# St. Mary's University College Faculty of Business Department of Management

An Assessment of Factors Affecting Market
Competitiveness
(Case study of Colba Tannery)

Prepared by

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# An Assessment of factors Affecting Market Competitiveness In Colba Tannery

A senior essay Submitted to the Department of Management
Business Faculty
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By Mesfin Wondafrash

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# St. Mary's University College

# **Factors Affecting Marketing Market Competitiveness**

(Case of Colba Tannery)

By

Mesfin Wondafrash

**Faculty of Business** 

**Department of Management** 

# Approved by the Committee of examiners

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#### **Declaration**

I, the undersigned, declare that the senior essay is my original work, prepared
under the guidance of Ato Abera Legesse who is my advisor. All the sources of
materials used for the manuscript have been duly acknowledged.

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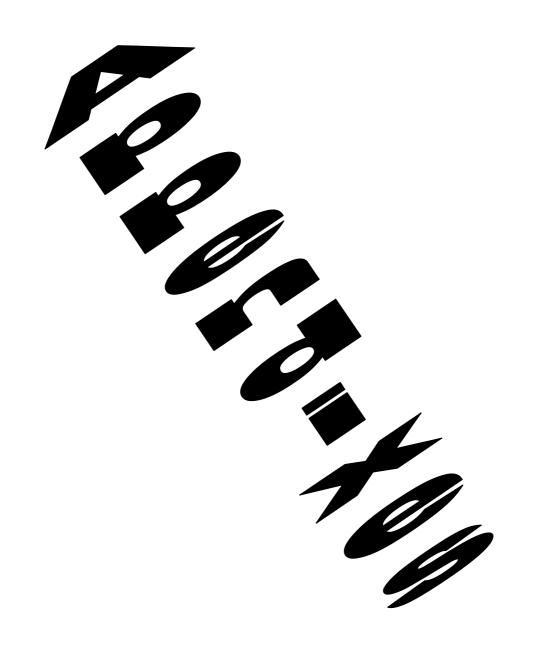
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# Submission approval sheet

This senior research paper has been submitted to the department of
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approval as an advisor management.
Name: Abera Legesse
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# **Chapter One**

#### Introduction

#### 1.1. Back ground of the Study

As Monga viewed (2003:71), the presence of competition now in industrial life has great significance in economic and political aspects. It has its contribution in promoting the welfare of these aspects. What is actually required is to take the term competition in its true sense .what it implies and not just knowing its superficial side. We cannot ignore competition. It would be better not to concentrate on the superficial and delve deep in to it.

The origin of the word competition lies in the Latin word cum-pet ere. It means a combined search for better solutions. Where there is competition there will be a struggle for the new ways out. A competition appears only when there is a push and pull. But the approach to competition should work as a lead. It should happen as a cultural phenomenon where all the players together work to lead.

The phenomenon should not turn in to rivalry. Those who consider competitors as their enemies and bear a grudge against them harm their business from within because such an approach brings in pessimism. Pessimism and progress have no connection with each other. Competition should be, as far as possible, appreciated once you appreciate the values it has in store for you, you come to know that it acts as a guiding factor. It makes you learn, it makes you take initiatives, it makes you innovative and deal with many more aspects that are significant to succeed in the market. Struggles are always there and should be used to get motivation. In the course of time every struggle made with a positive approach promises a fruitful result.

It is not only the consumers towards whom the efforts of firms are directed. The competitors also demand attention. Their activities must be known to a firm because they can prove to major sources of threats. They may take away its business, market share and much else.

Sometimes a firm is so much lost in its routine activities that it may ignore the competitors' activities knocking as its door. If taken lightly this may prove disastrous. Of course, one cannot always say that competition brings threats. It can bring opportunities provided these are extracted from the dubious competitive structure through proper analysis and environment scanning .It takes time and untiring efforts to scan a market and make decisions. Competitors should not be regarded as foes because in the society, everyone has a right to do business. Direct assaults or abusive actions do not solve the problem. They bring a bad time to the involved firms. The correct method to understand the competitions and deal with them is to analyze their strength and weakness which are the ingredients of all the industries. Sensible organizations take such matters seriously because long-term questions are involved in them. Firms that promptly deal with the competitors are successful; this provides security with not much chance to slip. Firms that do not prepare themselves for the future competitions may take a risky route. In today's business world chances have a major role and the firms have options like:

- Ignore the competitors
- Copy the competitors
- Lead the competitors

Ignoring the competitors is a dangerous task in the business. It has been a major cause of the downfall of some companies: either they ignored their competitors or their strategies were not up to the mark. The firms that opt for copying the competitors are average firms that want to take a safe route. In this case there is a hope that is the firms does not gain it will not lose also. The third option can be the best option for a firm wanting to be a winner. The efforts required by this option involving action and initiative can facilitate the firm to move ahead of its competitors.

#### 1.2. Background of the Company

Colba Tannery is a private limited company established in January 2002. Processing Ethiopian hair sheep skins, Bati Genuine Goat skins, and Cow hides .The Company offer crust and finished Leather to Local and Foreign markets. As far as quality is concerned, the company offer competitive products to the global market as a major concern and follow up is producing quality products. The company also invites customers for pre shipment inspection.

The company exports its product to Europe, India and Far East countries. The tannery has modern soaking drums over head dryers, toggle dryer, modern sammying machine, spraying machine and well organized waste treatment plant.

Today the factory is producing 10,000 pieces of sheep skins and goat skins and 500 pieces of cow hides per day. The main items currently produced at Colba Tannery are crust from sheep skins, crust from goat skins, crust for lining leather and finished leather.

#### 1.3. Statement of the problem

The leather tannery industry has long been, and continues to be important to Ethiopia. Ethiopia's processed hides & skins that have gained a reputation for quality and affordable price made significant export earners for the country. In recent years, the leather industry has developed in to a mature industry that has gained acceptance, both domestically & internationally. Colba Tannery possesses much strength, including quantities of experienced, adaptable labor. However, there are some problems that need to be addresses when we compare to other Tanneries including the inability of delivering quality products to the market, out dated technology, lack of trained man power, and unavailability of effective management system. Therefore this study examined internal factors affecting market competitiveness of the company.

#### 1.4. Research Questions

This paper tried to investigate the following major research questions:

- 1. Does the company use appropriate technology?
- 2. Is the management system of the company effective & efficient?
- 3. Does the company have skillful & trained man power?
- 4. How the product quality of the company looks like?

#### 1.5. Objectives of the study

- General Objective
  - To asses the over all factors that affect market competitiveness of the company.
- Specific objective
  - o To investigate whether the company use appropriate technology or not.
  - o To investigate the company's effective & efficient management system.
  - o To check the quality of the product in the company.
  - To assess the availability of skillful & trained manpower in the company.

