

# The Impact of Advertisement on Sales: Case Study in Some Selected Telecommunication Companies in Somalia

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## Abstract

This study was set out to establish the extent to which advertisement affects sales volume of selected telecommunication companies in Mogadishu, Somalia; specifically the study intended to establish the (i) profile of the respondents, (ii) extent of which advertisement, (iii) level sales volume (iii) whether there is a relationship in the extent of which advertisement and the level of sales volume in selected telecommunication companies in Mogadishu, Somalia. The study used a survey design; specifically descriptive correlations and descriptive comparative; data were collected from 133 respondents using self administered questionnaires as the key data collection instruments. The study findings revealed that there was a high level of which advertisement, there was also high level of sales volume, the extent of advertisement and the level sales volume significantly differed among telecommunication companies in Mogadishu city is significantly correlated with sales volume from the above findings appropriate conclusion and recommendations include those for further research were made.

## 1. Introduction

Despite the absence of a central Somali state and its financial, economic and social institutions, combined with other challenges, the traditional Somali spirit of entrepreneurship remains strong and the private sector resilient and robust. Indeed, the private sector has managed to grow impressively in the decade since the onset of the civil war, particularly in the areas of trade, commerce, transport, remittance services and telecommunications, as well as in the primary sectors, notably in livestock, agriculture and fisheries (Karlen, 2003).

The private sector now provides a host of services, including those traditionally provided by the state such as power, telecommunications, water and education and quasi banking services. Various economic sectors are now, however, becoming either stagnant or their growth is hindered due to the lack of investment, insufficient human resources and the absence of a relevant legal and regulatory framework to enforce rules and regulations, common standards and quality control.

Telecommunication companies have been experiencing problems such as poor communication, low customers turnout, low level of competition which leads to the organization to be shakeout of the business, which may affect firms Growth. However, it is likely that conflict on employees has a significant effect on Growth. It is for this reason therefore that a need arises to carry out a research about the relationship of conflict on growth in telecommunication companies in Mogadishu-Somalia. The objectives of this study are as followings:

- To identify the extent of conflict on employees in selected telecom companies in Mogadishu-Somalia.
- To find level growth in terms of sales, market share, profits, quality products, sustained growth, consumer satisfaction, employee satisfaction and owner(s) satisfaction selected telecommunication companies in Mogadishu-Somalia.
- To determine a significant difference in the extent of conflict on employees and the level of firm growth of some selected telecommunication companies in Mogadishu-Somalia.

## 2. Literature Review

Advertising is a promotional tool for non-personal communication about an organization to a target audience through a mass medium. It also tells people about a product or service publicly.

It affects the decisions of the consumers because it persuades and educates consumers' acceptability on the product offerings.

It creates awareness for certain product and it must be paid for. Advertising informs and persuade people to buy the advertised goods or services. Advertising plays a vital role in consumers' purchasing decision. Advertising increases the sales volume of any product. It has contributed immensely to increasing growth of various industries.

Increased business growth and increase in efficient, the absence of conflict helps the organization to take advantage of new and more efficient technologies and by training workers in how to use them through communication and cooperation.

Improved in quality, organization need to communicate the meaning and importance of high quality and the routines to attaining it all members' subordinate need to communicate quality problems and suggestions for increasing quality to their superiors and members of self managed work teams need to share ideas for improving quality with each other, and this is possible only when people are open to each other, have good hearts to each and are not conflicting among themselves.

Customer satisfaction, when the organizational members who are closest to customers such as departmental stores, sales people and bank tellers are free from conflict and happy with each other they will communicate customer's needs and desire to managers, managers are better able to respond these needs.

In contrast conflict affects organizational performance by hindering people in the organization to share information, cooperate with each other, support each other and they will blame each other, conflict also creates lack of trust as result of rumors, reduce the ability to innovate as cross functional teams fail to share ideas, and this will reduce production, result labor turnover, affects the image of the organization and may finally lead to the closure of the organization.

Conflicts have both positive and negative impacts on performance of an organization as argued by Chandan (2002).

Role ambiguity; lack of clear definition of roles normally leave the employees without knowing horn to report to and what tasks to carry out at particular times thereby making them to do others roles hence resulting into disputes which if are not solved results into conflict.

Size of the organization; the larger the size of the organization, the difficult is the integration of its departments towards the achievement on the set objectives thereby making the members of the organization to be redundant. At the same time decision making is difficult thus leading to conflict.

Time pressure: deadlines and other forms of time pressure can either stimulate prompt performance or trigger destructive emotional reactions; managers should consider individual coping ability when imposing deadlines

Unreasonable standards, rules, policies: these conflict triggers generally lead to dysfunctional conflict between managers and their subordinates

### Business Growth

Mullins (2002) refers to business growth as referring to output or results of an organization as measured against its intended outputs (or goals and objectives). In this study, business growth refers to how the organization scores on the different dimensions such as sales, market share, profits, quality products, sustained growth, consumer satisfaction, employee satisfaction and owner(s) satisfaction.

