of telecommunication companies. Diversification strategies were significant in predicting on

performance of telecommunication Companies $\beta_4=0.541$ and $P=0.000$ which is less than 0.05.

The researcher carried out a compound regression analysis in order to determine the relationship between expansion strategy and performance of telecommunication industry in puntland state of somalia. As per the SPSS generated table, the equation ($Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \epsilon$) becomes:

$$Y = 4.574 + 0.479X_1 + 0.406X_2 + 0.574X_3 + 0.541X_4$$

Where Y = performance of telecommunication companies in Puntland Somalia.

X1 = Market penetration strategy

X2 = Market development strategy

X3 = Product development strategy

X4 = Diversification strategy

The regression analysis discloses that product development strategy contributes 57%, diversification strategy contributes 54%, market penetration strategy contributes 47%, while market development strategy 40%.

CHAPTER FIVE

SUMMARY CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This section provides summary of the study outcomes whose purpose of the research was to examine the role of expansion strategy on performance of Telecommunication industries in Puntland state of Somalia. Furthermore, the chapter presents conclusion drawn from the study as well as the recommendations for improvements and finally suggestions for further studies.

5.2 Summary of study findings

This study sought to examine the role expansion strategy on performance of telecommunication Companies in Puntland State Somalia. Specially the research was pursued the resulting specific purposes. To find out the impact of market penetration strategy on performance of telecommunication industries in Puntland Somalia. To assess the role of market development strategy on performance of telecommunication Industries Puntland Somalia. To determine the role of product development on performance of telecommunication industry Puntland Somalia. To evaluate the influence of diversification strategy on performance of telecommunication Companies in Puntland State of Somalia. A descriptive research design was employed. Finance commercial operational technical and human resource managers of telecommunication companies were formed study population. The study targeted employees of telecommunication companies in Puntland state of Somalia in three different districts. The study was anchored on Porter's five forces theory, resource based opinion and market based theory. This study was employed a descriptive research design and were targeted 135 managers drawn from the main telecommunication companies in Puntland State. Used a census, the study was a sample of 135 respondents, and they were surveyed consuming a structured questionnaire. The questionnaire was administered using both physical method and online method after successfully being pilot tested to enhance its reliability and validity. The gathered data was analyzed employing descriptive and inferential statistics. The descriptive statistics were included mean, standard deviation, percentages and frequencies. Inferential statistics were included the Analysis of Variance,

Correlation coefficients, P-values and Beta coefficients. These were sought to find out the statistical association between independent variables and dependent variable. This study recommends that telecommunication companies in Puntland state of Somalia reach out more customers by being innovative by their advertising mode. Emphasis should be put on social media television and radio to attract more. This study examined the role of expansion strategy on performance of telecommunication Companies in Puntland state of Somalia. Therefore, this study suggests that future studies could be conducted in dissimilar industries countries and methodologies.

This study found out that market penetration strategy takes positive influence on performance of telecommunication companies in Puntland Somalia. The findings were consistent with that of Nancy (2019) which found that market penetration strategy had strong positive effect on performance of public universities in Kenya, increase advertising expenditure quality produce and provision brings purchaser acquisition and buyer satisfaction. This research also proved market development strategy has positive significant influence on performance of telecommunication Companies in Puntland Somalia. The findings agreed with that of Winfred (2017) which found that market development strategy had strong and substantial influence on performance of commercial banks in Kenya. This study discovered product development strategy had positive significant effect on performance of telecommunication companies Puntland Somalia the finding corresponds with that of Norah and Henry (2018) who found product development strategy had positive significant effect on performance of food manufacturing firms in Nairobi, Kenya.

This study sought to evaluate the role of diversification strategy on performance of telecommunication industry in Puntland state of Somalia. The findings of the study revealed that there is a substantial relationship between broadening strategy and performance $\beta_4=0.541$ and $P=0.000$. The study established that diversification strategy accounts for 54.1% variability in company's performance. The findings are in line with Bhatia and Thakur (2018), as they argue out that in trying to increase their collection in the market, there is an observation in the sharp increase of takeovers and mergers in the American corporate act.

