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Market Focus Strategy And Organizational Performance Of Telecommunication Companies In Port Harcourt

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***Abstract:** This study focused on the relationship between market focus strategy and organizational performance of telecommunication companies in Port Harcourt. The study used a cross sectional design involving management staff of 4 telecommunication companies in Port Harcourt. The population was 134 and a sample size of 100 was obtained through the Taro Yamane formula for sample size determination with the simple random technique used. After data cleaning, only data of 93 respondents were finally used for data analysis. The internal reliability of the instrument was ascertained through the Crombach Alpha coefficient with all the items scoring above .70 bench mark set by Nunnally (1978). Descriptive statistics and Spearman's rank correlation were used for data analysis and hypothesis testing. Empirical results confirm that there is a very positive significant relationship between market focus strategy and organizational performance in telecommunication companies in Port Harcourt. The study concluded that market focus strategy bears a positive and significant influence on firm competiveness. The study recommended that firms that choose to employ market focus strategies should concentrate on a narrow segment and within that segment attempt to achieve either a cost advantage or differentiation.*

***Keywords:** Market focus strategy, organizational performance, profitability, market share and efficiency*

I. INTRODUCTION

Business organizations in the past enjoyed a relatively stable environment and at such their environment at that time did not pose so many problems to them like it is now. The environment of business firms were characterized by many firms trying to satisfy their immediate environment and at such, their problems were peculiar to their vicinity, in order words, every organization in a particular location will tend to have similar problems and such like.

The current environment of firms, however, is faced with so much volatility that firms and entrepreneurs need to be on their toes thinking outside the box by strategizing and re-strategizing to gain competitive advantage over other business organizations that operate in the same industry with them. This is because of the fact that there has been a rapid increase in the number of firms that do businesses, and other factors to be considered (Ottih, 2000).

These players that shape the environment of business organizations in the course of their activities pose a lot of challenges to firms operating in the same environment. The activities of these environmental players gave rise to increase in the volume of goods and services produced and this in turn gave rise to accelerated competition which we find in the world today and this have been on the increase.

In today's competitive business environment, organizations must map out their plans on how to sustain their business performance, their competitive advantage and increase their probability. Thompson, Strickland and Gamble (2007) argued that the main objective of any strategy in an organization is to improve its financial performance, strengthen its competitive position and to outdo its rivals. To obtain effective firm performance within the scope of sustainable competitive advantage, decisions on shaping firms' competitive strategies will be one of the main issues for organizations. This is because the formulation and implementation of competitive business strategies that will improve performance are one of the competent methods to achieve firm's sustainable competitive advantage, therefore the effect of competitive strategies on firm performance is a major issue to policy makers and has been playing important role to refine firm performance for a long time (Porter, 1980).

Barney (1991) added that a firm's competitive advantage over other firms is achieved when the firm is implementing those value creating strategies that is not being implemented by other people or by its potential competitors. This means that for a firm to gain competitive advantage, it must learn to be creating value adding strategies to satisfy her target customers better than other competing firms. It is evident to note that if a firm strategizes and sees that the strategies of its other competitors are superior to theirs, to maintain a sustained competitive advantage, it must not go and sleep but to re-strategize until her strategy becomes superior compared to the strategies of other competitors in the same business. This is because the management of other firms do not go and sleep but are thinking outside the box to gain competitive advantage over others. The major way to gaining such competitive ness is by adopting a market focus strategy.

The focus strategy whether anchored in a low-cost base or differentiation base attempts to attend to the needs of a particular market segment (Pearce and Robinson, 1997). It rests on the premise that a firm is able to serve its narrow strategic target more effectively or efficiently than competitors who are competing more broadly. As a result the firm achieves either differentiation from better meeting the needs of the particular target market or lower costs in serving this market or even both (Porter, 1998). Kombo (1997) in a study on the motor industry notes that firms had to make substantial adjustments in their strategic variables in order to survive in the competitive environment. The firms introduced new techniques in product development, differentiated their products, segmented and targeted their customers more and improved customer service. Karanja (2002) observes in a study of real estate firms in Kenya that increase in the number of players has led to increased competition. The most popular type of competitive strategy was on the basis of focused differentiation. Firms tended to target certain levels of clients especially the middle and upper class who resided in certain targeted estates.

