

Assessing the Marketing Strategy Determinants on Organization Performance in African Business Scenario

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Abstract

The study was conducted to examine the determinants of marketing strategies on the organizational performance in African business scenario. The researchers had designed both descriptive and inferential statistics and different methodologies. The sampling technique was both non-probability and probability incorporating simple random sampling technique. The data for this study were obtained from Oromia International Bank, Ethiopia as the representative organization with a survey of 115 customers of Oromia International Bank, those served in sectors and OIB staff Bule-Hora branch. The researchers, finally come up with the result, of less marketing strategy implementation and the decreasing the organization performance which are mainly associated with poor leaders' capacity, Work environment and poor Employee's commitment and poor technology adoption, related factors were among the major problems. Leader's capacity is one of the most promising ways to increase organization performance in Ethiopia. The researchers recommended that the concerned body had to have applied so as to end up with the problems observed in marketing strategy implementation, control the factors, and in turn provide good marketing strategy implementation as well as good organization performance.

Key word: Marketing strategy, Customers, Strategy Determinants, Organization Performance

1. Introduction

Marketing strategy has become a relevant tool in the world for any organization to remain in the competitive market environment and become stronger (Jain, 2004). Marketing strategies entails the set of actions designed to achieve competitive advantage (Shane, 2000). In the perspective of standardization, for the firm pursuing a global marketing strategy, marketing processes and programs have been standardized across different national borders in regard to the product offering, promotional mix, and pricing strategy and distribution structures (Nashwa, 2017).

The marketing strategy seeks to deliver superior customer value by combining the customer influencing strategies of the business into a coordinated set of market driven actions (Kalkidan, 2019). Traditionally, according to an integrated approach which integrates resource-based view (RBV) and market-based view, organizations could develop marketing strategies based on their internal capabilities and external position (Hashem A., 2015).

Strategy is a fundamental management tool in any organization and it is a multi-dimensional concept that various authors have defined in different ways. According to Thompson (2012) it is the match between an organization's resources and skills and the environmental opportunities as well as the risks it faces and the purposes it wishes to accomplish (Haimanot, 2017).

1.2. Statement of the Problem

In the earlier time, business has been traditionally operated relatively in a stable environment. But nowadays business environment becomes highly competitive and more dynamic (Reynolds, 2011). As a result, many companies have designed different kinds of competitive strategies (Porter, 1985). In the banking industry, increased competition threatens the attractiveness of the industry and reduces the profitability (Johnson & Scholes, 1999). In an effort to outperform their competitors, banks are introducing technology to improve service delivery and quality and also invest on promotional activities particularly advertising (Auka, 2012).

Banks are fighting with each other to achieve a great slice of the market share with a globalization effect. For that reason, the banks have to look difficulties to meet the high growth of customer expectations (Hinnawi, 2011).

Similarly, in different countries around the world many researchers have studied several factors that affect the marketing strategy. The study of Girma (2016) examined the same factors that affect the marketing strategy such as organization structure and organization system factors. But his work is limited to disclose the knowledge gap that untouched in Ethiopian context such as employee's perception, work environment, technology and customer attitude that influences the marketing strategy of bank industry. Thus, those researchers did not mention this in detail about what actors affects specifically to the marketing strategy and organization performance among OIB of Bule Hora branch and perhaps community based. So, this is the reason why this study aimed and tried to examine on what and how the factors affect the marketing strategy in OIB that specially hidden potential bank sectors and in turn on how it affects the organization performance in OIB, particularly in Bule Hora branch and determine its influence level.

1.4. Objectives of the study

- 1) To identify major factors that influences the marketing strategy in the study area.
- 2) To examine the relation of marketing strategy and organization performance.
- 3) To determine the extent of influence of marketing strategy determinant on organization performance in the study area.

2. Literature Review

In management discipline, marketing strategy is the marketing logic by which the business unit hopes to achieve its marketing objectives (Varadarajan, 2010).

