

**YANGON UNIVERSITY OF ECONOMICS
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MBA PROGRAMME**

**COMPETITIVE STRATEGY AND FIRM PERFORMANCE
OF FREIGHT FORWARDING COMPANIES**

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EMBA II - 72

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A thesis is submitted to the Boards of Examiners in partial fulfillment of the requirements for degree of Master of Business Administration (MBA)

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ACCEPTANCE

This is to certify that thesis entitle “**Competitive Strategy and Firm Performance of Freight Forwarding Companies**” has been accepted by the Examination Board for awarding Master of Business Administration (MBA) degree.

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ABSTRACT

This study aims to assess the impact of competitive forces on competitive strategies and to analyse the effects of organizational competencies on competitive strategy as well as to analyse the effect of competitive strategy and firm performance of freight forwarding companies in Myanmar. The study is conducted based on the survey with 92 freight forwarding companies. This study employed a quantitative research design by using structured questionnaires. Among the five competitive forces, competitive rivalry, bargaining power of buyers and suppliers have positive significant effect on competitive strategies. Concerning differentiation strategy, competitive rivalry and bargaining power of buyers have significant effect on differentiation strategy. Freight forwarding companies which practice differentiation strategy face challenges emerging from competitive rivalry and bargaining power of buyers. Then, competitive rivalry, bargaining power of buyers and suppliers have significant effect on cost leadership strategy. The findings of the study show that cost leadership strategy practicing businesses face threats from competitive rivalry, bargaining power of buyers and suppliers. In addition, this study highlights organizational competencies that have positive significant effect on both strategies: differentiation and cost leadership strategy. Moreover, the finding of the study also points out that differentiation strategy has positive significant effect on firm performance. To increase firm performance, freight forwarding companies should focus more on differentiation strategy and need to develop organizational competencies in order to develop unique service to their customers and as such these businesses can overcome threats of competitive rivalry and bargaining power of buyers.

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LIST OF ABBREVIATIONS

E.F.R	Ever Flow River
3PL	Third Party Logistics
4PL	Fourth Party Logistics
ISO	International Organization for Standardization
MIFFA	Myanmar International Freight Forwarders' Association

CHAPTER 1

INTRODUCTION

Today the global market is driven by competition among global consumers (Barkowitz, 2003). The Global competition has expanded the competitive landscape of markets. Both firm and consumers have travelled around the world. Any company can reach the consumers easily because of reduced boundaries and distance between sellers and buyers. These changes have introduced a complex environment for all retailers.

The dynamics in the global market place have created a wake- up call for companies to embrace a variety of strategies to acquire and/or maintain their competitive edge (Keegan & Barkowitz, 2003). This is then put in the context of the logistics industry. It is worth to note that the industry comprises various players including the shipping lines and air lines and/or agents, consolidators and de-consolidators, customs clearance agents, CFS operators, bonded warehousing firms, transit warehouse and local transporter and trucking services also the included cross border transport and transit goods as well.

The environment has great influence on the profitability of the firms, it must seek strategies to survive in the competitive markets. According to Ohmae (1982), in order to be successful and successful in the industry a company must meet two conditions first to provide the customers who want to buy, secondly it must survive a major competition. Strategies are a relatively new concept for many organisations hence new approaches have to be developed to challenge the strategic problem (Porter, 1980). Strategic planning has a solution to these new challenges, which include a careful analysis of the opportunities offered, the threats posed by the environment and strengths and the weaknesses of the firm. It involves the choice of a strategy (matching) between the two that best satisfies the factory objectives (Ansoff , 1976).

The emergence of strategies has led to new idea in the field of industrial analysis. Porter developed the five-force industry analysis model, which has a theory that three are five forces that determine competition in an industry (Porter, 1979). According to Porter (Competitive Strategy: Techniques for analysing industries and competitors, 1998), the essence of formulating competitive strategy is relating a company to its environments.

The competitive environment in the industry depends on five basic competitive forces. Customers, suppliers, substitutes, potential entrants and rivalry are all “competitors” to firm in the industry; all five competing forces determine jointly the

industry's competitiveness and profitability. From the strategy formulation point of view, the ability to distinguish the strongest force or forces of competition is crucial. Therefore, the key to developing successful strategies is to delve below the surface and analyse the source of each force. The goal of the business unit's competitiveness strategy is to find a position where the company can better protect itself from these competitive forces or have an impact on its yield. Porter's five forces structural analysis model applies equally to product and service businesses, and it also applies to diagnosing industrial competition in any country or international markets.

