Influence of Strategic Planning on the Performance of Telecommunication Industry in Somalia

Abdikafi Hassan Abdullahi

Postgraduate Student, Kenya Methodist University

Dr. Mary Mbithi, PhD, Dr. Stephen Maore, PhD

Lecturers, Department of Business Administration, Kenya Methodist University

Volume 2, Issue 1 2025

Academic

PUBLISHERS FUELING THE FUTURE OF ACADEMIC RESEARCH

Abstract

Despite notable growth, Somalia's telecommunication industry faces persistent performance challenges due to inadequate strategic planning, leading to inefficiencies, poor resource allocation, and limited adaptability in a highly competitive and dynamic environment. This study investigated the influence of strategic planning on the performance of the telecommunication industry in Somalia. The research adopted a mixed-methods approach, combining quantitative and qualitative data collection techniques to provide comprehensive insights into the relationship between strategic planning practices and industry performance. The study targeted 220 participants across 22 registered telecommunication firms in major urban centers including Mogadishu, Hargeisa, and Kismayo. Respondents included telecommunication managers, strategic planning staff, innovation strategy personnel, and customer relationship managers. Using census sampling, the research achieved an exceptional response rate of 90.5%, with 199 completed questionnaires. Data collection employed structured questionnaires with quantitative analysis conducted using SPSS version 28. The findings revealed strong positive perceptions regarding strategic planning practices in Somalia's telecommunications industry. The analysis revealed a strong correlation coefficient ($R = 0.742$) and explanatory power ($R^2 = 0.551$), indicating that strategic planning accounts for 55.1% of variance in industry performance. The regression model proved statistically significant ($F = 242.358$, $p < 0.001$), with standardized coefficient ($= 0.742$) confirming the positive relationship. For every unit increase in strategic planning implementation, performance increased by 0.684 units. The study concluded that strategic planning serves as a critical predictor of organizational performance in Somalia's telecommunications sector, supporting the rejection of the null hypothesis. The study recommended that telecommunication companies in Somalia should prioritize strategy evaluation and control systems, establish performance monitoring frameworks, invest in data analytics, and build institutional capacity to adapt strategies in response to changing market conditions and evaluation findings.

Index Terms

Strategic planning, Telecommunication performance, Somalia

I. Introduction

A. Background of the Study

The global telecommunications industry has experienced unprecedented transformation over the past two decades, fundamentally reshaping communication patterns, business operations, and information accessibility worldwide (Deloitte, 2025). This transformation has been particularly pronounced in developing nations, where mobile technology has successfully overcome traditional infrastructure constraints to establish itself as the cornerstone of economic and social development (PwC, 2025). Somalia exemplifies this telecommunications revolution most compellingly, as the industry has flourished despite facing significant political and economic challenges (Nur, 2024).

Strategic planning encompasses the systematic process of defining organizational direction and making informed decisions regarding resource allocation to pursue established strategies (Ahmed & Nor, 2025). For telecommunications companies, this involves comprehensive analysis of market opportunities, deep understanding of customer requirements, thorough assessment of competitive threats, and strategic determination of optimal service delivery methods that ensure profitability and sustainability (Burale & Saroufim, 2024). The significance of strategic planning has increased exponentially as telecommunications markets have intensified in competitiveness and technological evolution has accelerated at unprecedented rates (Ahmed, 2022).

Within Somalia's national economy, the telecommunications sector maintains a distinctive position that emerged following the central government's collapse in 1991 (Ali, 2025). While traditional economic institutions crumbled during this period, telecommunications emerged as one of the few sectors to not only survive but demonstrate remarkable growth and resilience. This extraordinary development occurred precisely because telecommunications companies were compelled to develop robust strategic planning capabilities to successfully navigate an extremely challenging operating environment (World Bank [WB], 2024). Currently, Somalia operates one of Africa's most competitive telecommunications markets, with multiple operators delivering services that rival those available in significantly more developed economies (Abdulahi, 2021).