Firms pursuing this strategy are willing to service isolated geographic areas, satisfy needs of customers with special financing, inventory or servicing problems or even to tailor the products to somewhat unique demands of the small to medium-sized customers. The firms that achieve this strategy may potentially earn above-average returns for its industry. It can also be used to select targets that are least vulnerable to substitute products or where competitors are weakest.This study therefore seeks to examine the relationship between market focus strategy and firm competitiveness of telecommunication companies in Port Harcourt. It also seeks to provide answers to the following research questions:

- ✓ What is the relationship between market focus strategy and profitability of telecommunication companies in Port Harcourt?
- ✓ What is the relationship between market focus strategy and market share of telecommunication companies in Port Harcourt?
- ✓ What is the relationship between market focus strategy and efficiency of telecommunication companies in Port Harcourt?

II. LITERATURE REVIEW

MARKET FOCUS STRATEGY

The focuser's basis for competitive advantage is either lower costs than competitors serving that market segment or an ability to offer niche members something different from competitors. Focusing is based on selecting a market niche where buyers have distinctive preferences. The niche is defined by geographical uniqueness, specialized requirements in using the product or by special attributes that appeal to members, (Stone, 1995).

A focus strategy based on low cost depends on there being a buyer segment whose needs are less costly to satisfy than the rest of the market. On the other hand, a focus strategy based on differentiation depends on there being a buyer segment that demands unique product attributes. In the focus strategy, a firm targets a specific segment of the market (Porter, 1996). The firm can choose to focus on a select customer group, product range, geographical area, or service line (Martin, 1999). For example, some service firms focus solely on the service customers (Stone, 1995). Focus also is based on adopting a narrow competitive scope within an industry.

Focus aims at growing market share through operating in a niche market or in markets either not attractive to, or overlooked by, larger competitors. These niches arise from a number of factors including geography, buyer characteristics, and product specifications or requirements. A successful focus strategy (Porter, 1980) depends upon an industry segment large enough to have good growth potential but not of key importance to other major competitors. Market penetration or market development can be an important focus strategy. Midsize and large firms use focus-based strategies but only in conjunction with differentiation or cost leadership generic strategies.

ORGANIZATIONAL PERFORMANCE

Firm's performance is the measure of standard or prescribed indicators of effectiveness, efficiency and environmental responsibilities such as cycle time, productivity, waste reduction and regulatory compliance (Noum, 2007). The organizational performance construct is probably the most widely used dependent variable, in fact, it is the ultimate dependent variable of interest for any researchers concerned with just about any area of management yet it remains vague and loosely defined (Richard et al, 2009; Rodgers and Wright, 1998). The construct has acquired a central role as the deemed goal of the modern industrial activity. Performance is so common in management research that its structure and definition are rarely explicitly justified; instead, its appropriateness, in no matter what form is unquestionably assumed (March and Sutton, 1997). Performance is a recurrent theme in most branches of management, including strategic management, and it is of interest to both academic scholar and practicing managers.

Although firm performance plays a key role in strategic research, there is considerable debate on appropriateness of various approaches to the concept utilization and measurement of organization performance. The complexity of performance is perhaps the major factor contributing to the debate. Out of literature are three common approaches to organization performance measurement namely, the objective measures of performance that tend to be quantitative, the subjective measures that tend to be qualitative therefore judgemental and usually based on perception of respondent, and triangulation. Organizational performance refers to how well an organization achieves its market-oriented goals as well as its financial goals. The short-term objectives of SCM are primarily to increase productivity and reduce inventory and cycle time, while long-term objectives are to increase market share and profits for all members of the supply chain Tan, (1999).

III. MEASURES OF ORGANIZATIONAL PERFORMANCE

PROFITABILITY

Profitability refers to money that a firm can produce with the resources it has. The goal of most organization is profit maximization (Niresh & Velnampy, 2014). Profitability involves the capacity to make benefits from all the business operations of an organization, firm or company (Muya & Gathogo, 2016). Profit usually acts as the entrepreneur's reward for his/her investment. As a matter of fact, profit is the main motivator of an entrepreneur for doing business. Profit is also used as an index for performance measuring of a business (Ogbadu, 2009). Profit is the difference between revenue received from sales and total costs which includes material costs, labor and so on (Stierwald, 2010). Profitability can be expressed either accounting profits or economic profits and it is the main goal of a business venture (Anene, 2014). Profitability portrays the efficiency of the management in converting the firm's resources to profits (Muya & Gathogo, 2016). Thus, firms are likely to gain a lot of benefits related increased profitability (Niresh & Velnampy, 2014). One important precondition for any long-term survival and success of a firm is profitability. It is profitability that attracts investors and the business is likely to survive for a long period of time (Farah & Nina, 2016). Many firms strive to improve their profitability and they do spend countless hours on meetings trying to come up with a way of reducing operating costs as well as on how to increase their sales (Schreibfeder, 2006).