#### 1.6. Significance of the study

The outcome of this study is expected to provide important suggestion to Colba Tannery to improve its market competitiveness.

It also expected to give some of basic understanding and know how about market competitiveness that help the company evaluating competitive activities effectively. In addition, the study is providing additional insight for further researches related to market competitiveness. Moreover, the study will be important for the student researcher to develop the knowledge in this area and to have an experience in conducting further research.

#### 1.7. Scope (delimitation of the study)

The researcher believes that conducting the research on internal & external factors affecting market competitiveness is possible. However, due to time and resource constraints the researcher confined the study in the internal factors affecting market competitiveness with particular emphasis on the products, technology, man-power and management system.

#### 1.8. Definition of Terms or Operational Definitions

The following terms needed definition in order to clarify the concepts they have in the entire study.

- **Competitiveness:**-is the relative standing of the organization against its competitors.
- **Market** is the set of actual & potential buyers of a product or service (Kotler.2006:7)
- **Industry environment factors:** are factors that come from inside industry that shape external opportunities and threats toward the firm.
- **Competitive indicators:** are a couple of measures used in assessing the competitive position of certain company among its competitors.

#### 1.9. Research Design and Methodology

#### 1.9.1.Research design

The study adopts a descriptive type of research to address different research questions which help the researcher to describe and determine the performance of Colba Tannery on the problems of market competitiveness.

#### 1.9.2. Population and sampling Techniques

The total number of Colba Tannery workers are 160 in number out of this the researcher is take technical staffs(HRM officer, sales Officer, senior selector & product controller & Finance and Administration), These employees are 60 in

number. The researcher takes 60% (36) employees out these technical staffs to get enough information for the intended study.

Technical staffs of Colba Tannery are target respondents.

The appropriate sampling method for this research is purposive and simple random sampling. It is used to give equal chance of selection for the intended employees. It is also believed that by using this simple random sampling it is possible to minimize bias in sampling process using the randomly selected place to gather information about the problem of the study.

#### 1.9.3. Types of data to be used

The study is used both primary and secondary data to collect the relevant data for the intended research

#### 1.9.4. Methods of data collection

Primary data is collected by using questionnaire & interview and secondary data is collected from company's recorded books, company profile, brochures and other relevant company reports. Interview is conducted with the marketing manager.

#### 1.9.5 Methods of data analysis

The collected data through questionnaire on the problems of market competitiveness in Colba Tannery is analyzed and summarized using percentage, chart and tables. More over, the information gathered though interview is analyzed and summarized qualitatively.

#### 1.10. Organization of the study

This study is structured in to four chapters. The first chapter describes about the background of the study, problem statement, and objectives of the study, scope of the study significance of the study, limitation of the study and research design and methodology. The second chapter represents literature review. Chapter three focuses on data presentation, analysis and interpretation. The fourth chapter targets summary,

conclusion and recommendation. Finally, the list of bibliography and annexes is attached at the end of research work.

#### **Chapter Two**

#### Review of related literature

#### 2.1. Meaning of Competitiveness

As Saxena suggested (2004:54), competitiveness is defined by the productivity with which a nation utilizes its human, capital and natural resources. To understand competitiveness, the staring point must be a nation's underlying sources of prosperity. A country's standard of living is determined by the productivity of its economy, which is measured by the value of goods and services produced per unit of its resources.

Productivity depends both on the value of a nation's products and services, measured by the price they can command in open markets, and by the efficiency with which they can produced.

Productivity is also dependent on the ability of an economy to mobilize its available human resources.

#### 2.2. Importance of Competitiveness

As Saxena suggested (2004:54), competition is necessary evil, remarked the chief Executive officer of the consumer product company, it is necessary because it indicates the health of the firms that operate within it to overcome the tendency to see one another as anything other than competitors, which hinders their ability to work together, leverage resources and overcome problems they share. A well-designed strategy uses the value chain analysis findings to foster inter-firm cooperation, address common constraints, target and exploit opportunities and combine incentives for firms to invest in its implementation. To attract and retain the commitment of and participation by the private sector and ensure successful implementation of the strategy, firms throughout the chain must understand that full engagement by all actors benefits everyone. A competitiveness strategy can have short, medium and long timeframes; include multiple markets—local, regional and international markets and low to high quality products; and involve small steps and manageable risk. While some Guatemalan handicraft weavers decided to

compete on price by using a foot loom to increase their speed and produce more and larger pieces of cloth, others wanted to continue using their backstrap looms, a more labor intensive method suited to producing intricately designed quality textiles that sell well in high-end markets. However, this group also understood that to be competitive they needed to produce more pieces so they simplified their complex designs in order to boost their production.

#### 2.3. Competitive advantage

As Jobber viewed (2001:578), the key to superior performance is a gain and hold a competitive advantage. Firms can gain a competitive advantage through differentiation of their products offering which provides superior customer value or by managing for lower delivered costs. Jobber emphasizes productivity growth as the focus of national strategies. Competitive advantage rests on the notion that cheap labor is ubiquitous and natural resources are not necessary for a good economy. The other theory, comparative advantage can lead countries to specialize in exporting primary goods and raw materials that trap countries in low-wage economies due to terms of trade. Competitive advantage attempts to correct for this issue by stressing maximizing scale economies in goods and services that garner premium prices.

Competitive advantage occurs when an organization acquires or develops an attribute or combination of attributes that allows it to outperform its competitors. These attributes can include access to natural resources, such as high grade ores or inexpensive power, or access to highly trained and skilled personnel human resources. New technologies such as robotics, and information technology either to be included as a part of the product, or to assist making it. The term competitive advantage is the ability gained through attributes and resources to perform at a higher level than others in the same industry or market (Christensen and Fahey 1984, Kay 1994, Porter 1980 cited by Chacarbaghi and Lynch 1999:45). The study of such advantage has attracted profound research interest due to contemporary issues regarding

superior performance levels of firms in the present competitive market conditions. "A firm is said to have a competitive advantage when it is implementing a value creating strategy not simultaneously being implemented by any current or potential player" Successfully implemented strategies will lift a firm to superior performance by facilitating the firm with competitive advantage to outperform current or potential players (Passemard and Calantone 2000:18). To gain competitive advantage a business strategy of a firm manipulates the various resources over which it has direct control and these resources have the ability to generate competitive advantage. Superior performance outcomes and superiority in production resources reflects competitive advantage.