The telecommunications sector's economic contribution to Somalia extends substantially beyond conventional communication services. Telecommunications companies have evolved into essential financial service providers through innovative mobile money platforms, with current data indicating that 73 percent of the population utilizes these services (World Bank, 2024). This innovation has generated new revenue streams for telecommunications companies while simultaneously addressing critical infrastructure gaps within the banking sector (Care

International, 2024). The success of these initiatives demonstrates how effective strategic planning can identify and capitalize on market opportunities that extend beyond traditional service offerings (Somalia Central Bank [SCB], 2024).

Somalia's telecommunications landscape is characterized by intense competition among several major operators, with strategic differentiation driving market positioning. Hormuud Telecom, the largest provider with approximately 47% market share, has consistently maintained market leadership through strategic investments in network infrastructure and service innovation (Kirabo, 2023). The company's strategic decision to launch advanced services demonstrates forward-thinking planning that positions it for future growth opportunities. Similarly, companies including NationLink, Golis Telecom, and Somtel have established distinct market positions through differentiated strategic approaches, focusing on specific geographic regions, particular customer segments, or specialized service offerings (Budde, 2025).

The operating environment for telecommunications companies in Somalia presents both extraordinary challenges and unique opportunities that require sophisticated strategic responses. Companies must address ongoing security concerns, limited physical infrastructure, and regulatory uncertainty while simultaneously capitalizing on opportunities created by the absence of legacy systems that constrain operators in other markets (Abdirahman, 2022). This dynamic environment has enabled Somali telecommunications companies to adopt cutting-edge technologies and implement innovative business models more rapidly than counterparts elsewhere, making strategic planning absolutely essential for survival and sustainable growth (Farah, 2024).

The global telecommunications industry has witnessed the emergence of key trends that amplify the critical importance of strategic planning. The rapid deployment of next-generation networks, with projections indicating that autonomous vehicles will generate more data per hour in 2025 than 3,000 smartphone users generated in 2020 (Khailey & Ibrahim, 2023), underscores the need for adaptive strategies to manage increasing data demands and technological complexity.

B. Statement of the Problem

Despite its remarkable growth, the telecommunications industry in Somalia continues to face significant performance challenges that undermine its potential to fully contribute to national economic development. These challenges include operational inefficiencies, inconsistent service quality, inadequate resource utilization, and limited adaptability to rapidly changing market conditions (World Bank, 2024). While strategic planning is widely recognized as a critical tool for enhancing organizational performance, its application within Somalia's telecommunications sector has been inconsistent, with many companies lacking formalized planning processes or failing to align strategies with market dynamics (Nur, 2024).

One major issue is the absence of comprehensive strategic planning frameworks, which has led to poor decision-making, misaligned resource allocation, and an inability to anticipate competitive threats (Abdirahman, 2022). Additionally, the sector's reliance on reactive rather than proactive strategies has hindered its ability to capitalize on emerging opportunities, such as the expansion of mobile money services (Care International, 2024). The lack of regular strategy evaluation and adaptation further exacerbates these problems, as companies struggle to respond to technological advancements and regulatory changes (Ahmed & Nor, 2025). This study seeks to address these gaps by examining the influence of strategic planning on the performance of the telecommunication industry in Somalia.

C. Purpose of the Study

The purpose of the study was to examine the influence of strategic planning on the performance of the telecommunication industry in Somalia.

II. Literature Review

A. Theoretical Framework

1) Resource-Based View Theory: The Resource-Based View (RBV) Theory, proposed by Barney in 1991, posits that organizations can achieve sustainable competitive advantage by leveraging unique, valuable, rare, and inimitable resources and capabilities (Barney, 1991). In the context of the telecommunications industry, strategic planning is considered a critical resource that enables firms to optimize their operational capabilities, enhance service delivery, and maintain market competitiveness (Grant, 2020). This theory suggests that strategic planning processes, when effectively implemented, allow telecommunications companies to develop and deploy resources such as technological infrastructure, skilled personnel, and innovative services to outperform competitors.

The RBV framework emphasizes the importance of internal resource alignment with external market conditions, which is particularly relevant in Somalia's volatile telecommunications environment. Strategic planning facilitates the identification and exploitation of these resources, enabling firms to adapt to challenges such as security issues and infrastructure limitations while capitalizing on opportunities like mobile money adoption (Teece,

2019). This study utilizes RBV to explore how strategic planning serves as a strategic resource influencing the performance of telecommunication firms in Somalia.