Organization competencies may have strategic guideline for the development of organizational and individual competencies to search for sustainable competitive advantage, as they add value, they rare, inimitable and irreplaceable in the business process for the transformation of inputs in the outputs of the organization. Organizations tend to focus on employees to improve a special knowledge, innovation, procedures, processes and technical skills. Technology, inputs and some support services increase efficiency and sustainable competitive advantage of organizations in the industry.

Cost leadership strategy means establishing a competitive advantage by having the lowest operational costs in the industry. Cost leadership strategy can charge a lower price or be able to earn a higher profit than its competitors at the same price. Differentiation strategy means that a business can create a product that is different or distinct from its competitors in a significant way. Differentiators can create the need for their unique services and charge higher prices, resulting in higher revenue and higher profits.

Firm performance standards across a range of key success factors which is essential to business survival and comes from a competitive strategy. Firms needs to be effective by building working process, constantly evaluating corporate performance, clear communication on results and results , performance necessary changes.

Freight forwarding companies offer multiple services such as shipping and shipping agency services, consolidation, container freight station operation, bonded warehouses and cross border trade, warehousing and distribution, cold chain and cold storage, transport logistics, airfreight, sea freight, supply chain management, door to door delivery services and turnkey project handling.

1.1 Rationale of the Study

A competitive strategy distinguishes a company from its competitors. It offers high prices, multiple customers, and product reliability. Establishing such a profit is one of the most important goals of any company. In today's business world, competitive strategy is essential to success. Without it, companies will find it difficult to make a living. The objectives of the competitive strategy are for companies to improve their competitive position in relation to other companies in the sector. This can be achieved in a different way, the basic purpose of a competitive strategy is to obtain a competitive advantage, to define a feature or quality that puts a company above the competition in a normal and continuous way.

The Myanmar Freight forwarding industry has always been a prosperous industry due to its strategic location as the gateway between Thailand, India and China, ASEAN and the Mekong Sub-region. Freight forwarding industry is now facing high competition due to transport being an essential part of the process of manufacturing and distribution of goods. The expectations of the customers have also changed in that they now want the goods to be in the right place, at the right time and at the right price. Responsibilities of freight forwarders are to arrange for the right place and for the right time to offer these services. About a decade ago, the international freight forwarding business in Myanmar had only a few numbers of companies that operated and most were local national citizen only. And its market competition was not high. Nowadays, freight forwarding companies have increased and new entrants have penetrated the industry. The freight forwarding market of Myanmar has made significant development steps along with the growth of the longstanding freight forwarding companies, the settlement of many new firms and foreign direct investments and joint ventures.

When there are competitive forces businesses must survive. It is also important to possess a degree of competency to survive amidst external parties. Freight forwarding companies need to be competent enough to respond to environmental forces/parties thus if freight forwards can select the appropriate strategy that actually connects these two businesses can surely survive. This is also of benefit to freight forwarding companies. These are equally important factors.

Organizational competencies are also of importance. When competitive forces emerge businesses need to survive more than ever. It is crucial that businesses survive amidst the external forces. And as such competencies are of prime importance. If these

freight forwarding companies possess the competency to respond to these forces and if these two qualities can be combined and the right strategy can be selected company performance can truly be enhanced. This is very important point for this study.

1.2 Objectives of the Study

The objectives of the study are:-

1. To examine the influence of competitive forces on competitive strategy of the freight forwarding companies in Myanmar.
2. To analyse the effect of organizational competencies on competitive strategy of freight forwarding companies in Myanmar.
3. To analyse the effect of competitive strategy and firm performance of freight forwarding companies in Myanmar.

1.3 Scope and Method of the Study

This study field focus on competitive forces and competitive strategy of freight forwarding companies which located in Yangon. According to the data of Myanmar International Freight Forwarders Association (MIFFA), there are 300 freight forwarding companies in Myanmar. The sample size of 92 was taken out of 300 freight forwarding companies. The sample size is used by 30% of population. Primary data research designs are collected by using structured questionnaires. For data analysis, both descriptive method and linear regression method are applied. Secondary data obtained from Myanmar International Freight Forwarders Association of annual reports, relevant websites and official publications.