Above writings signify competitive advantage as the ability to stay ahead of present or potential competition, thus superior performance reached through competitive advantage will ensure market leadership. Also it provides the understanding that resources held by a firm and the business strategy will have a profound impact on generating competitive advantage. Powell views (2001:132) business strategy as the tool that manipulates the resources and create competitive advantage, hence, viable business strategy may not be adequate unless it possess control over unique resources that has the ability to create such a unique advantage. Summarizing the view points, competitive advantage is a key determinant of superior performance and it will ensure survival and prominent placing in the market. Superior performance being the ultimate desired goal of a firm, competitive advantage becomes the foundation highlighting the significant importance to develop same.

In the event competitive advantage is gained by a firm wouldn't it be necessary to sustain such value creating advantage for desired periods of time in order to gain maximized superior outcomes. As Ma state (2003:73) winning is a habit not a one time event. Writes "sustainable competitive advantage is a journey not a destination- it is like tomorrow which is inescapable but never arrives" stressing the idea that ones reached, all

attempts should be made to sustain competitive advantage. Apparently academics view and stress the idea of sustaining competitive advantage

#### 2.4. Competitive Strategies

As Kumar suggested that (2005:134), Industry competitiveness as opposed to firm competitiveness is systematic, the result of complex and dynamic interactions between national-level social and economic and economic factors. An industry's competitiveness depends on the ability of firms and other factors in the chain to anticipate and meet buyer demands, take advantage of end-market opportunities, and respond to or influence changes in the market demand. An industry can enhance its ability to complete by improving product differentiation, operations or branding.

#### 2.5. Basic Competitive Strategies

As Kotler suggested that (2005:533), more than two decades ago, Michael Porter suggested four basic competitive positioning strategies that companies can follow—three winning strategies and one losing one. The three wining strategies include:

- **Overall cost leadership**: Here the company works hard to achieve the lowest production and distribution costs. Low costs let it price lower than its competitors and win a large market share.
- **Differentiation**: Here the company concentrates on creating a highly differentiated product line and marketing program so that it comes across as the class leader in the industry. Most customers would prefer to own this brand if its price is not too high.
- **Focus**: Here the company focuses its effort on serving a few market segments well rather than going after the whole market.
- **Operational excellence**: The Company provides superior value by leading its industry in price and convenience. It works to reduce costs and to create a learn and efficient value delivery system. It serves customers who want reliable, good-quality products or services, but who want them cheaply and easily.

• **Customer intimacy**: -The Company provides superior value by precisely segmenting its markets and tailoring its products or services to match exactly the needs of targeted customers.

A firm has a competitive advantage when it delivers products or services at lower cost or high quality than that of its competitors, or when it has unique characteristics that can not easily be replicated elsewhere. How the firm is organized and how it uses its resources and capabilities to create unique, better or lower or lower cost products or services determines its ability to develop a competitive advantage, become an industry leader and create excellent value for its customers and higher profits for itself.

#### 2.6. Competitiveness Strategy Components

When designing a competitiveness strategy for industries with high levels of MSE participation practitioners need to involve stakeholders at all levels of a value chain in developing 1) an end-market competitiveness plan that determines the industry's competitive advantage, 2) a commercial upgrading plan, and 3) a plan for sustaining competitiveness. These elements rely on both information from the value chain analysis and active involvement by the private sector to create a focused approach to improving and sustaining industry competitiveness.

# 2.7. Sources of Competitive advantage

# 2.7.1. Variable Cost advantage

As Best suggested that (2006:185), businesses with a lower unit cost are able to achieve the same (or better) unit margin at lower cost prices than competing business. Unit or variable costs including manufacturing cost & variable cost associated with distribution such as discounts sales commission, transportation, and other variable transaction costs. Volume is a key factor Business with substantial market share (volume) advantage can generally achieve a lower cost unit.

#### 2.7.2. Market Cost advantage

Quite often business may not look beyond variable cost for sources of cost advantage. However, marketing cost efficiencies can be device from product line extension .As the sales force is given more products to sell to the same customers a marketing cost scope effect is created.

#### 2.7.3. Product Advantage

There are many aspects of product around which a business can build a differentiation advantage. Product's durability, reliability performance, features, appearance, and conformance to a specific application. Each has the potential of being a differential advantage.

#### 2.7.4. Service Advantage

A business can achieve a differential service advantage. In the same way it can achieve differential product advantage. The same baseline conditions are required. First, the service advantage has to be meaningful & important to target customers and second, it has to be sustainable.

#### 2.7.5. Channel Advantage

In all markets in which distribution is required for market access there is a finite number or distributors, whether retailers in consumer markets or dealers in business -to- business markets.

# 2.7.6. Sales force Advantage

In both consumer and business -to- business markets, certain levels of sales call frequency and after sale service are required. Because there is a limit to how many sale calls a sales person can have in a given time period , a business with more sales person will simply be able to reach and serve more customers.

#### 2.8. The Companies Micro environment

As kotler suggested that (2006:526) marketing management's job is to build relationships with customers by creating customer value and satisfaction. However, marketing managers cannot do this alone. Marketing success will require building relationships with other company departments, suppliers, marketing intermediaries, customers, competitors, and various publics, which combine to make up the company's value delivery network.

#### 2.8.1. The Company

In designing marketing plans, marketing management takes other company groups into account—groups such as top management, finance, research and development, Purchasing, operations, and accounting. All these interrelated groups form the internal environment. Top management sets the company's mission, objectives, broad strategies, and policies. Marketing managers make decisions within the strategies and plans made by top management.

Marketing managers must also work closely with other company departments. Finance is concerned with finding and using funds to carry out the marketing plan. The research & development department focuses on designing safe and attractive products. Purchasing worries about getting supplies and materials, whereas operations is responsible for producing and distributing the desired quality and quantity of products. Accounting has to measure revenues and costs to help marketing know how well it is achieving its objectives. Together, all of these departments have an impact on the marketing department's plans and actions. Under the marketing concept all of these functions must "thing consumer." They should work in harmony to provide superior customer value and satisfaction.

#### 2.8.2. Suppliers

Suppliers form and important link in the company's overall customer value delivery system. They provide the resources needed by the company to produce its goods and services. Supplier problems can seriously affect marketing. Marketing managers must watch supply availability—supply shortages or delays, labor strikes, and other events can cost sales in the short run and damage customer satisfaction in the long run. Marketing managers also monitor produces, whereas reseller markets buy goods and services to resell at a profit. Government markets are made up of government agencies that buy goods and services to produce public services or transfer the goods and services to other who need them. Finally, international markets consist of these buyers I other countries, including consumers, producers, resellers, and governments. Each market type has special characteristics that call for careful study by the seller.

#### 2.8.3. Marketing Intermediaries

Marketing intermediaries help the company to promote, sell, and distribute its goods to final buyers. They include resellers, physical distribution firms, marketing services agencies, and financial intermediaries. Resellers are distribution channel firms that help the company find customers or make sales to them. These include wholesalers and retailers, who buy and resell merchandise.