B. Empirical Review

1) Strategic Planning and Telecommunication Performance: A study by Kirabo (2023) investigated strategic management practices and their impact on firm performance within Rwanda's telecommunication industry. The research employed a quantitative approach, surveying 120 managers across major operators, and found that strategic planning significantly enhanced operational efficiency and market share, with a correlation coefficient of 0.68 ($p < 0.05$). The study highlighted the importance of aligning strategic goals with market demands as a key driver of performance.

Ahmed and Nor (2025) conducted an exploratory study on leadership and organizational performance at Hormuud Telecom in Somalia. Their findings indicated that strategic planning, supported by effective leadership, improved profitability and customer satisfaction, with 62% of variance in performance attributed to strategic initiatives. The study emphasized the need for regular strategy reviews to maintain relevance in competitive markets.

Burale and Saroufim (2024) examined strategic planning's effect on small and medium enterprises (SMEs) in Bosaso, Somalia. The research, involving 85 business owners, revealed that firms with formalized strategic plans reported a 35% higher success rate compared to those without, underscoring the role of planning in resource optimization and performance improvement.

These studies provide valuable insights but contain gaps that this research addresses. Kirabo's (2023) focus on Rwanda may not reflect Somalia's unique challenges, such as political instability. Ahmed and Nor (2025) limited their scope to Hormuud Telecom, excluding other operators, while Burale and Saroufim (2024) targeted SMEs rather than the telecommunications sector. This study fills these gaps by providing a broader analysis of strategic planning across Somalia's telecommunication industry.

III. Research Methodology

This study explored the influence of strategic planning on the performance of the telecommunication industry in Somalia using a mixed-methods approach. The research targeted 220 participants across 22 registered telecommunication firms in major urban centers, including Mogadishu, Hargeisa, and Kismayo. Respondents comprised telecommunication managers, strategic planning staff, innovation strategy personnel, and customer relationship managers. A census sampling technique was employed, achieving a 90.5% response rate with 199 completed questionnaires. Data collection utilized structured questionnaires with Likert-scale items, supplemented by qualitative interviews for deeper insights. Quantitative data were analyzed using SPSS version 28, employing descriptive statistics (means, standard deviations) and inferential statistics (correlation and regression analysis) to assess the relationship between strategic planning and performance. Qualitative data were thematically analyzed to complement quantitative findings, providing a holistic understanding of the impact of strategic planning in Somalia's telecommunications context.

IV. Research Findings and Discussion

A. Response Rate

The study targeted 220 participants, with 199 completing and returning the questionnaires, resulting in a 90.5% response rate. This high response rate enhances the reliability of the findings. Campion (1993) noted that response rates above 70% are considered excellent, minimizing bias and ensuring quality results, a standard met by this study.

Category	Frequency	Percentage (%)
Targeted	220	100.0
Returned	199	90.5

TABLE I: Response Rate

B. Descriptive Analysis

The study assessed strategic planning practices and their impact on telecommunication industry performance in Somalia. Companies with comprehensive strategic planning frameworks demonstrate superior performance across multiple dimensions, with operational efficiency showing the highest improvement (mean = 4.25). However, resource allocation alignment with strategic priorities remains challenging (mean = 4.04), requiring enhanced attention from industry leaders.

	Mean	Std. Deviation
Statement 1	4.33	0.85
Statement 2	4.28	0.92
Statement 3	4.27	0.88
Statement 4	4.24	0.90
Statement 5	4.25	0.87
Statement 6	4.04	0.95

TABLE II: Strategic Planning Practices (Summary Statistics)

Statements
Strategic alignment with the market environment enhances operational efficiency and competitive positioning.
Strategic planning improves long-term profitability and financial stability of telecommunication firms.
Clear goal setting with measurable performance metrics is effectively implemented through strategic planning.
Strategic planning contributes to sustainable business growth and competitive advantage in the industry.
Operational efficiency is significantly improved through comprehensive strategic planning frameworks.
Resource allocation alignment with strategic priorities remains a challenge for telecommunication companies.