1.4 Organisation of the Study

This study is organised into five chapters. The chapter (1) is introduction which includes rationale of the study, objectives of the study, scope and method of the study and organization of the study. Chapter (2) consists of the theoretical background about of Porter's five forces, organization competencies, competitive strategy and firm performance. Chapter (3) includes background and current situation of freight forwarding companies in Myanmar. Chapter (4) consists of examining influence of competitive forces on competitive strategy, analysing on the effect of organizational competencies of the freight forwarding companies, and analysing the relationship between competitive

strategy and firm performance of freight forwarding companies. Chapter (5) is conclusion which is described by the findings and discussions, suggestions and recommendations, and needs for further research.

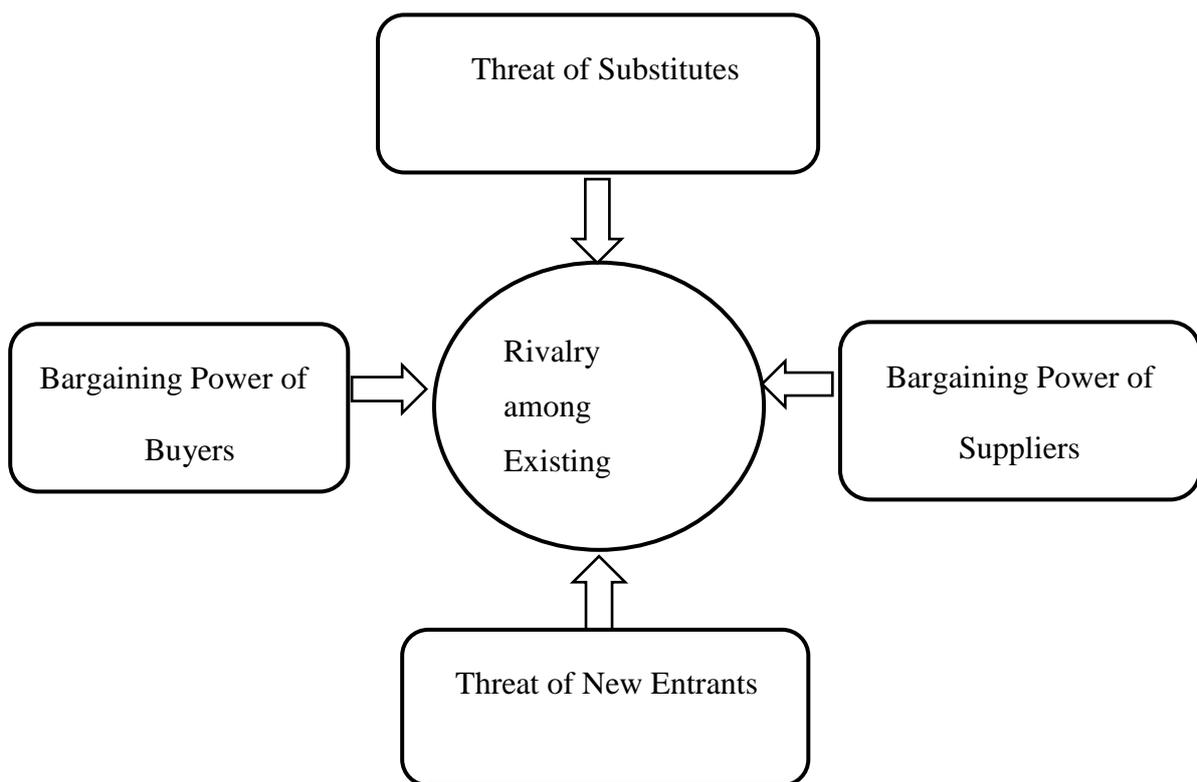
CHAPTER 2

THEORETICAL BACKGROUND

This chapter presents theoretical background of competitive forces which determine the industrial competition. The theoretical background is Michael Porter's five forces model commonly used by companies to conduct analysis and make strategic decisions, organizational competencies, competitive strategy and firm performance in the freight forwarding industry.

2.1 Porter's Five Forces Model

Figure (2.1) Five Forces Model



Source: (Micheal Porter 2008)

Porter's Five Forces Model is a business analysis model that helps explain why different industries are able to support different levels of profitability. The model was published in Michael (1980), "Competitive Strategy: Industrial and Competitive Analysis Strategies". The five power model is widely used to analyse the company's industrial

structure and its business strategies. Porter has identified five undeniable forces involved in shaping all markets and industries in the world, with some warnings. Five strengths are often used to measure competition, attractiveness, and industry or market profits. The five holding forces are substitutes, the ability to negotiate with customers and suppliers, potential new market participants and the strength of competing company competitors.