#### 2.8.4. Competitors

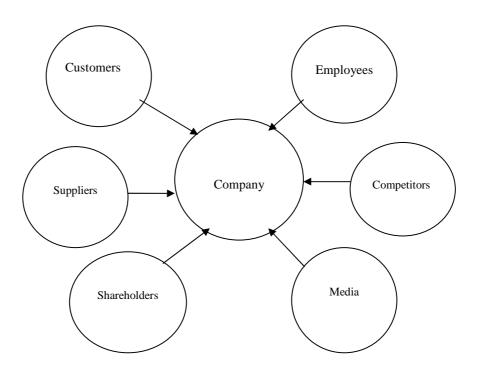
The marketing concept states that to be successful, a company must provide greater customer value and satisfaction than its competitors do. Thus, marketers must de more than simply adapt to the needs of target consumers. They also must gain strategic advantage by positioning their offerings strongly against competitors' offerings in the minds of consumers.

No single competitive marketing strategy is best for all companies. Each firm should consider its own size and industry position compared with those of its competitors. Large firms with dominant positions in an industry can use certain strategies that smaller firms cannot afford. But being large is not

enough. There are wining strategies for large firms, but there are also losing ones. And small firms can develop strategies that give them better rates of return than large firms enjoy.

#### 2.8.5. Employees

Employing the correct staff and keeping these staff motivated is an essential part of the strategic planning process of an organization. Training and development plays an essential role particular in service sector marketing inorder to gain a competitive edge.



The figure shows the micro environmental factor Analysis

#### **2.8.6. Publics**

The company's marketing environment also includes various publics. A public is any group that has an actual or potential interest in or impact on an organization's ability to achieve its objectives. We can identify seven types of publics.

- Financial publics influence the company's ability to obtain funds.
   Banks, investment houses, and stockholders are the major financial publics.
- **Media publics** carry news, features, and editorial opinion. They include newspapers, magazines, and radio and television stations.

#### 2.9. Marketing Strategy

Marketing strategy concerns the decisions marketers make to help the company satisfy its target market and attain its business and marketing objectives. Price, of course, is one of the key marketing mix decisions and since all marketing mix decisions must work together, the final price will be impacted by how other marketing decisions are made. For instance, marketers selling high quality products would be expected to price their products in a range that will add to the perception of the product being at a high-level.

It should be noted that not all companies view price as a key selling feature. Some firms, for example those seeking to be viewed as market leaders in product quality, will deemphasize price and concentrate on a strategy that highlights non-price benefits (e.g., quality, durability, service, etc.). Such non-price competition can help the company avoid potential price wars that often break out between competitive firms that follow a market share objective and use price as a key selling feature.

# 2.9.1. Approaches to Marketing Strategy

As Kotler viewed (2006:533), In fact, approaches to marketing strategy and practice often pass through three stages: entrepreneurial marketing, formulated marketing, and entrepreneurial marketing."

• Entrepreneurial marketing: - most companies are started by individuals who live by their mind. They visualize an opportunity, construct flexible strategies on the backs of envelopes, and knock on

every door to gain attention. Jim Koch, founder of Boston Beer Company, whose Samuel Adams beer has become a top-selling microbrewery beer, started out in 1984 carrying bottles of Samuel Adams from bar to bar to persuade bartenders to carry it. He would persuade them into adding Samuel Adams beer to their menus. For 10 years, he couldn't afford advertising: he sold his beer through direct selling and grassroots public relations. Today, however, his business pulls in more than \$230 million, making it the leader over more than 1000 competitors in the microbrewery market.

- Formulated marketing: as small companies achieve success, they inevitably move toward more-formulated marketing. They develop formal marketing strategies and adhere to them closely. Boston Beer now employs more than 175 salespeople and has a marketing department that carries out market research and plans strategy. Although Boston Beer is far less formal and sophisticated in its strategy than mega-competitor Anheuser-Busch, it has adopted some of the tools used in professionally run marketing companies.
- Intrepreneurial marketing: many large and mature companies get stuck in formulated marketing. They pore over the latest Nielsen numbers, scan market research reports, and try to fine-tune their competitive strategies and programs. These companies sometimes lose the marketing creativity and passion that they had at the start. They now need to reestablish within their companies the entrepreneurial sprit and actins that made them successful in the first place. They need to encourage more initiative "entrepreneurship" at the local level. They need to refresh their marketing strategies and try new approaches. Their brand and product mangers need to get out of the office, start living with their customers, and visualize new and creative ways to add value to their customers' lives.

The bottom line is that there are many approaches to developing effective competitive marketing strategy. There will be a constant tension between the formulated side of marketing and the creative side. It is easier to learn the formulated side for marketing, which has occupied most of our attention. But we have also seen how marketing creativity and passion in the strategies of many of the company's we've studied—whether small or large, new or mature—have helped to build and maintain success in the marketplace. With this in mind, we now look at broad competitive marketing strategies companies can use.

#### 2.9.2. Marketing Objectives

Marketing decisions are guided by the overall objectives of the company. While we will discuss this in more detail when we cover marketing strategy, for now it is important to understand that all marketing decisions, including price, work to help achieve company objectives.

Corporate objectives can be wide-ranging and include different objectives for different functional areas (e.g., objectives for production, human resources, etc). While pricing decisions are influenced by many types of objectives set up for the marketing functional area, there are four key objectives in which price plays a central role. In most situations only one of these objectives will be followed, though the marketer may have different objectives for different products. The four main marketing objectives affecting price include:

- **Return on Investment** (ROI):- A firm may set as a marketing objective the requirement that all products attain a certain percentage return on the organization's spending on marketing the product. This level of return along with an estimate of sales will help determine appropriate pricing levels needed to meet the ROI objective.
- **Cash Flow**: Firms may seek to set prices at a level that will insure that sales revenue will at least cover product production and marketing costs. This is most likely to occur with new products where the organizational objectives allow a new product to simply meet its expenses while efforts are made to establish the product in the market. This objective allows the marketer to worry less about product

profitability and instead directs energies to building a market for the product.

- Market Share: The pricing decision may be important when the firm has an objective of gaining a hold in a new market or retaining a certain percent of an existing market. For new products under this objective the price is set artificially low in order to capture a sizeable portion of the market and will be increased as the product becomes more accepted by the target market .For existing products, firms may use price decisions to insure they retain market share in instances where there is a high level of market competition and competitors who are willing to compete on price.
- **Maximize Profits:** Older products that appeal to a market that is no longer growing may have a company objective requiring the price be set at a level that optimizes profits. This is often the case when the marketer has little incentive to introduce improvements to the product.