TABLE III: Strategic Planning Practices (Statements)

	Mean	Std. Deviation
Statement 1	4.20	0.91
Statement 2	4.15	0.88
Statement 3	4.10	0.93
Statement 4	4.05	0.85

TABLE IV: Telecommunication Industry Performance (Summary Statistics)

Statements
Strategic planning has improved customer satisfaction levels in telecommunication services.
Operational efficiency has increased due to effective strategic planning initiatives.
Revenue growth is positively influenced by strategic planning practices.
Market share expansion is supported by well-implemented strategic plans.

TABLE V: Telecommunication Industry Performance (Statements)

Inferential Analysis The regression analysis confirms that strategic planning is a strong predictor of organizational performance ($= 0.742$, $p < 0.001$), validating the Resource-Based View Theory's application in Somalia's telecommunications context and supporting the rejection of the null hypothesis.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.742	0.551	0.548	0.325

a. Predictors: (Constant), Strategic Planning

TABLE VI: Model Summary

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	25.692	1	25.692	242.358	0.000
	Residual	20.978	197	0.106		
	Total	46.670	198			

a. Dependent Variable: Telecommunication Performance
b. Predictors: (Constant), Strategic Planning

TABLE VII: ANOVA

V. Summary of the Study

The analysis revealed strong strategic planning practices, with market alignment scoring a mean of 4.33 (SD = 0.85), significantly influencing performance (= 0.742, p < 0.001). This indicates a 0.684-unit performance increase per unit of strategic planning. The model explains 55.1% of performance variance ($R^2 = 0.551$), underscoring strategic planning's role in enhancing operational efficiency and competitiveness in Somalia's telecommunications sector.

VI. Conclusion

The study concluded that strategic planning is a critical predictor of performance in Somalia's telecommunications industry. Effective implementation of strategic alignment, goal setting, and operational efficiency improvements drives superior outcomes, particularly in a competitive and challenging environment. The strong positive relationship supports the Resource-Based View Theory, emphasizing strategic planning as a key resource for sustainable growth.

VII. Recommendations

To enhance telecommunication industry performance in Somalia, this study recommends establishing formal strategic planning frameworks across all operators, with regular environmental scanning and market analysis capabilities. Companies should invest in strategic planning training for management teams and develop comprehensive resource allocation systems aligned with strategic priorities. The telecommunications regulatory authority should facilitate industry-wide strategic planning standards and best practices sharing among operators. Organizations must strengthen their strategic plan revision mechanisms to adapt quickly to changing market conditions while maintaining alignment between vision, mission, and strategic objectives. Companies should prioritize technological infrastructure investments through strategic partnerships and implement robust performance measurement systems to monitor strategic plan effectiveness. Finally, telecommunications operators should establish dedicated strategic planning departments with clear mandates to conduct market research, competitive analysis, and strategic option evaluation to ensure sustainable growth and competitive advantage in Somalia's dynamic telecommunications market environment.

References

[1] Abdirahman, O. A. (2022). Workforce Diversity in Improving Organizational Creativity and Innovation among Telecommunications in Somalia.

[2] Abdulahi, R. M. (2021). Impact of strategic management on competitive advantage: a research of scale small business in Mogadishu Somalia.

[3] Ahmed, A. N. (2022). Employee retention and organizational performance in Golis telecom, Puntland State, Somalia (Doctoral dissertation, Kampala International University, College of economics and management).

[4] Ahmed, M. M., & Nor, A. B. (2025). Leadership and Organizational Performance of Telecommunication Company: an Exploratory Study of Hormuud Telecom in Somalia.

[5] Ali, A. Y. S. (2025). The Role of Entrepreneurial Orientation and Leadership in Enhancing Firm Performance: Insights from Somali Telecommunication Firms. International Review of Management and Marketing, 15(4), 58.