2.1.1 Threat of Substitutes

Substitutes goods or services that may be used in lieu of dangerous company products or services. Companies that produce goods or services that do not have other stocks will have more power to raise prices. If more nearby are available, customers will have the option to purchase the company's products, and the company's capabilities may also be weakened. The impact of the threat of substitute industry benefits depends on a number of factors such as the presence of adjacent exchanges, changing the intensity of the substitute costs. One of the determining strengths of competitors from acting is how difficult or costly it is for the industry customer to switch to acting.

If the exchange costs are high the sellers of other exchanges should offer a higher cost or operating profit to attract customers to the industry. When exchange costs are low, it is much easier for retailers to convince consumers to switch to their products. Thus the lower the price of the switch, the higher the quality and performance of the exchange and the lower the cost of switching users, the more competitive pressures exerted by the alternatives.

2.1.2 Bargaining Power of Buyer

The power of buyer negotiation is their ability to influence the prices of a company's products. Buyers compete within the industry by forcing prices, negotiating high quality or multiple services, and competing with competitors. This is usually the cost of industry profits. Buyers have significant bargain benefits in most cases. For example, they can use the power of negotiation for the quality of the price, service or other terms of sale. Keegan (1995) argues that consumer interests are provided if they can reduce profits in the supplier industry. Consumer power is high when purchasing power is high which raises your value. They also point out that if other sources of resources are available, the cost of switching suppliers is low and there is a threat of backward integration of the buyer.

2.1.3 Bargaining Power of Supplier

Porter argues that providers can exploit the negotiating power of participants in the industry by threatening to increase prices or by reducing the quality of goods and services. Therefore, powerful suppliers can squeeze profits into the industry. Whether industry suppliers have a weak or strong competitiveness depends on market conditions in the supplier industry and the value of the product they provide. Providers also tend to have less potential for revenue in terms of pricing and other sales policies where the industry they serve is a big customer. In such cases, the well-being of suppliers is closely related to the well-being of their major customers. Providers will be highly motivated to produce and improve their customers' competitiveness at low prices, exceptional quality and continuous advances in technology and product performance.

2.1.4 New Market Entrants

Porter (1985) stated that "new entrants to the industry bring new energy, as well as a desire to gain market share that puts pressure on the prices, costs and investment levels needed to compete". However, the entry threshold depends largely on how high the entry barriers are and how many organizations are in the sector (Johnson, 2008). In addition, new entrants can disrupt older players in a particular market, and directly affect competitive advantages.

If demand does not increase or decrease, additional supply of goods or services will reduce the profit margins of market participants. Porter (1985) identified seven key barriers to market entry, (a) supply side of scale, (b) supply side demand, (c) customer transaction costs, (d) financial needs, (e) position independent benefits by size, (f) unequal access to distribution channels, and (g) limited government policy. An important function of organizations is to analyse entry barriers and to predict possible retaliation mechanisms from competitors when considering entry into a new industry.

2.1.5 Competitive Rivalry

The team is evaluating the intensity of the competition in the market. It looks at the number of competitors available and what each person can do. Competitiveness is high when selling a product or service where consumers can easily switch to providing competitors at a lower cost. Advertising and pricing wars follow, which could hurt the business goal.

When competition between existing competitors is significant, profits in the industry suffer and organizations may introduce alternatives such as lowering prices, introducing new products, advertising campaigns and service development (Porter, 1985). However, the frequency of the foregoing will depend on the strength of the competition, and how the industry is affected by the level of industry growth, cost savings and fixed costs, the number of competing organizations, segregation, exit barriers and transition costs between rivals. (Hubbard & Beamish, 2011).

2.2 Organisational Competencies

Organisational competencies in the context of strategy implementation have been used in the past as a framework for a better comprehension of fit or alignment between strategies (Tushman & Nadler, 1978). According to Simon (2000), organisational competencies are often thought to be employee's skill rather than the compelling cross company competencies that drive integrated business execution and management alignment. Strategies change competencies and create the need for superior competencies and for information gathering, interpreting and synthesis capabilities in order to take advantage of opportunities created or avert threats (Galbraith, 1974). This approach is based on that organisation will be more effective when there is a match between the competencies and requirements for their successful strategy implementation.