MARKET SHARE

Market share refers to the percentage of sales a company has in a specific market within a specific time period. Higher market share translates into higher profits. Gaining or building market share is an offensive or attack strategy to improve the company's standing in the market (Sarkissian, 2010). Market share is a measure of the consumers' preference for a product over other similar products. A higher market share usually means greater sales, lesser effort to sell more and a strong barrier to entry for other competitors. A higher market share also means that if the market expands, the leader gains more than the others. By the same token, a market leader - as defined by its market share also has to expand the market, for its own growth (Schnaars, 1998).

There are many different ways to increase market share; companies usually use a combination of strategies. Sometimes something as basic as increasing advertising can have huge effects, as can adjusting pricing. Breaking products into groups and targeting them at specific demographics can also increase this percentage, as can making of complementary products. Another strategy is improving the product or service itself, which can attract customers from competitors, though this can be difficult, so many companies try to grow along with a growing market rather than trying to take business from the competition (Sliden, 2014).

Market share is a key indicator of market competitiveness; how well a firm is doing against its competitors. This metric, supplemented by changes in sales revenue, helps managers evaluate both primary and selective demand in their market. It enables them to judge not only total market growth or decline but also trends in customers' selections among competitors. Generally, sales growth resulting from primary demand (total market growth) is less costly and more profitable than that achieved by capturing share from competitors. Conversely, losses in market share can signal serious long-term problems that require strategic adjustments. Firms with market shares below a certain level may not be viable. Similarly, within a firm's product line, market share trends for individual products are considered early indicators of future opportunities or problems (Armstrong & Greene, 2007).

EFFICIENCY

Bernard (1938) argued that the primary measure of an efficient board is its capacity to survive. Many authors have used efficiency as a primary measurement of performance Cameron, (1986); Drucker, (1954); Murphy, et al., 1996; and Venkatraman & Ramanujam, 1986). Ogboso & Amah, (2016) opines that efficiency refers to the accomplishment of goals with minimum resources or waste. It includes measures such as time minimization, cost minimization, and waste minimization. Speed and time are important resources for any board and must be seen to seek to maximize speed and minimize time. The way a board does this indicates how efficient and productive they are. Speed and time were the essence of time and motion studies since the day of scientific management introduced by Taylor that led to management efficiency. They are sources of competitive advantage. Doing the right thing in corporate governance terms is an important, but not a sufficient, condition for performance. And doing the wrong thing (e.g. an ineffective audit committee, or lack of independence among the executives) will make it more difficult for a board to perform but is not a measure of success or lack of it either. The questions relating to board efficiency are: How effective is the board in dispatching businesses (including through board committees in and between meetings) and following up on decisions, does the board identify and focus on key (not just a long list of) issues and risks facing the organization; is the board able to take initiatives, dealing with crises and identifying emerging issues? The conception of time here is the duration taken to accomplish a task. These honest questions are both a matter of choice. Since it is usually only after an extended period is it possible to know whether the board has dealt with the right issues, how well it has done so, and which issues have not been addressed.

RELATIONSHIP BETWEEN MARKET FOCUS AND ORGANIZATIONAL PERFORMANCE

In the study of (Rose, Abdullah & Ismad, 2010), it is inspected that the organizational edge from the resource based view is as vital as it can be. It is used as conceptual guideline for business organization for enhancing their differential advantage position. The Performance via appliance and manipulation of known internal resources of companies are also increased by using competencies. They put into the body of knowledge by using experimental approach and Resource Based View. The firm's excellence can be enhanced by using these qualities.