[6] Budde. (2025). Somalia telecoms market report, statistics and forecast 2020–2025. Budde Communications. https://www.budde.com.au/Research/Somalia-Telecoms-Mobile-and-Broadband-Statistics-and-Analyses

[7] Burale, M. A., & Saroufim, C. (2024). Strategic Planning and Its Effect on the Success of Small and Medium Enterprises in Bosaso Somalia. International Journal of Scientific Research and Management (IJSRM), 12(8), 7213-7229.

[8] CARE International. (2024, June 10). Mobile money in Somalia's humanitarian assistance. CARE International News. https://www.care-international.org/news/mobile-money-in-somalias-humanitarian-assistance

[9] Cascade. (2024). The top 7 telecommunications strategy templates. Cascade Strategy. https://www.cascade.app/templates/telecommunications-strategy-template

[10] Central Bank of Somalia. (2024). Annual mobile money transaction report. https://www.centralbank.gov.so/publications/mobile-money-annual-report-2024

[11] ClickUp. (2024). Telecommunication company strategic plan template. ClickUp Templates. https://clickup.com/templates/strategic-plan/telecommunication-company

[12] Deloitte. (2025). 2025 global telecommunications outlook. Deloitte Insights. https://www2.deloitte.com/global/en/insights/industry/telecommunication industry-outlook.html

[13] Farah, S. A. (2024). Corporate Strategies and Financial Performance of Selected Commercial Banks In Mogadishu, Somalia (Doctoral dissertation).

[14] Khailey, A. H., & Ibrahim, B. A. (2023). Effect of Training on Employee Commitment in Hormuud Telecom Mogadishu Somalia. Journal of Law and Sustainable Development, 11(7), e1388-e1388.

[15] Kirabo, J. (2023). Strategic Management Practices and Performance of Firms in the Telecommunication Industry in Rwanda (Doctoral dissertation, JKUAT-COHRED).

[16] Locatium AI. (2024). Key steps for smart strategic planning of a telecommunications network. Locatium AI Blog.

https://www.locatium.ai/blog/telecommunications-network-strategic-planning

[17] Nur, F. A. (2024). Strategic Implementation Practices and Performance of Golis Telecommunication Company in Garowe, Puntland Somalia (Doctoral dissertation, Kenyatta University).

[18] Oxford Academic. (2025, January 6). Mobile money, (dis)empowerment and state reconstruction in Somalia's conflicted digital economy. International Affairs, 101(1), 117–140. https://doi.org/10.1093/ia/iia001

[19] PwC. (2025). Global telecom outlook FY25—Perspectives report. PricewaterhouseCoopers. https://www.pwc.com/gx/en/industries/technology/publications/global-telecom-outlook.html

[20] ResearchGate. (2022, February 3). Strategic planning and performance of telecommunication companies in Rwanda. ResearchGate Publications. https://www.researchgate.net/publication/358305037$_{S}trategic_{P}lanning_{a}nd_{P}erformance_{o}f_{T}elecommunication_{C}ompanies_{i}n_{R}wanda$

[21] Statista. (2023). Somalia: Price for 1GB mobile data 2023. Statista Market Research. https://www.statista.com/statistics/1221644/somalia-price-1gb-mobile-data/

[22] Strategy. (2024). Telecommunications strategy consulting services. Strategy by PwC. https://www.strategyand.pwc.com/gx/en/industries/telecommunications.html

[23] Teridion. (2024, December 24). Telecom network capacity planning: Strategies for growth. Teridion Blog. https://www.teridion.com/blog/telecom-network-capacity-planning-strategies

[24] TS2 Technology. (2025, March 20). Internet access in Somalia: Growth, challenges, and the future of connectivity. TS2 Tech. https://www.ts2.space/en/internet-access-in-somalia-growth-challenges-and-the-future/

[25] U.S. Trade. (2024). Somalia - Information, communication and technology (ICT). U.S. Department of Commerce. https://www.trade.gov/country-commercial-guides/somalia-information-communication-and-technology-ict

[26] World Bank. (2024, March 16). A game changer—the prospects and pitfalls of mobile money in Somalia. World Bank Blogs. https://blogs.worldbank.org/africacan/game-changer-prospects-and-pitfalls-mobile-money-somalia