#### 2.9.3. Marketing concepts

According to Kotler and Armstrong, (2006:10). There are five alternative concepts under which organizations design carry out their marketing strategies.

**The production concept:** - the idea that consumers will favor products that are available and highly affordable.

**The product concept**: - the idea that consumers will favor products that offer the most in quality performance & features and that the organization should therefore devote its energy to make continuous product improvements.

**Selling Concept**: - the idea that consumers will not buy enough of the firm's products unless it undertakes a large scale selling & promotion effort.

**Marketing concept**: - the marketing concept holds the achieving organizational goals depend on knowing the needs and wants.

#### 2.9.4. Porter's Five Forces

#### The threat of substitute products or services

As kotler and Armstrong suggested that (2002:242), the existence of products outside of the realm of the common product boundaries increases the propensity of customers to switch to alternatives:

- Buyer propensity to substitute
- Relative price performance of substitutes
- Buyer switching costs
- · Perceived level of
- Number of substitute product available in the market

#### The threat of the entry of new competitors

Profitable markets that yield high returns will draw firms. This results in many new entrants, which eventually will decrease profitability. Unless the entry of new firms can be blocked by incumbents, the profit rate will fall towards a competitive level

- The existence of barriers to entry (patents, rights, etc.)
- Economies of product differences
- Brand equity
- Switching costs or sunk costs
- Capital requirements
- Access to distribution
- Customer loyalty to established brands
- Absolute cost advantages
- Learning curve advantages
- Expected retaliation by incumbents
- Government policies
- Internet era; today competitors need only a website to enter a market

#### The intensity of competitive rivalry

For most industries, the intensity of competitive rivalry is the major determinant of the competitiveness of the industry.

• Sustainable competitive advantage through innovation.

How will competition react to a certain behavior by another firm?, Competitive rivalry is likely to be based on dimension such as price, quality, and innovation.

#### The bargaining power of customers (buyers)

The bargaining power of customers is also described as the market of outputs: the ability of customers to put the firm under pressure, which also affects the customer's sensitivity to price changes.

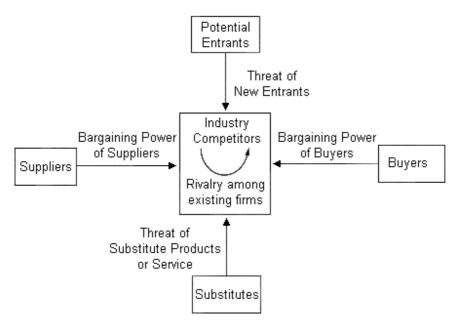
- Buyer concentration to firm concentration ratio
- Degree of dependency upon existing channels of distribution
- Bargaining leverage, particularly in industries with high fixed costs
- Buyer volume
- Buyer switching costs relative to firm switching costs
- Buyer information availability
- Ability to backward integrate
- Availability of existing substitute products
- Buyer price sensitivity
- Differential advantage (uniqueness) of industry products

#### The bargaining power of suppliers

The bargaining power of suppliers is also described as the market of inputs. Suppliers of raw materials, components, labor, and services (such as expertise) to the firm can be a source of power over the firm. Suppliers may refuse to work with the firm, or, e.g., charge excessively high prices for unique resources.

- Supplier switching costs relative to firm switching costs
- Degree of differentiation of inputs
- Presence of substitute inputs
- Supplier concentration to firm concentration ratio
- Employee solidarity (e.g. labor unions)

If you are making cookies and there is only one person to buy flour from you have to buy it from them. They have lots of power over your cookies



The figure shows the five model forces

### 2.9.5. Porter's five force Analysis

Porter has identified five forces that shape every industry and every market.

According to Porter, these five competitive forces determined the intensity of competition and the profitability and attractiveness of an industry. In Porters model, the objective of corporate strategy must be to revise this competitive force that improves the position of an organization or corporation. In Porter's view, analyzing these five forces and information derived from this analysis management can decide how to use some characteristics to gain competitive advantage.

The five forces in Porters model are threat of new entrants, bargaining power of suppliers, bargaining power of consumers, threat of substitutes and competitive rivalry within the industry.

In porters view, the bargaining power of suppliers is high when few large suppliers dominate the market, no particular substitutes for inputs, the customers for the suppliers are fragmented, the switching costs to one supplier to the next is high, suppliers integrating forward in order to obtain higher prices and margin.

In Porter's model, the bargaining power of customers is high when there is concentration of buyers, the supplying industry comprise a large number of small operators, supplying industry operates with high fixed cost, the product is undifferentiated and can be replaced by substitutes, switching to alternative product is relatively simple and not costly, customers have low margins and price sensitive, can produce the product themselves, the product is not strategically important to the customer, the customer is aware of the cost of the product, possibility the customer integrating backwards.

The threat of new entrants is high in Porter's model, which depends on the extent of barriers of entry. They are economies of scale, high initial investment and fixed cost, cost advantage of existing players due to experience curve effects of depreciated assets, brand loyalty of customers, protected intellectual like patents and licenses, scarcity of important resources such as qualified expert staff, access to raw materials is controlled by existing players, distribution channels are controlled by existing players, existing players have close customer relations, high switching costs for customers, legislation and government action.

In Porter's model, the threat of substitutes is determined by brand loyalty of customers, close customer relations, switching costs of customers, relative performance of substitutes in terms of price, current trends.

In addition, Porter's model the rivalry between existing firms will be likely to be high when there are many players of about the same size, players have similar strategies, there much mare differentiation between players and their products and there fore more price competition, low market growth rates and barriers for exit is high.

The Porter's model can be used to determine industry attractiveness as it provides insights about profitability and there fore supports to enter in to an industry or exit from an industry. As well, the model can be used to compare the impact of these five forces on the organization and the competitors. Competitors may have different options to react to changes in competitive forces dependent on their resources and competencies and may change the structure of the whole industry.

In this manner the Porter model enables the organization corporate planning and strategy development to gain competitive advantage. In combination with PEST (political, Economical, Socio-cultural& technological)-analysis, five forces Porter's analysis can reveal the future attractiveness of industry. Political, technological, economic and socio-demographic changes can affect the five competitive forces and thus affects the industry structures. In this regard, tools such as scenarios may determine potential changes in competitive forces. If organization can analyze using the Porter's model, the current and future state of competitive force the management can develop options to influence these forces to their organizations interest. However, the organization must be aware of industry-specific models, which will limit options to compete effectively. But the organizations industry-specific strategies change the impact of competitive forces on the organization. In this respect, by influencing the power of five forces it has an objective to reduce the power of competitive forces by appropriate strategies so that it can change the impact of these competitive forces to its advantage and gain a competitive edge in the industry. For example, if one uses the Porters model to reduce the bargaining power of suppliers depending on its resources and competencies of its managers and staff it may pursue strategies such as partnering, supply

chain management, supply chain training, increase dependency of suppliers, build knowledge of supplier cost and methods, and take over of suppliers or a combination of strategies which suits its internal strengths and organizational resources.