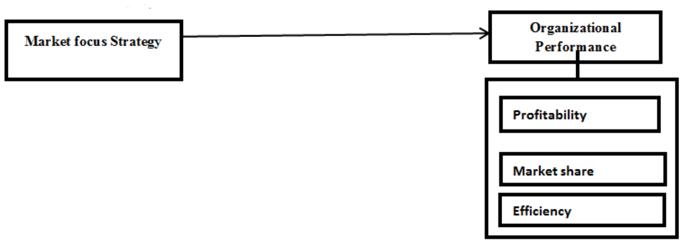
There are several researchers who have empirically investigated the impact of Porter's competitive advantage strategies on the performance of companies. Dess and Davis (1984) examined the performance effects of the competitive advantage strategies based on a sample of non-diversified manufacturing firms. They found that those firms can be classified into four clusters based on the strategies that they adopt: cost leadership, stuck in the middle, focus and differentiation. In terms of sales growth, the four groups were found to be significantly different from one another. The focus cluster was found to have the highest sales growth, followed by cost leadership, differentiation, and stuck in the middle clusters. In terms of return on total assets, the performance difference was not significant among the four groups. While the highest return was evident in the cost leadership group, the lowest was evident in the focus group.

The foregoing argument gave rise to the following hypotheses:

Ho_1: There is no significant relationship between market focus strategy and profitability in telecommunication companies in Port Harcourt.

Ho_2: There is no significant relationship between market focus strategy and market share n telecommunication companies in Port Harcourt.

Ho_3: There is no significant relationship between market focus strategy and efficiency in telecommunication companies in Port Harcourt.



Source: Author's Desk Research, 2017

Figure 1: Operational Framework for the hypothesized relationship between market focus strategy and organizational survival

IV. METHODOLOGY

The study used a cross sectional design involving management staff of 4 telecommunication companies in Port Harcourt. The population was 134 and a sample size of 100 was obtained through the Taro Yamane formula for sample size determination with the simple random technique used. After data cleaning, only data of 93 respondents were finally used for data analysis. The internal reliability of the instrument was ascertained through the Crombach Alpha coefficient with all the items scoring above .70 bench mark set by Nunnally (1970). Descriptive statistics and Spearman's rank correlation were used for data analysis and hypothesis testing. Descriptive statistics and Spearman's rank correlation were used for data analysis and hypothesis testing with the aid of the SPSS Package version 21.

S/No	Dimensions/Measures of the study variable	Number of items	Number of cases	Cronbach's Alpha
1	Market focus	3	93	0.733
2	Profitability	4	93	0.809
3	Market share	3	93	0.701
4	Product innovation	4	93	0.890

Source: Research Data, 2017

Table 1: Reliability Coefficients of variable measures

V. RESULTS AND DISCUSSIONS

BIVARIATE ANALYSIS

The secondary data analysis was carried out using the Spearman rank order correlation tool at a 95% confidence interval. Specifically, the tests cover hypotheses Ho_1 to Ho_3 which were bivariate and all stated in the null form. We have relied on the Spearman Rank *(rho)* statistic to undertake the analysis. The 0.05 significance level is adopted as criterion for the probability of either accepting the null hypotheses at ($p>0.05$) or rejecting the null hypotheses at ($p<0.05$).

We shall commence by first presenting a proof of existing relationships.

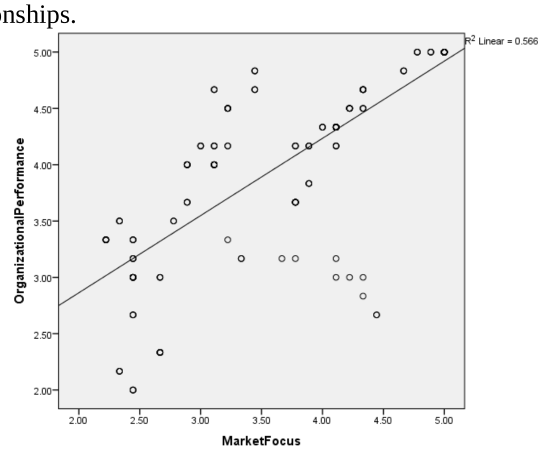


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Figure 2: Scatter plot relationship between market focus strategy and organizational performance

The scatter plot graph shows at R^2 linear value of (0.566) depicting a very strong viable and positive relationship between the two constructs. The implication is that an increase in market focus strategy simultaneously brings about an increase in the level of organizational performance. The scatter diagram has provided vivid evaluation of the closeness of the relationship among the pairs of variables through the nature of their concentration.