A sales is the exchange of goods or services for an amount of money or its equivalent; sales are the lifeblood of a business as it is what helps you pay employees, cover operating expenses, buy more inventory, market new products and attract more investors. Sales forecasting is a crucial part of the financial planning of a business; self-assessment tool uses past and current sales statistics to intelligently predict future performance (Glen, 2008).

### 3. METHODOLOGY

The study will be used a descriptive correlation design. This system will used in interested in conflict on employees and firm growth of selected telecommunication companies in Mogadishu-Somalia, and pertinent data will collected from the respondents to reduce time and costs involved on such a large population. Descriptive Comparative will used to determine whether there is a significant difference in the extent of conflict on employees and firm growth of selected telecommunication companies in Mogadishu-Somalia

### Research Population

In this study the target population involved 200 employees of the selected telecommunication companies in Mogadishu-Somalia. All the categories of employees (top level managers, middle level managers, and lower level managers) will be involved since they will all directly affected by conflict which in turn affects business growth.

**Table 1 Respondents of the Study**

Company	Total Target Population	Sample Size
HORMUD TELC	77	54
NATION LINK	73	49
TELEKOM	50	30
Grand Total	200	133

### Sample Size

The minimum sample size will be computed using the Sloven's formula, which states that, for any given population, the required sample size is given by;

$$n = \frac{N}{1 + N(e^2)}$$
, Where; n = the required sample size; N = the known population size; and e = the level of significance, which is = 0.05. Given a total population of 200 respondents in the selected Telecom Companies in Mogadishu-Somalia, a sample of 133 will involve in the study as illustrated in Table 1.

## 4. Results

### 4.1 Profile of Respondents

Respondents in this study were described according to age, gender, employee designation or rank, income level, highest educational qualification and area of residence. In each case, respondents were asked through a closed ended questionnaire, to provide their respective profile information, to enable the researcher classify and compare them accordingly. Their responses were analyzed using frequencies and percentage distributions as summarized in table 2;

**Table 2**  
**Profile of Respondents**

Profile	Frequency	Percent
<b>Age</b>		
20-39	55	39
40-59	45	35
60 and above	33	26
<b>Gender</b>		
Male	96	73
Female	37	27
<b>Employee Designation</b>		
Top level manager	11	16
Middle level manager	60	41
Lower level manager	63	43
<b>Level of Income</b>		
Low	30	29
Medium	54	27
High	59	40
<b>Qualification</b>		
Certificate	15	15
Diploma	24	14
Degree	62	50
Masters	32	31

Source: Primary data

Table 2 shows most respondents in the study sample were of the age group between 20-39(39%), while age group 40-59 were 37% of the sample, which is in line with most African countries where the biggest portion of the population lies below 35 years and very few are above 60 years; regarding gender while majority the respondents were male 73%, compared 23% who were female, indicating that the sample was dominated by females as compared to males. Regarding designation, most respondents in the study were low level managers (43%), although other designations or ranks were proportionately represented with top level managers having the least contribution 16% of the total sample, which is a normal distribution in organizational setting.

Regarding highest educational qualification, results indicate that respondents in the selected banks in Mogadishu Somalia are highly educated, with majority of the respondents 40% having degrees, while minority of the respondents 14% having certificates, while certificate holders were 15% while masters' holders were 31%.

### 4.2 Extent of advertisement

The independent variable in this study was financial management, operationalized into bill board advertising, press advertising, radio advertising, television advertising, and street advertising. Their responses were analyzed and described using means as summarized in table 3;

<b>Table3: Extent of advertisement in some selected telecommunication companies</b>			
<b>Categories</b>	<b>Mean</b>	<b>Interpretation</b>	<b>Rank</b>
<b>Bill Board advertising</b>			
Bill board advertising in effect (e.g. comparison of costs with actual advert on a monthly basis) to distribute to the customers in excess.	2.99	High	1
Centralized advertisement exists in your organization.	2.96	High	2
Every Unit/Department have it is own bill board advertising	2.82	High	3
Electronic Data Processing used in Financial Management Process.	2.74	High	4
Manual bill board also is used in advertising activities.	2.25	High	5
Your company has bill board advertising that adverts the product of the company.	2.76	High	6
There is someone who is responsible for the bill board advertising	2.75	High	7
<b>SUB-TOTAL</b>	<b>2.75</b>	High	
<b>Press Advertising</b>			
press advertising is the main influential in advertising in telecommunication companies	2.91	High	8
Advertisement can affect the success of telecom companies.	2.88	High	9
Conference advertising Processing used in advertisement.	2.70	High	10
We develop and implement effective press advertising plan.	2.65	High	11
To spend more time conference on practice development for advertisement in conference	2.18	High	12
<b>SUB-TOTAL</b>	<b>2.67</b>	High	
<b>Radio Advertising</b>			
Radio broadcasting acquisition has enhanced the capacity of the firm to meet the demand which in turns helps the firm generate a maximum profit.	2.96	High	13
Radios Broadcasting advertising acquisitions decision-making have a relation to the firm's maximum Revenue.	2.92	High	14
Your Company's product is determined by Radio broadcasting advertisement.	2.91	High	15
Managements' commitment and market share are other indicators of radio advertisement effectiveness.	2.74	High	16
Decision-making of radio advertisement have effect on the growth of the firm.	2.54	High	17
<b>SUB-TOTAL</b>	<b>2.81</b>	High	
<b>Street Advertising</b>			
You diversify Lay and we have a post advertisement of our institution	2.76	High	18
You support street advertisement involving utilization of revenue on a street advertise basis	2.75	High	19
We have a careful investment policy	2.23	High	20
You promote the concept of participation in street advertisement by real assets	2.08	High	21
We have a clear posts advertisement between streets in operation area that are profitable	2.01	High	22
<b>SUB-TOTAL</b>	<b>2.37</b>	High	
<b>Overall-total</b>	<b>2.65</b>	High	