5.3 Conclusion of the study

This study concludes that expansion strategy effects on performance of telecommunication Companies in Puntland state of Somalia. From the results of objective one the study concluded that market penetration strategy has a positive and important impact on Companies performance. In addition, the results of objective two concludes that market development strategy has a positive and significant effect on performance of telecommunication Companies. This objective three of the research concludes that product development strategy has positive and weighty effect on performance of telecommunication Companies. The results of objective four concludes that Diversification strategy has a positive and significant effect on performance of telecommunication Companies. Finally, the study further concluded that telecommunication Companies in Puntland state of Somalia are involved market development strategy, diversification strategy, product development strategy and market penetration strategy all affected performance.

The result of regression analysis indicated that market penetration strategy had significant effect on performance. Market penetration strategies such as lowering price has positive effect on customer satisfaction, penetration strategies maximize profit and market share of the company, advertising expenditure increases sales existing products to existing market and brings customer acquisition moreover distribution strategy and promotion increases sales

The study concludes that market development strategy has a positive significant effect on performance of telecommunication Companies in Puntland Somalia. New market development, quality service, introducing of new geographic segments and product modifying effects performance. Market expansion strategy in directive to attain and sustain competitive benefit in the resident and county marked and improved telecommunication companies.

The research concludes that there is a major and positive relationship between diversification strategy plus company presentation. diversification strategy is crucial in the industry. This study concludes that Diversification strategy such as developing new product and services that are not related former product, Conglomerate diversification strategy, introducing new product and service using existing technology, had effect on company's performance.

Diversification strategy gives the company a chance to leverage its investments especially when it comes to chasing growth in a selected market segment. It is vital for the company's

profitability as well as growth. To have an important leverage on its value that is a outcome of diversification strategy, since the company accumulates its revenue from various sources that it has invested in.

The study also concluded that product expansion strategy had a positive significant consequence on performance of elecommunication companies. Product development aspects such as, offering quality product and service technologies product upgrading have positive moderate effect on performance of elecommunication companies Puntland Somalia.

5.4 Recommendations

The study recommends improvement and development based on the conclusion of research objectives. From the outcomes of objective one this study recommends that the telecommunication industry in Puntland state of Somalia should enhance market penetration activities moreover the study recommends the management of somtel telecommunication company to increase the advertising expenditure, penetration strategies lowering price, distributing, developing network of retailers, customer product use training, and promotion, senior managers should also innovate new ideas and response to customer demand in order to satisfy and attract new customers moreover, the more they penetrate the more they will perform.

The study recommends that telecommunication companies in Puntland state of Somalia should use more expansion strategies in order to increase their performance. This is based happening the strong connection between expansion strategy and performance of somtel/Golis telecom Companies. Based on the conclusion of objective two the study recommends the management of telecommunication companies in puntland Somalia to increase market development activities such as fair pricing strategies, new geographic segments, product modifying strategy, new distribution channels and attracts non users those increase performance, they perform better the more they grow.

From the conclusion of objective three. This Research found that product growth strategy had a significant optimistic role on performance so that the study recommended Somtel telecommunication Company should keep increasing product development aspects such as improving service technology, improving product quality, product upgrading, finding new market and innovates intensive technology. The more they involve product development strategy the more they will perform.

The management of Somtel telecommunication company should incorporate power supply and utilize as diversification strategy, the community need power supply service only NECSOM exist in Garowe so then increase diversification strategy, market penetration strategy, market development and product development strategy. The Somtel Company should deepen its technology and innovation production strategies so as to improve its product and service qualities in order to attract new customers, customer retention and customer acquisition. The current diversification strategy, market saturation strategy, market development strategy, and product development strategy should maintain and develop annually in order to gain profits and increase market share.

The study recommends that shareholders and stakeholders of telecommunication companies should apply the difference of expansion strategies that mentioned in increasing company performances. The study recommends Somtel telecommunication Company come up with effective recruitment strategy that could lead increase of market share and gain competitive advantage.

The study recommends that telecommunication companies in puntland state of somalia reach out more customers by being innovative by their advertising mode. Emphaziz should be put on social media television and radio to attract more.

In general, Somali government should welcome and support new emerge companies to avoid Fail as well as Puntland state of Somalia. open business and competition will reduce price and market liberation

This study recommended that telecommunication companies in puntland state of somalia should use diversification strategies to expand their market share by investing in related industries such as money transfer services to attain a good market share in the industry. This study recommends that telecommunication companies should deploy diversification strategy with the aim of spreading their risks in various investments for sustainability in the long-term.