2.3 Competitive Strategy

Competitive represents the company's business strategy in external environmental contexts involving competitors and customers (Abdulllah, 2009). According to Porter (1980), general strategies should make firms more competitive by competing in any industry. To be successful, a company must decide how to position itself in a competitive market. Three common strategies are determined by two factors, identified as a competitive advantage and a competitive sector.

Porter (1980) developed a structure related to the elements of key factors so that firms could face competition more effectively. According to Porter (1980), Porter assumed that there were two ways for a company to maintain a competitive edge: to produce low-cost products or to provide low-cost services (low cost) or to tailor its products to meet the specific needs of its customers in terms of quality.

2.3.1 Cost Leadership Strategy

With this strategy, the goal is to become the lowest cost producer in the industry. The traditional way to achieve this is to produce on a large scale which enables the business to use the economy at a high level. Most (or all) market segments in the industry are offered equally (or close to) the market rate, and the low-cost producer (in theory) will enjoy the best profit. This strategy is often associated with large businesses offering “standard” products with a small difference that is easily accepted by the majority of customers. Sometimes, a low-cost leader will also reduce his productivity in order to increase sales, especially if he has a higher cost advantage than the competition and can continue to increase his market share.

A cost management strategy requires close collaboration between all areas of business operations. In order to be a low-cost producer, a company may acquire or use a number of factors, namely high production, high utilization, and negotiation power to negotiate low production inputs, weak production methods, efficient use. Technology in the production system, as well as access to the most efficient distribution channels.

The overall cost management strategy is achieved through a set of operational policies aimed at a primary purpose. Expenditure leadership requires the building of quality institutions and the vigorous pursuit of cost reduction in areas such as research and development, service and marketing. Great management attention is needed to achieve cost effectiveness. A low-cost position offers significant barriers to entry in terms of cost or income level. A low-cost position protects the organization against potential buyers. The cost management strategy is the perfect choice for markets where prices are relatively low compared to those defined by public sector funding agencies or due to intense market competition. They are low cost and provide protection against rising cost of installation. Finding a low-cost position often requires good access to inputs (Kettunen, 1999).

2.3.2 Differentiation Strategy

With the strategy of diversification, the business has targeted the largest market and aims to gain competitive advantage across the industry. This strategy involves selecting one or more strategies used by consumers in the market and placing the business in a different way to meet those needs. This strategy is often associated with charging the premium price of the product often to reflect higher production costs and additional value

features offered by the customer. The differentiation is about charging more premium than covering additional production costs, as well as giving customers more explicit reasons to choose a product than other less widely separated products.

There are a number of ways this can be achieved, although it is not easy and requires strong and sustainable investment. Methods include the highest product quality (features, benefits, durability, and reliability), branding (strong customer recognition and desire, product loyalty), and industry-wide distribution across all major channels, consistent promotional support is often dominated by advertising, sponsorship etc.

Good examples of partition leadership include international brands such as Louis Vuitton & Gucci. These brands gain significant economic value, but do not rely on cost-effective leadership strategy to compete. Their business and product is built on persuading customers to be loyal to the product and to pay more for their product.

Therefore, a niche strategy may include a low-cost or divisive strategy, but targeting a small market, i.e. a small target market, is not a competitive strategy in itself. The low cost strategy (cost leader) emphasizes efficient production efficiency. Under this strategy the purpose of the firm is to produce a product / service that has a lower value than that offered by competitors.

In contrast, the strategy of differentiation is about producing a product / service that is seen as unique compared to competitor products. A firm can produce a unique product with a product image, reputation, technology, or some kind of tangible or intangible attribute that competitors can easily duplicate. If firms succeed in differentiation their product, they may be able to earn a competitive advantage and charge consumers a premium for their unique product.

Porter (1980) argued that firms, due to external environmental analysis, should follow one of three common strategies and argued that unconventional compensation strategies were incompatible and contradictory. For example, it would not be practical for a company to pursue a combined minimum of possible costs, while a differentiation strategy usually involves some additional features that are more expensive to provide. Therefore, these two strategies cannot be combined, at least not in theory. In addition, if firms try to follow an integrated strategy, they will create a confusing image in the minds of consumers and ultimately “get stuck in it”, which is what Porters (1980) general strategy has received criticism for.