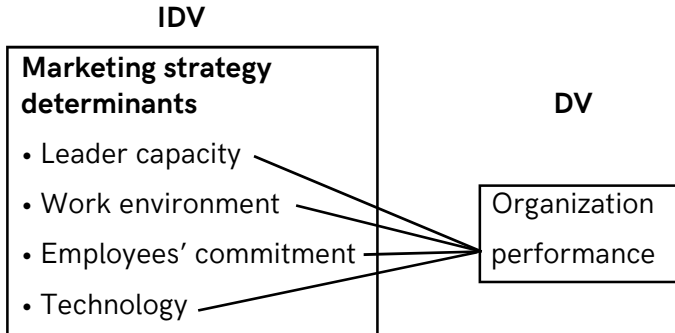
2.1. Factors affect Strategy Implementation

2.1.1. Leadership: Leadership often called the art of managing people includes how managers communicate with employees, as well as how they motivate their people to implement the marketing strategy. Mintzberg (2010), recognizes that management and leadership are two different things which are both required for better strategy execution. A strong sense of purpose is normally the discretion of true leadership as such it plays an important role in harnessing the creative energies of all the people in the business (Addisalem, 2019)

2.1.2. Employee Commitment: Commitment is considered to be psychological immersion of an individual with his institute through sense of belonging, ownership of organizational goals and being ready to accept challenges (Dolan, Tzafrir, and Baruch, 2005). Creating commitment among employees is important because without this it will become difficult for an organization to achieve strategic goals. (Brisco and Claus, 2008; Fugate, 2009; Addisalem, 2019)

2.5.3. Work Environment Work environment is the monitoring, evaluating, and disseminating of information from the external and internal environments to key people within the corporation. For Alkhafaji (2003) success of a strategy depends on its alignment with the company's environment.

2.2. Conceptual Framework



Source -Researcher own framework (2021)

3. Research Methodology

3.1. Study area Description

Bule Hora city administration is located in Northern part of country west Guji Zone Oromia Region which is far away from Addis Ababa (464 km). BuleHora is a city administration with varying elevation (west Guji Zone report 2012 E.C).

3.3. Research Design

The paper was descriptive research design in order to describe the demographic characteristics of respondent's bank management and customers of OIB such as: position of respondent, year of experience engaging in organization, education level, classification of income group, and proportion of the ownership and other qualitatively measured aspects of bank employees.

3.4.1. Target Population of the Study

The study population/participants were been the staff and customers of OIB Bule Hora branch. The data has been collecting from managements of OIB and customers of bank), which comes from the Bule Hora Branch of Oromia Region. According to data obtained from the branch there are 30 employees that were worked in Branch office and 150 customers of bank that get service from the bank.

3.4.2. Sampling Methods

The sampling techniques have been stratified sampling techniques. For this purposive sampling has been used to select OIB Employees and customers from the Bule

Hora branch, while stratified sampling has been used to categorize heterogeneous group to be homogeneous strata.

3.4.3 Sample Size Determination

In order to get adequate representation from the total population, the sampling size has been determined by applying Yamane's (1967) statistical formula to calculate sample size.

Based on this formula, the sample size has been calculated as follows:

$$n = \frac{N}{1 + N(e)^2}$$

$$n = \frac{436}{1 + 180(0.05)^2}$$

$$n = 124$$

Table 1.1: Distribution of total population, bank employees, customers and sample population disaggregated by position

Organization	Target population	Selected branch	Total population, bank employees and customer	Sample Size with respective percentage
OIB	Bank employees	Bule Hora	30	
	Sub-total -a	1	30	
	Customer of the bank	Bule Hora	150	
	Sub-total-b		150	
	2	1	180	124(69%)

(Source: - own survey 2020)

NB: The total average sample population included in the study was 69%

4. Data Analysis, Result and Discussion

4.1.1 Response Rate on Questionnaire

The data was analyzed by IBM model SPSS 20 version. Out of total sample size 124, 9 respondents not returned the questionnaires due to miscellaneous problem. One hundred fifteen (115) questionnaires

were collected effectively that result in a response rate of 92.7%. So, the analysis was made based on 115 responded questionnaires.

4.1.2 Reliability Test Result

Cronbach’s alpha is one of the most commonly accepted measures of reliability.

Table 1.2: Cronbach’s Alpha for each of the questionnaire

Field	Number of item	Cronbach’s Alpha test
Capable leaders	6	0.929
Work environment	3	0.734
Employee’s commitment	7	0.802
Technology	3	0.681
Cronbach’s Alpha for the entire questionnaire	19	0.826667

Source: Own computation, 2021

As it can be seen from the Table 1.2, for each field value of Cronbach’s Alpha is in the range between 0.681-0.929. This range is considered as high; the result ensures the reliability of each field of the questionnaire.