5.5 Suggestions for Further Studies

This research suggests that a related study to be carried out across entirely telecommunication companies in Somalia to allow for generalization of findings. Further research may investigate the effect of growth strategy on organizational performance in other sectors like manufacturing, education, banking, construction industries, trading industries.

This study suggests that future studies could be carried out the effect of external growth strategies including mergers, acquisition, takeovers and join ventures on organization performance.

This study was examined the role of expansion strategy on performance of telecommunication Companies in Puntland state of Somalia. Therefore, this study suggests that future studies could be conducted in dissimilar industries countries and methodologies.

This study suggests that future studies could be carried out the effect of market growth strategies in different countries.

The research was limited toward the role of growth strategy on organizational presentation in five star hotels in Nairobi. Future studies should widen the club by investigating on the effect of development strategy on organizational performance in other sectors like manufacturing, education, real estate, construction industry and agriculture industry.

There is also opportunity to investigate expansion strategies of money transfer business such as Dahabshil and Amal to determine their impact on product performance. This would be valuable in decisive similarities and differences in choice of growth strategies and impact of growth

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APPENDICES

Appendix I: Letter of Introduction

Dear respondent

My forename is Mohamed a student at Mount Kenya University pursuing MBA-strategic management option. I would like to conduct a research topic titled ‘The effects of growth strategy on organizational performance at Somtel telecommunication Company in Puntland Somalia. All data you deliver will be preserved with greatest confidentiality. Kindly answer freely, fully as truthfully as possible.

Thank you for assistance and contribution by way of I look forward to receiving your response.

Yours loyally

Mohamed Ahmed

Post Graduate Student

Email: mohamaanta@gmail.com



Appendix II: Research Questionnaire

Give pleasure to response all the questions honestly and exhaustively by marking on the appropriate box (√) or by answering on the provided space.

SECTION A: GENERAL INFORMATION

1. Sex (Mark as appropriate)

Man

Woman

2. Age bracket:

19-28	29-38	39-48	Above 49

3. What is your highest academic qualification?

PhD level ()

Master level ()

Bachelors level ()

Diploma level ()

Certificate level ()

Others, specify.....

4) Kindly indicate your level of management?

Top manager ()

Middle manager ()

First line manager ()

5) Kindly demonstrate how many years you have worked the Company?

Less than a year	1-4 years	5-8	Over 8 years

SECTION B: MARKET PENETRATION STRATEGIES

6) Do you think market penetration strategies improve company’s performance?

Yes

No

Not Sure

7) How much do you agree or disagree with the following claims in relation to how telecommunication companies have used market penetration strategies to improve company’s performance using the following Likert scale.

Where, 1= Strongly Disagree 2= Disagree 3=Neutral 4=Agree 5=Strongly Agree

Market penetration strategies	1	2	3	4	5
Marketplace penetration strategy maximizes profitability of a company					
Market penetration strategies increases market share of a company					
Lowering price strategy has a positive effect on customer satisfaction in a company					
Strategy of advertising expenditure increases Customer Acquisition					
Penetration strategy innovates new ideas and response to customer request					
Distribution strategy enables to the company develop network of retailers that covers a large geographic area					
Market Promotion strategy maximizes sales growth					

8) Kindly indicate other ways through which market penetration strategies affect Companies performance in telecommunication companies Puntland state of somalia.

9) Do you think a market development strategy has significant effect on performance of telecommunication companies in puntland state of somalia?

Yes

No

Not Sure

10) How much do you agree with each of the following statements in relation to how telecommunication Companies have used market development strategies toward enhance performance using the following Likert scale.

Where, 1= Powerfully Disagree 2= Disagree 3=Neutral 4=Agree 5=Powerfully Agree

Market Development Strategies	1	2	3	4	5
Market expansion strategy opens first-hand branches that increase revenue					
Market development strategies introduces new geographic segments					
Market development strategy attracts competitor's customers and enhance profit of the companies.					
Modifying the existing product will maximize customer satisfaction at your company					
Product Modifying Strategy will maximize customer satisfaction at your company					
Market Development Strategy Attracts non-users to your product/service that can increase sale growth					

11) Kindly indicate other ways through which market development strategies affect performance of telecommunication companies in Puntland state of Somalia.

12) Do you think a market development strategy has significant effect on performance of telecommunication companies in puntland state of somalia?