However, as some experts say, in some cases, it is possible to pursue both strategies (Miller and Dess, 1993) and that both strategies may be necessary to achieve competitive advantage (Hill, 1988). However, in empirical research, Porter's (1980) general strategy has been found to be “a strong, yet strong framework” (Williams, 1955).

2.4 Firm Performance

Firm performance is defined as the result of combining strategies with power and their distribution to achieve specific goals. The distribution and implementation of company strategy and capabilities and measuring their impact depends on the industry in which the company operates. In general, firms measure the performance of an organization using the financial and non-financial effect associated with certain aspects of quality and functions they use (Lee, 2015).

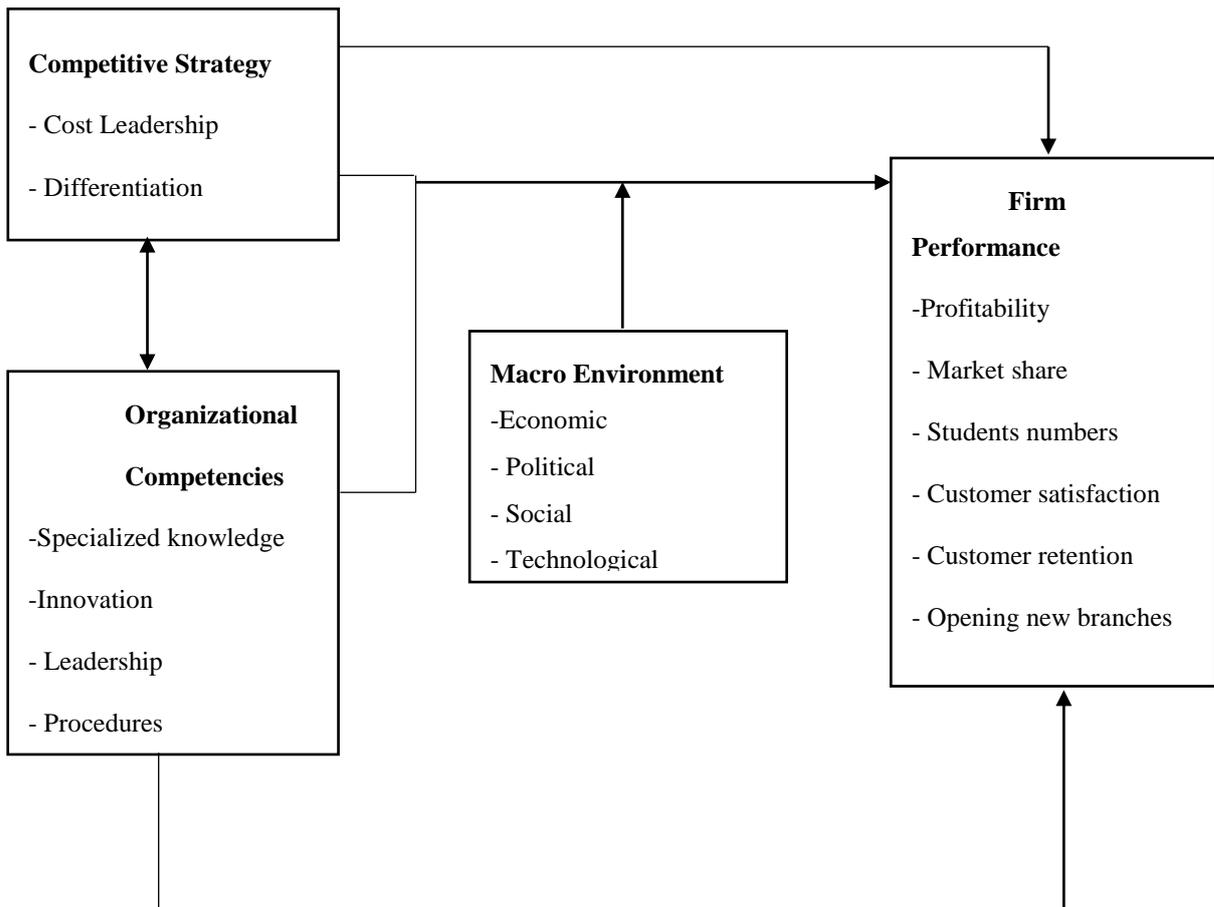
Richard (2009) asserted that firm performance includes three measures of rigorous results which are shareholder returns, financial performance and product market performance. Firm performance is related to the ideas of efficiency and effectiveness displayed by the company. Customer-focused performance, which includes customer loyalty, and performance of the item or service; related to the revenue and expenditure of the exhibition, including revenue, profit, advertising position, duration of the monetary policy, and profit per share; the operation of human property, including the fulfilment of a representative; and organizational adequacy, which includes marketing time, level of development and creation and adaptability to the production network environment.