4.2. Descriptive Statistical Analysis

Table 1.3: Descriptive Statistics

	N	Min.	Max.	Mean	Std. Deviation
Leader’s capacity	115	3	5	4.66	0.4356
Working environment	115	2	5	4.42	0.866
Employees commitment	115	3	5	4.52	0.64525
Technology	115	3	5	4.38	0.4356
Valid N (list wise)	115				

Source: SPSS (20) Output 2021

Leader’s capacity has a minimum of three and maximum of five with a mean of 4.66 and SD of 0.4356. This means that most of the respondents agree that the Based on the data observed from the table 1.3 accessing leader’s capability (variation in

leaders, creativeness and leading) become hinder organization performance factors that affect marketing strategy.

4.2.1 The level that the various marketing strategy factors affect organization performance

Table 1.4: Frequency Distribution of the Level of Affects

Leaders capacity	Frequency	Percent	Chi-square value	P value
Low	13	11.3	7.315	< 0.05* 0.026
Moderate	16	13.9		
High	86	74.78		
Total	115			
Work Environ-ment	Frequency	Percent	Chi-square value	P value
Low	14	12.1	7.399	< 0.05* 0.025
Moderate	68	59.1		
High	33	28.6		
Total	115			
Employee’s commit-ment	Frequency	Percent	Chi-square value	P value
Low	13	11.3	4.545	0.103< 0.05*
Moderate	17	14.7		
High	85	73.9		
Total				
Technology factors	Frequency	Percent	Chi-square value	P value
Low	17	14.7	3.645	<0.05* 0.108
Moderate	59	51.3		
High	39	33,9		
	115			

Source: SPSS 20 (2021)

Note: The scale of values for the perspective’s evaluation, as shown in table 4.7 included Chi-square values and P value. Key=3-high, 2- moderate, 1-low

Table 1.4 shows the Chi-square test for goodness of fit equality of level of effects of various factors. Since P value is less than 0.05, the null hypothesis is rejected at 5% level of significance. Hence it is observed that Level of factors of organization performance is not equally distributed. Based on percentage, level of Leaders capacity factors belongs to high level (74.78% and Employee's commitment factor total belongs to high level (73.9%). Since p value in case of organizational factors is less than 0.05, the null hypothesis is accepted which implies that level organizational factors are equally distributed. This implies that marketing strategy implementation in OIB being as an economic back-bone of the country its effects give birth for declining GDP of the country at large related to when it not appropriately applied and not increase saving and credited culture in area.

4.3. Inferential statistics analysis

4.3.1.1 Correlation result on the relationship between independent variables and organizational performance (DV).

Therefore, using the below table 1.5 rule of thumb and SPSS output of the survey, the below results of the dependent and independent variables is going to be discussed in detail.

Table 1.5: Pearson Correlation (zero ordered matrix n=115)

Correlation	Organizational Performance	
Leader's capability factors	Pearson Correlation	.933
	Sig. (2-tailed)	.000
	N	115
Work Environments factors	Pearson Correlation	.917
	Sig. (2-tailed)	.000
	N	115
Employee's commitment factors	Pearson Correlation	.910
	Sig. (2-tailed)	.000
	N	115
Technology factors	Pearson Correlation	.925
	Sig. (2-tailed)	.000
	N	115

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

Source: SPSS (20) Output, 2021

As it is clearly indicated in the above table 1.5, a strong positive relationship was found between Employee's commitment factors and organization performance ($r=0.910^{**}$, $p<0.001$), Work Environments factors and organization performance ($r=0.917^{**}$, $p<0.001$), and Leader's capability factors and organization performance ($r=0.933^{**}$, $p<0.001$), which are statistically significant at 99% confidence level. Moreover, the table 1.5 presents the association between the selected variables and organization performance for a sample of 115 OIB staff and customers of OIB in Bule-Hora branch. There is substantial, however statistically significant relationship between Employee's commitment factors and Organization performance ($r=0.910$, $p<0.001$), and Environments factors and organization performance ($r=0.917^{**}$, $p<0.001$). The result on table above further indicates that, there is a substantial positive correlation between Technology factors and organization performance ($r=0.925$, $p<0.001$), which is statistically significant at 99% confidence level.