Source: Primary data

Results in table 3 indicate that there are different extents of advertisement on different aspects. For example, respondents rated the extent of Bill Board advertising to be high (mean=2.75), equivalent to agree, Press Advertising rated high (mean=2.67) equivalent to agree and Radio Advertising rated to be high (mean=2.81), equivalent to agree. Overall, all items on advertisement were to rated to be high (mean=2.65), indicating that there is a relatively a high extend of advertisement in some selected telecom companies in Mogadishu, Somalia.

#### 4.3 Level of Sales Volume

The dependent variable in this study was sales volume telecommunication companies, which was broken into sales, market share, profits, and quality product.

Table 4: Sales Volume of some Selected Telecommunication Companies in Mogadishu, Somalia				
Sales	Mean	Interpretation	Rank	General Rank
	Sales in your organization are high compared to other players in the market.	3.21	High	1
Sales in your organization are set to be increasing in future.	3.15	High	2	6
Sales in your organization are increasing compared to other players in the market.	3.09	High	3	15
Sales in your organization meet your organization's expectation.	3.05	High	3	21
Sales in your organization are as good as the best player in the market.	2.97	High	5	30
<b>Sub Total</b>	3.09	High		
<b>Market share</b>				
Market share of your organization is increasing in because of charging consumer friendly prices among others.	3.13	High	1	9
Market share of your organization is set to be increasing in the future compared to other players in the market.	3.09	High	2	15
Market share of your organization is big compared to other players in the market.	2.98	High	3	28
Market share of your organization is as big as the organization expects	2.95	High	3	32
Market share of your organization faces little or no challenges to maintain.	2.85	High	5	35
<b>Sub Total</b>	3.00	High		
<b>Profits</b>				
Net profits (after deducting taxes and interest) in your organization are high after deducting taxes and interest after taxes.	3.04	High	1	24
Net profits in your organization are set to be increasing in future	3.03	High	2	25
Net profits in your organization are as good as the best player in the market.	2.98	High	3	28
Net profits in your organization satisfy your organization's expectation	2.97	High	3	30
Net profits in your organization are high compared to other players in the market.	2.94	High	5	33
<b>Sub Total</b>	2.99	High		
<b>Quality products</b>				
Your organization produces services that are safe (i.e used	3.28	Very high	1	1
Your organization provides products/ services in time (without	3.19	High	2	4
Your organization communicates to consumers in a language	3.15	High	3	6
Your organization provides products/ services that are	3.13	High	3	9
Your organization produces products/ offers services that are	3.10	High	5	14
<b>Sub Total</b>	3.17	High		

Source: Primary data

Table 4 results indicate that the level of sales volume is relatively high in selected telecommunication companies in Mogadishu, Somalia; all the four of sales volume were measured, as rated or perceived by the respondents. For example, sales was rated as high (mean =3.09), which falls under agree on the Likert scale; market share was rated as high (mean=3.00), falling under agree on the Likert scale and ranked as high sales volume, profit was rated as high (mean=2.99), falling under agree on the Likert scale, quality products was rated as high (mean=3.17), falling under agree on the Likert scale and ranked as high sales volume. To get a summary picture on how respondents rated the level of sales volume, a mean index for all the four aspects of sales volume were rated, and computed which turned out to be 3.17, which falls under agree on the Likert scale and ranked as high sales volume.

## 5. Conclusion and Recommendations

It was noted that advertising had a significant impact on the sales volume of a product and consumers' decisions. Advertising also carries the message far and wide to a scattered target audience that the advertiser or producer could not have reach it at once so easily. It affects business growth in terms of sales, market share, profits, quality products, consumer satisfaction, and employee satisfaction in the selected banks. Moreover, the advertisement creates brand loyalty and product differentiation. It also encourages consumers to purchase the product repeatedly and the competitors will not have an edge over them.

It is recommended the marketing managers to develop and formulate different advert that will please the needs of the consumers since your competitors have similar advertising messages. The marketing managers must be trained in order to have the current knowledge and skills to handle the adverts and also to ensure that product information is being emphasized so as to enlighten the customers.

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