The corporations must aware that Porter's model has some major critiques in its value to develop strategies and options in its own and base their strategies only on the Porter model. The critiques of Porter model are that it does not recognize the new entrants and other industries may completely change business model, entry barriers and relationship along the supply chain within short time and the Porter model do not give any advice for preventive action. As well, the Porter model is based on achieving competitive advantage in an industry, which does not take in to consideration the value of strategic alliances, electronic linking of information of all companies along the supply chain, virtual-networks and others.

Overall, the limitation of Porter's model arises from the fact it does not account for new business models and the dynamics of the market in the current market environment. It is necessary the corporations must be using other models in conjunction with Porter's model to develop strategies and must not rely heavily on the Porters model in its own. This is because the company may not consider other strategies and preventive strategies recognizing the dynamic nature of competition in the current market conditions and changes in business model used in other industries and by new entrants to compete effectively in an international arena. The corporations also must give due consideration of environmental issues, cultural issues and government regulation to enter in to new markets and to use of alliances, virtual networks and electronic linking of companies along the supply chain as strategies to improve their competitiveness in a global market place, which is dynamic in nature.

As discussed above in the Porters model a countries economic, political, technological and social factors affect the structure of industries and the quality of its resources in terms of human capital, managerial ability, entrepreneur culture, which determines productivity and cost structure and quality as well as to effectively respond to market changes in a timely manner. Even if the company identifies strategies using the Porter model it must be able to have the resources as explained above and competencies to implement such strategies. This capacity is dependent on economic, social, political and culture of a country. The structure of an industry is affected by these factors and it forces it affects the attractiveness of industry and the long-term profitability of an industry. This affects the profitability within an industry. The country, affects the future potential state of five competitive forces in a dynamic manner. It affects certainly the competitiveness of a company. That is the characteristics of a country affect the competitiveness of a company applying the Porters model.

# **Chapter Three**

# **Data Presentation, Analysis & Interpretation**

This chapter of the study is mainly focused on presenting analyzing, & interpreting data that is collected using questionnaire and interview. There were five groups of respondents: Sales Manager, HRM officer, sales Officer, senior selector & product controller & Finance and Administration. The interview was conducted with sales Manager. The questionnaires were distributed for randomly selected employees of the company.

The total number of questionnaire distributed was 48 i.e. 30% of the total number of employees. Out of 48 questionnaires distributed to the employees 36(75%) questionnaires were properly completed & returned.

The data obtained have been tabulated, analyzed and interpreted

Consequently the findings are discussed and tabulated in the following section.

### 3.1. Characteristics of the study population

The respondents were asked to mention their sex, age and educational back ground, they responded as presented in the following table.

### 3.1.1. General Characteristics of Respondents

No.	Item	Re	espondents	
		Frequency	Percentage	
1	Sex			
	a. Male	26	72%	
	b. Female	10	28%	
	Total	36	100%	
2	Age			
	a. below 20	0	0%	
	b. 20-30	2	5%	
	c. 31-40	20	56%	
	d. 41-50	6	17	
	e. 51& above	8	22%	
	Total	36	100%	
3	Educational qualification			
	a. below certificate	0	0%	
	b. certificate	0	0%	
	c.diploma	26	72%	
	d.1st degree	10	28%	
	e. 2nd degree & above	0	0%	
	Total	36	100%	

Item 1 of table 3.1.1 reveal that about 10 (28%) of the sample population are females while the rest of them are males. This shows that most of the employees are male.

Regarding item 2 of the same table ,2(5%) ,20(56%),6(17%) and 8(22%) of the respondents are in age group of, 20-30,31-40,41-50 & 51& above respectively. As far as the educational qualification of the respondents is concerned as shown above in item 3 of table 3.1.1 26 (72%) of sample population are diploma graduates. The other 10 (28%) of the respondents are first degree graduates. This indicated that employees in the company are energetic enough regarding age, on the other hand, majority of the employees are diploma graduates.

# 3.2. Analysis of the Major findings

Table 3.2.1: Availability of mechanism to improve product quality

Item	Respondents	
	Frequency	%age
Is there any mechanism used to		
improve quality of the product in		
your company?		
a. Yes	15	42%
b. No	21	58%
Total	36	100%

Source: primary data

As shown in the above table 3.2.1, 15(42%) of respondents replied that they know the existence of mechanism used to improve quality of the product. where as 21(58%) of the total respondents said that there is no mechanism for the improvement of product quality. This implies that there is some bottle neck hampering the mechanism from going smoothly. This is intern led the company to lose opportunities having some customers.

Table 3.2.2: Quality of the product to satisfy customers need

Item	Respondents	
	Frequency	%age
Do you think the current product		
meet the need of the customer?		
a. Yes	11	31%
b. No	25	69%
Total	36	100%

The table above shows that 11(31%) of respondents believe the existing product meet the need of the customer, where as 25(69%) of the respondents don't think the current product is appropriate for the customers. This indicates that the company is not delivering appropriate product to the customers.

Table 3.2.3: Availability of updated procedure to improve quality of product

Item	Respondents	
	Frequency	%age
Is there any appropriate updated procedure		
of improving the quality of the product?		
a. Yes	10	28%
b. No	26	72%
Total	36	100%

Source: Primary data

Well defined procedure to improve the quality of the product is required for a company. The above table shows that, 10(28%) of the respondents said there is an appropriate and updated procedure to improve quality of the product. But 26(72%) of the respondents argued the absence of updated procedure of improving the product quality.

This indicates that the company is producing its product with the absence of applying appropriate procedure.

Table 3.2.4: Respondents knowledge about the effect of product on market competitiveness

Item	Respondents	
	Frequency	%age
How much do you know about the		
role of product on market		
competitiveness?		
a. very well	0	0%
b. well	22	61
c. to some extent	14	39
e. not at all	0	0%
Total	36	100%

As it can be seen from table 3.2.4, at least 61% of the respondents know about the role of product on market competitiveness. However, 39% of them know to some extent about the role of product. This shows that the employees do not have the know how of the product's effect on market competitiveness.

Table.3.2.5: Source of information to improve the entire features of the product

Item	Respondents	
	Frequency	%age
What are the sources of information		
in improving the entire features of		
the product?		
a. TV	0	0%
b. Radio	0	0%
c. Magazine	10	28%
d. Customers	26	72%
e. Others	0	0%
Total	36	100%

Source: Primary data

The above table shows that 10(28%) of the respondents get the information to improve the feature of the product from Magazine; whereas 26(72%) of the respondents obtained the information from customers. This indicates that more of the information for improving the feature of the product is obtained from customers.