TEST OF HYPOTHESES

Relationship Between Market Focus Strategy And Measures Of Organizational Performance

			Market Focus	Profitability	Market Share	Product Innovation
Spearman's rho	Market Focus	Correlation Coefficient	1.000	.689**	.783**	.912**
		Sig. (2-tailed)	.	.000	.000	.000
		N	93	93	93	93
	Profitability	Correlation Coefficient	.689**	1.000	.664**	.803**
		Sig. (2-tailed)	.000	.	.000	.000
		N	93	93	93	93
	Market Share	Correlation Coefficient	.783**	.664**	1.000	.684**
		Sig. (2-tailed)	.000	.000	.	.000
		N	93	93	93	93
	Product Innovation	Correlation Coefficient	.912**	.803**	.684**	1.000
		Sig. (2-tailed)	.000	.000	.000	.
		N	93	93	93	93

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

Source: Research Data 2017, (SPSS output version 21.0)

Table 4.11: Correlations market focus strategy and measured of organizational performance

Table 2 illustrates the test for the three previously postulated bivariate hypothetical statements. The results show that for:

$Ho_{1:}$ *There is no significant relationship between market focus strategy and profitability of telecommunications companies in Port Harcourt.*

From the result in the table above, the correlation coefficient (rho) shows that there is a significant and positive relationship between market focus strategy and profitability. The *rho* value 0.689 confirms this relationship and it is significant at p 0.000<0.01. The correlation coefficient represents a high correlation indicating also a strong relationship. Therefore, based on empirical findings the null hypothesis earlier stated is hereby rejected and the alternate upheld. Thus, there is a significant relationship between market focus strategy and profitability of telecommunications companies in Port Harcourt.

$Ho_{2:}$ *There is no significant relationship between market focus strategy and market share of telecommunications companies in Port Harcourt.*

From the result in the table above, the correlation coefficient (rho) shows that there is a significant and positive relationship between cost leadership and market share. The *rho* value 0.783 confirms this relationship and it is significant at p 0.000<0.01. The correlation coefficient represents a high correlation indicating also a strong relationship. Therefore, based on empirical findings the null hypothesis earlier stated is hereby rejected and the alternate upheld. Thus, there is a significant relationship between market focus strategy and market share of telecommunications companies in Port Harcourt.

$Ho_{3:}$ *There is no significant relationship between market focus strategy and product innovation of telecommunications companies in Port Harcourt.*

From the result in the table above, the correlation coefficient (rho) shows that there is a significant and positive relationship between market focus and product innovation .The *rho* value 0.912 confirms this relationship and it is significant at p 0.000<0.01. The correlation coefficient represents a very high correlation indicating also a very strong relationship. Therefore, based on empirical findings the null hypothesis earlier stated is hereby rejected and the alternate upheld. Thus, there is a significant relationship between market focus strategy and product innovation of telecommunications companies in Port Harcourt.

VI. DISCUSSION OF FINDINGS

The test of hypotheses one, two, and three in table (4.), shows that there is a positive and significant relationship between cost leadership and each of the measures of organizational performance. The positive values of (0.870, 0.512 and 0.728) show the strength of the relationships between the variables. The P-value (0.00) is less than the level of significance at (0.05). Therefore, this suggests that a significant positive relationship exists between cost leadership strategy, profitability, market share and product innovation. Hence, the null hypotheses are hereby rejected.

The study finding corroborates with the views that a firm is able to serve its narrow strategic target more effectively or efficiently than competitors who are competing more broadly. As a result the firm achieves either differentiation from better meeting the needs of the particular target market or lower costs in serving this market or even both (Porter, 1998).

Kombo (1997) in a study on the motor industry notes that firms had to make substantial adjustments in their strategic variables in order to survive in the competitive environment. The firms introduced new techniques in product development, differentiated their products, segmented and targeted their customers more and improved customer service. The current finding agrees with Karanja (2002) who observed in a study of real estate firms in Kenya that increase in the number of players has led to increased competition. The most popular type of competitive strategy was on the basis of focused differentiation. Firms tended to target certain levels of clients especially the middle and upper class who resided in certain targeted estates.

VII. CONCLUSION AND RECOMMENDATIONS

This study concludes that market focus strategy significantly influences organizational profitability, market share and firm efficiency of telecommunication companies in

Port Harcourt. Based on this, the study recommends that firms that choose to employ market focus strategies should concentrate on a narrow segment and within that segment attempt to achieve either a cost advantage or differentiation.

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