By using the objectives of the organization as a basis, different strategies are acquired by different firms to measure their performance. This performance indicator can be measured by monetary and non-financial terms (Bakar & Ahmad, 2010). Many firms, however, would like to receive financial indicators to measure their performance (Grant, 1988). Return on assets (ROA), total tax and income (ROI) are the financial or bookkeeping indicators commonly used by banking firms, transfer services and the trading sector (Tavitiyaman, 2012). Other common ways to generate market share, growth, profitability and competitiveness and stakeholder satisfaction (Bagorogoza & Waal, 2010).

2.5 Previous Studies

The previous study related that competitive strategy and organizational competencies and the relationship between strategy-competencies co-alignment, macro environment and firm performance.

Figure (2.2) Conceptual Model of Macharia

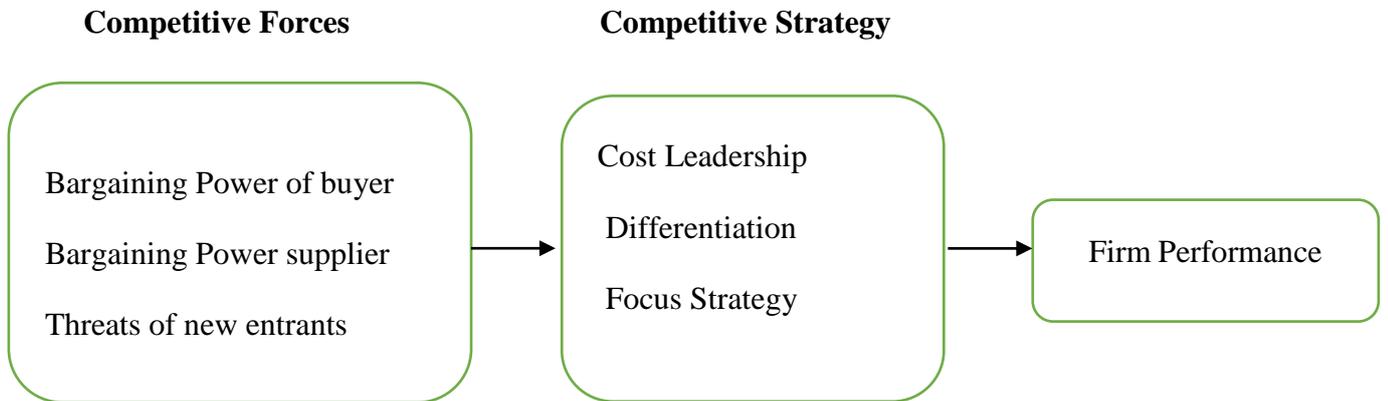


Source : Macharia (2014)

In Figure (2.2) of previous paper, the study was designed to specially explore to the important link between competitive strategy and its competencies and the relationship between strategy-competencies co-alignment, macro environment and performance. The study supports the proposed substantive linkage between the resources based strong and competitive profit skills. One obvious implication of the study findings is the need for a firm to understand its competitive environment, and based on that to implement a suitable set of alignment mechanisms.

The second previous study related that five competitive forces model and the implementation of Porter's Generic Strategies for profit of firm performance.