4.3.2 Multiple regression analysis

Table 1.6: Regression model summary

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.939a	.882	.880	.1.135	.880	831.498	2	112	.000	.200
a .Predictors: (Constant), Technology, Employees' Commitment, Leader Capacity, Work Environment										
b .Dependent Variable: Organization Performance										

Source: SPSS (20) Output, 2021

The R-value in table 1.6 represents the multiple correlation coefficients, which shows the correlation between the predictors and the dependent variable (Fields, 2005 cited in Hachalu,2019). R² represents the measure of how much variability in dependent variable was accounted for by the predictors in the model as a group taken together (Coope, 2003). In table 1.6 above identified the R- value as .939a which suggests that 93.9% is the value of multiple correlation coefficients between the predictors and the dependent variable. The squared multiple correlation coefficients, R² -value shows the percentage variance in the dependent variable that can be explained by predictors, which as per the table is 93.9%. This meets the assumption of non-zero variance based on the fact that R²-value the variance in the predictor values, which in this case is not equal to zero.

In addition, the ANOVA table below contains an analysis of variance which tests the fit of the model to the overall data (Fields, 2005). The significance or P-value should be smaller than 0.05 in orders to be statistically significant (Coope, 2016)

ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1096.527	4	274.132	229.358	.000 ^b
	Residual	131.473	110	1.195		
	Total	1228.000	114			
a. Dependent Variable: ORGANIZATION PERFORMANCE						
b. Predictors: (Constant), TECHNOLOGY, WORK ENVIRONMENT, LEADER CAPACITY, EMPLOYEES' COMMITMENT						

Source: SPSS (20) Output 2021

The table depicts that in regression, the value of sum of squares is 1096.527, the value of degree of freedom (df) is 4, and the value of mean square is 274.132. The most important part of the table is the F-ratio, it is a measure of how much the model has improved the prediction of the dependent variable (organization performance) compared to the level of inaccuracy of the model (Field, 2009). The significant level in ANOVA table shows that the combination of the variables significantly predicts the dependent variable. On the other hand, in residual, the value of sum of squares is 131.473 the value of df is 110 and the value of mean square is 1.195. According to Field (2005) if a model is good, then we expect the improvement in prediction due to the

model to be large and the difference between the model and the observed data or mean square residual to be small. In short, a good model should have a large F-ratio (greater than one at least) because the mean square regression will be bigger than the mean square residual. (Fields, 2005), suggests following the multiple regression summary data and ANOVA table it is necessary to investigate the beta coefficients of the model. The beta - value or unstandardized coefficients demonstrates the contribution of independent variables to the model individually (cooper, 2003).

Table 1.7: Coefficients of the regression model (saturated model with all IV)

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.223	.451		9.365	.000
	LEADER CAPACITY	.272	.083	.451	3.281	.001
	WORK ENVIRONMENT	.203	.095	.242	2.136	.001
	EMPLOYEES' COMMITMENT	.133	.102	.179	1.296	.001
	TECHNOLOGY	.408	.103	.446	3.960	.000

a. Dependent Variable: ORGANIZATION PERFORMANCE

Source: SPSS (20) Output 2021

4.4 Interpretation:

- A one organization performance increase in standardized leader's capacity is predicted to result in 0.451 Standardized Coefficients increase in standardized organization performance holding constant the remaining variables.
- A one organization performance increases in standardized the work environments is predicted to result in 0.242 increase in standardized organization performance holding constant the remaining variables.
- One organization performance increase in standardized Employee's commitments is predicted to result in 0.179 standard deviation increase in standardized organization performance holding constant the remaining variables.
- A one organization performance increase in standardized technology is predicted to result in 0.446 standard deviation increase in standardized organization performance holding constant the remaining variables.

5.3. Conclusion

The result of descriptive statistics showed that most of respondent response found in strongly agreed ranges for all independent variables (determinants of marketing strategy on organization performance) in the study area. As most respondent's response found under strongly agree ranges; (the Employees commitment, work environments, leader's capability and technology factors) have an important contribution on organization performance of bank industry business sector. Besides in the study area; due to limitation of determinate (Employees commitment, work environments, leader's capability and technology factors) the ride of organization performance of bank industry business sector was at risk. The correlation analysis show that the four study determinate (Employees commitment, work environments, leader's capability and technology factors) that determine the organization performance of bank industry business sector have significant and positive relationship with organization performance of bank marketing strategy implementation sector with

magnitude ranges of strong for whole (Employees commitment, work environments, leader's capability and technology factors). The organization performance and the pre-model fitting assumptions like normality, linearity and multi-co linearity of variables were checked before regression analysis applied. Furthermore, the study concluded that regression analysis (R-square) was 0.882; it implied that the four independent variables (Employees commitment, work environments, leader's capability and technology factors) can affect the variation of organization performance of bank business sector. Therefore, this study concluded that the four variables have strong significant relationship with organization performance of bank business sector in OIB Bule Hora branch.

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