Table.3.2.6: Usage of appropriate technology

Item	Respondent	Respondents	
	Frequency	%age	
Does the company use			
appropriate technology?			
a. Yes	12	33%	
b. No	24	67%	
Total	36	100%	

Technology is the vital thing for the company to be competent. As it can be seen from the above table, 33% of the respondents said the company is using appropriate technology and 67% of the total respondents said the company is not using appropriate technology. This shows that the company is using out dated technology that make the company incompetent in the market.

Table.3.2.7: Staff training

Item	Respondents	
	Frequency	%age
Has the staffs been trained to use		
the technology (machines)		
appropriately?		
a. Yes	14	39%
b. No	22	61%
Total	36	100%

Source: Primary data

Training (capacity building) to use the technology is the key. As indicated in the above table 3.1.8, (39%) of the total respondents agreed that Staffs are trained to use the machines, and 61% of the respondents replied that the staffs are not trained to use total machines properly. This indicates majority of the workers are not productive. On the other hand, the interview made with the sale manager shows that most of the workers lack education and experience to use the machines properly and to be productive.

Table.3.2.8: Follow up of outcomes of utilization of technology

Item	Respondents	
	Frequency	%age
Is there a regular & timely follow up		
for the proper utilization of technology		
in the company?		
a. Yes	2	6%
b. No	34	94%
Total	36	100%

From the data presented in the table above 6% of the respondents said that the company made regular & timely follow up and 94% of the respondents agreed that no regular & timely follow up. This reveals that the company is using the machines without follow up of the outcomes and the production capacity of the machineries.

Table.3.2.9: Initiation of the company to use new technology

Item	Respondents	
	Frequency	%age
Does the company have any		
initiation to use new technologies?		
a. Yes	24	67%
b. No	12	33%
Total	36	100%

Source: Primary data

The table shows that 24 (67%) of the respondents believe the company have initiation to use new technology, where as the rest 12% of the respondents said the company has no initiation to use new technology. This indicates the company has an initiation to use up dated technologies.

Table3.2.10: Efficiency of employees in using their knowledge, time & resource.

resource.		
Item	Respondents	
	Frequency	%age
Do you think the employees are		
utilizing their knowledge, time, and		
resource efficiently in the company?		
a. Yes	28	78%
b. No	8	22%
Total	36	100%

The above table shows 28(78%) of the respondents agreed employees utilized their knowledge, time and resource efficiently. However, 22% of the respondents replied that employees are not utilizing their resource efficiently. This shows that majority of the employees utilize the resources effectively.

Table 3.2.11: Availability of mechanisms to upgrade employee's capacity

Item	Respondents	
	Frequency	%age
Is there any mechanism to upgrade		
employees' capacity?		
a. Yes	6	17%
b. No	30	83%
Total	36	100%

Source: Primary data

With regard to employee capacity,6(17%) of the respondents agreed that the company have the mechanism to upgrade employees' capacity, while the rest 83% of the respondent believe there is no mechanism to upgrade employee's capacity. This indicates that the company doesn't have any upgrading mechanism to upgrade employees' capacity and employees are not more productive.

Table 3.2.12: Availability of mechanism to retain competent workers

Item	Respondents	
	Frequency	%age
Is there any mechanism to		
retain competent workers in		
the company?		
a. Yes	32	89%
b. No	4	11%
Total	36	100%

The table show 89% of the respondents agreed the company has a mechanism to retain competent workers. While, 11% of the respondent believe that there is no mechanism to retain workers.

This indicates that there is a proper mechanism to retain competent workers in the company, this kind of method has a great role for the company to retain its manpower.

The respondents also mentioned that mechanisms used are the following:

- ❖ Bonus
- Salary increment
- incentive, tips
- creating conducive working environment

This reveals that the company has good practice in retaining employees in the company.

Table 3.2.13: Criteria for workers assignment

Item	Respondents	
	Frequency	%age
How workers are assigned to their		
position?		
a. Based on qualification	2	6%
b. Based on experience	8	22%
c. Based on qualification &	26	72%
experience		
d. Based on blood relation ship with	0	0%
management		
e. I am not aware of it	0	0%
f. Others	0	0%
Total	36	100%

Source: Primary data

The table shows that 72% of the respondents believe that the company assigns employees looking at qualification & experience, 22% of them believe

that employees are assigned on their experience only while the rest 6% assume qualification as a key factor.

This shows that the company has a qualified and experienced staff. This led the company own competent workers.

Table 3.2.14: Availability of problems regarding supply of raw materials

Item	Respondents	
	Frequency	%age
Is there any problem		
encountered regarding the		
supply of raw materials?		
a. Yes	12	35%
b. No	24	67%
Total	36	100%

Source: Primary data

Regarding supply of raw materials 67% of the respondents agreed there is no problem encountered. Where as, 33% of the respondents believe there is a problem in supply of raw materials.

This indicates that the purchasing department has good practice in the supply of raw materials to the production department on time.

Table 3.2.15: Effectiveness of the company's existing chain of supply

Item	Respondents	
	Frequency	%age
Do you think the existing		
Supply chain of the company is		
effective?		
a. Yes	31	86%
b. No	5	14%
Total	36	100%

Source: Primary data

The above table shows that, 86% of the respondents agreed the supply chain is effective, but the rest 14% believe the existing supply chain is not effective. This indicates that the company has sound supply chain and it is effective. This in turn avoids lead time.

Table 3.2.16: Degree of effectiveness of the company's supply chain

Item	Respondents	
	Frequency	%age
Supply chain degree of effectiveness		
a. Excellent	1	3%
b. very good	15	42%
c. good	12	33%
d. satisfactory	2	6%
e. Fair	0	0%
f. Poor	6	17%
g. Very poor	0	0%
Total	36	100%

Source: Primary data

As indicated in the table above, 3% of the respondents believe supply chain is effective. Where as, 42% of the respondent agreed the supply chain is effective. The other 33% of the respondents suggested that the supply chain is good. The rest 6% of the respondent believe the existing chain is satisfactory. However, 17% of the respondents conclude that the existing supply chain is in effective. This shows that the existing supply chain need improvement to make the company more competitive in the market.

Table 3.2.17: Availability of effective management system

Item	Respondents	
	Frequency	%age
Is there any well defined and		
articulated management system		
that makes the company to be		
competitive in the market?		
a. Yes	2	6%
b. No	34	94%
Total	36	100%

As it can be seen in the above table 34(94%) of the respondents believe the existing management system is not more practicable. Where as the rest 6% of the respondents believe there is well defined and articulated and practicable management system that leads the company to be competitive in the market.