Yes

No

Not Sure

13) How much do you agree with each of the following statements in relation to how telecommunication companies have used product development strategies to enhance performance using the following Likert scale.

Product Development Strategies	1	2	3	4	5
Product development strategy is crucial for business performance					
Product development strategy increases product quality that satisfy customer demand					
Product Upgrading strategy enhances operational efficiency					
Product development creates new product that can maximize sales growth of the company					
Product development strategy finds new market that can increase market share of a company					
Product Development Strategy innovates intensive technology that Retains Customer					

14) Kindly indicate other ways through which product development strategies affect performance of telecommunication companies in Puntland state of Somalia.

15) How much do you agree with each of the following claims in relation to how telecommunication Companies have used diversification strategies to enhance performance using the following Likert scale.

Where, 1= Very Disagree 2= Disagree 3=Neutral 4=Agree 5=Very Agree

Diversification Strategies	1	2	3	4	5
Diversification strategy is significant for your business performance.					
Golis has developed new product and services that are not related former product and services to the current customers					

Diversification strategy is an essential for new customer acquisition					
We have introduced new product and service using our existing technology					
Conglomerate diversification strategy boosts new product and service features that strengthens customers' loyalty.					
The company has used diversification strategy to increase the organization's scope across various products and market sector					

15) How do you rate the performance of your company (Somtel/Golis)?

✓ Tick as appropriate

	Greatly Decreased	Decreasing	Neutral	improved	Greatly improved
Profit					
Customer acquisition					
Customer satisfaction					
Sales					
Operational efficiency					
Customer retention					

Appendix III: Ethical clearance Certificate



DIRECTORATE OF GRADUATE STUDIES

MBA/2019/43382

30th May, 2024

To Whom It May Concern

Dear Sir/Madam,


RE: MOHAMED AHMED MUSE - REGISTRATION NO. MBA/2019/43382

The purpose of this letter is to introduce the above named student who is pursuing **Master of Business Administration** in the department of **Accounting and Finance** in the school of **Business and Economics**.

The title of the research is "Expansion Strategy and Performance of Telecommunication Companies in Puntland State of Somalia." It has been cleared by the University's Ethics Review Committee (Certificate attached) and now has to proceed to the field to collect data between **June, 2024 and August, 2024**.

Any assistance accorded to the student will be highly appreciated.

Thank you.


Dr. Samuel M. Karenga PhD
Director, Graduate Studies
Enc.

Mount Kenya University
P. O. Box 342 - 01000, THIKA
Office of the Director
Graduate Studies

Mount Kenya University



REF: MKU/ISERC/3683
TO: MOHAMED AHMED MUSE

REG: MBA/2019/43382

Dear Sir/Madam,

RE: EXPANSION STRATEGY AND PERFORMANCE OF TELECOMMUNICATION COMPANIES IN PUNTLAND STATE OF SOMALIA

This is to inform you that **Mount Kenya University** has reviewed and approved your above research proposal. Your application approval number is **2727**. The approval period is **02/05/2024 - 01/05/2025**.

This approval is subject to compliance with the following requirements:

- i. Only approved documents including informed consents, study instruments, MTA will be used
- ii. All changes including amendments, deviations and violations are submitted for review and approval by **Mount Kenya University**
- iii. Death and life threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to **Mount Kenya University** within 72 hours of notification
- iv. Any changes, anticipated or otherwise that may increase the risks or affect the safety or welfare of study participants and others or affect the integrity of the research must be reported to **Mount Kenya University** within 72 hours
- v. Clearance for export of biological specimens must be obtained from relevant institutions
- vi. Submission of a request for renewal of approval at least 60 days prior to expiry of the approval period. Attach a comprehensive progress report to support the renewal
- vii. Submission of an executive summary report within 90 days upon completion of the study to **Mount Kenya University**




Prior to commencing your study, you will be expected to comply with any additional requirements from the relevant authorities in the country where this study will be conducted

Yours sincerely,

Dr. Alfred Owino, PhD
Chairman, Mount Kenya University ISERC

Mohamed Muse

EXPANSION STRATEGY AND PERFORMANCE OF TELECOMMUNICATION COMPANIES IN PUNTLAND STATE OF...

-  RESEARCH PROJECT
-  BCOM
-  Mount Kenya University



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