This reveals that the company practiced non formal, non written management practices. This in turn leads the company to high risk of miss management.

Table 3.2.18: Employees understanding about the rules & regulations of the company

	Respondents	
Item	Frequency	%age
Does everyone in the		
company understand & act		
according to the rules &		
regulations?		
a. Yes	2	6%
b. No	34	94%
Total	36	100%

Source: Primary data

As it can be seen from the above table 34(94%) of the respondent agreed that there is no understanding of rules and regulation. While, 6% of the respondent believe there is an understanding about rules & regulation.

This reveals that rules and regulations are missed and employees do their deed in their own way and it doesn't make the company fruitful.

Table 3.2.19: Appropriateness of the current management system

Item	Respondents	
	Frequency	%age
Do you think the current		
management system is appropriate		
enough for the company?		
a. Yes	2	6%
b. No	34	94%
Total	36	100%

Good management system is a key factor for success. As indicated in the above table 94% of the respondents said the management system is poor. While the rest 6% of the respondents believes there is good management system.

This indicates that there is a serious problem regarding management system.

Table 3.2.20: Availability of systematic review & monitoring of the system

Item	Respondents	
	Frequency	%age
Is there a systematic review and		
monitoring of the system		
(policies, strategies, rules&		
regulations, leadership style etc)		
periodically?		
a. Yes	2	6%
b. No	34	94%
Total	36	100%

Source: Primary data

Systematic review and monitoring of the system is the vital thing for the company. As shown in the above table, 94% of the respondents believe there no monitoring and review of the system is there .However, 6% of them believe monitoring and review of the system is applicable. This point out that, the company is doing in out dated policies, strategies, rules and regulations regarding market competitiveness.

Table 3.2.21: Current market competitiveness of the company

Item	Respondents	
	Frequency	%age
How do you evaluate the current		
market competitiveness of the		
company?		
a. Excellent	4	11%
b. very good	18	50%
c. Good	0	0%
d. Satisfactory	4	11%
e. Poor	10	28%
f. Very poor	0	0%
Total	36	100%

Source: Primary data

Market competitiveness plays a great role in the company to exist in the industry.

As indicated in the above table, 50% of the respondents agreed that the market competitiveness is very good. While, 28% of the respondents believe market competitiveness of the company is poor. The other 11% of the respondents said the market competitiveness is excellent. The rest 11% of the respondents believe the market competitiveness of the company is satisfactory. This implies that the company's market competitiveness needs improvement.

As per the interview conducted with the sales manager, indicates that the factors are controllable within the company with the existing financial resource and market competitiveness. Experience proved that the essential issues for prevention of factors affecting market competitiveness is the existence of well defined policies and procedures ,effective market systems, and the most crucial element of all is the well trained man power and that is qualified to implement the system regardless of what the economic situation is exhibits.

Conversely, the sales manager gave various additional reasons that become the cause of problematic marketing practices in the company.

Some of the causes are:-

- Less quality products and delivery time
- ❖ The in effectiveness of articulated rules and regulations, policies and procedures regarding market competitiveness
- ❖ The know how of employees regarding market
- ❖ Technical incompetence-the inability of marketing staffs to analyze market information.
- ❖ Lack of adequate supervision of marketing practices in the company
- ❖ Ignoring warning signs which comes from customers, vendors etc.
- ❖ Absence of established system of marketing follow up
- ❖ Dependence on oral information furnished by customers instead of reliable marketing data and direct verification.
- ❖ Competitors-currently many private and government Tanneries competing in the market, as a result competition among Tanneries for market influence the marketing practices.

#### **CAHPTER FOUR**

# 4. Summary, Conclusion & Recommendation

This Chapter summarizes, concludes and recommends the finding of the research and forward possible solution for the problems.

The study was emphasized on an Assessment of factors affecting market competitiveness of Colba Tannery.

It was also intended to suggest possible solutions to the problems identified in order to minimize factors affecting market competitiveness.

To collect the relevant data for the study the researcher distributed questionnaires to employees and conduct interview with the sales manager. The responses given by the respondents have been analyzed and interpreted

## 4.1. Summary

- . On the basis of analyzed and interpreted data the study comes up with the following findings.
  - ❖ 69% of the respondents do not agreed the existing product is not appropriate for the customers.
  - ❖ 67% of the respondents agreed the company is not using appropriate technology.
  - 61% of the respondents are not trained to use machines properly.
  - ❖ 94% of the total respondents agreed that no regular & timely follow up for the proper utilization of technology in the company?
  - ❖ 67% of the respondents assume the existing technology is not satisfied the company's need.
  - ❖ 94% of the respondent agreed that no understanding of rules and regulations.
  - 94% of the respondents said no management system is properly applied
     practiced.
  - ❖ 94% of the respondent believes no maintaining & review of the strategies, operations and service level.

## 1.10. Conclusions

On the basic of the findings stated above, the following conclusions are drawn.

- ❖ Policies of Colba Tannery regarding the quality of the product are not fully implemented and are not supported by the employees.
- ❖ The current product doesn't meet the customer's need.
- ❖ There is no appropriate updated producer to improve the product quality.
- ❖ The company is not using desired technology to improve its production system. The absence of updated technology results in effectiveness in market competition.
- ❖ Employees are not well trained to use the machines properly. This may results in loss of productiveness and its competency for the organization.
- ❖ There is not timely follow up of the technologies effective and effectiveness.
- ❖ There is no effective management system that enables the company to be more competitive in the market.
- ❖ There are no reviewed policies, strategies, rules and regulations.

#### 4.3. Recommendation

Based on the findings of the study and the conclusion drawn, the researcher has tried to forward the following recommendations and possible solutions. The researcher believes that the recommendations that are listed below can be achieved and performed easily.

- ❖ The company should implement effective management system, like proactively control the implementation of the company's objectives strategies, policies, rules and regulations.
- ❖ Technologies /machineries in the company need serious follow up to know their output & efficiency. The company should prepare follow up card which contains: daily production capacity, date of purchase, and machine service date etc.

- ❖ Since the majorities of employees are not satisfied with the policies and procedures regarding the product, Colba should state clearly about the policies and procedures regarding product attributes, reliability, durability, service etc.
- ❖ Colba should train his employees in a periodic interval in order to reduce unproductiveness and inefficiency and become competent e.g. on-the-job training, off-the-job training etc.
- ❖ Systems should be designed properly in order to satisfy customer's need with regard to product: by updating the company's mission, service level etc.
- ❖ Customer driven product should be developed. To do this, the company should receive recommendation on the existing product from customers.