Figure (2.3) Conceptual Model of Omsa, Abdullah and Jamali



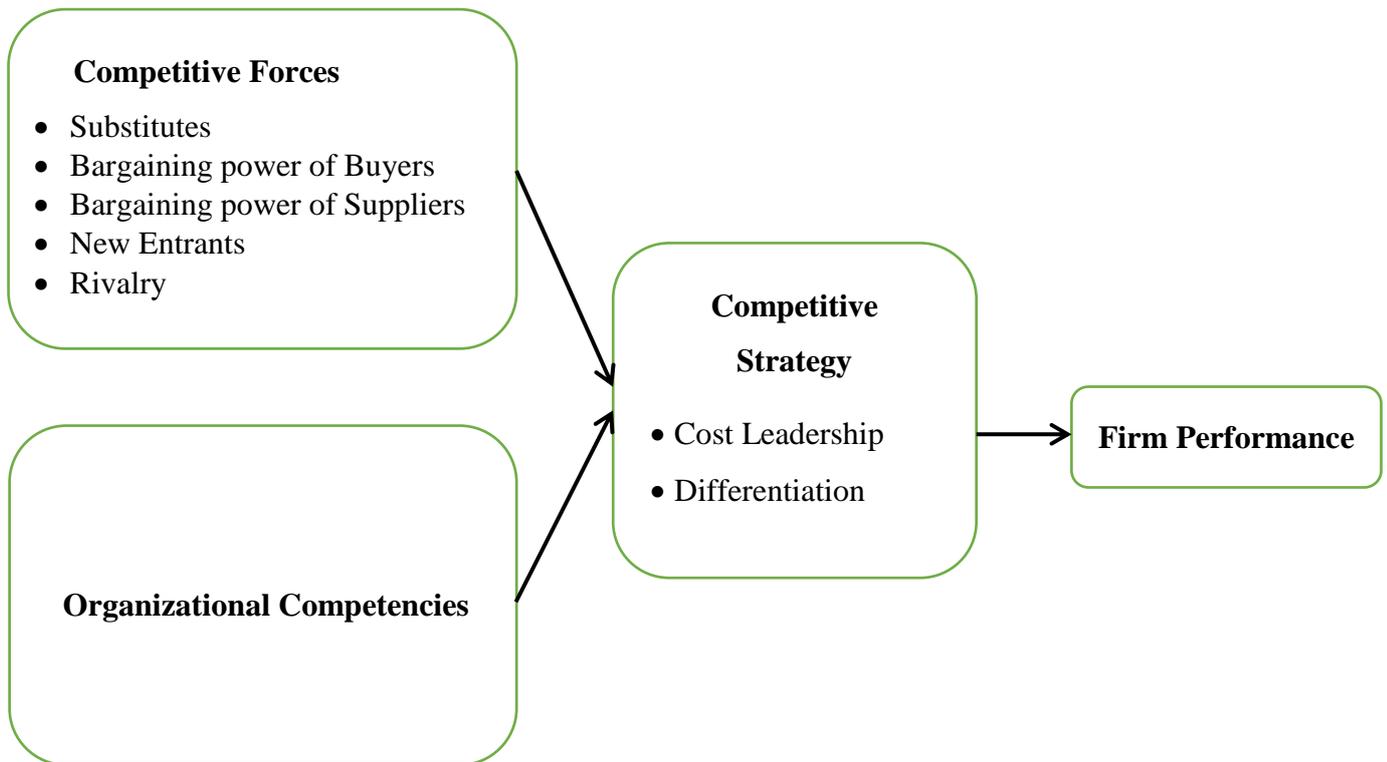
Source : Omsa, Abdullah & Jamali (2017)

As shown in Figure (2.3), three variables are included in this study. Among five competitive forces, only three variables such as bargaining power of suppliers, buyers and threats of new entrants are used in this study. Concerning competitive strategy, all three strategies such as cost leadership, differentiation and focus strategies are used. The study was conducted on how these five competitive forces affecting common strategies developed by Porter and how general strategies affect robust performance.

2.6 Conceptual Framework of the Study

Based on the previous studies developed by Macharia (2014) and Omsa, Abdullah & Jamali 2017, the conceptual framework of the study is constructed. From the previous conceptual framework developed by Macharia (2014), only three variables are applied in the conceptual framework of the study. They are competitive strategy, organizational competencies and firm performance. However, macro environment variable is not considered in this study. In addition, all three variables of the previous conceptual framework developed by Omsa, Abdullah and Jamali (2017) such as competitive forces, competitive strategy and firm performance are used in the conceptual framework of the study.

Figures (2.4) Conceptual Framework of the Study



Source: Own Compilation, (2021)

As shown in Figure (2.4), the study analyzes the effect of competitive forces and competitive strategy, also examines the effect of organizational competencies on competitive strategy of freight forwarding companies in Myanmar. Organizational competencies are measured by skill development, competent employees; value added services and quick response.

Regarding competitive strategy, cost leadership and differentiation strategy are chosen for this study. Focus strategy is rarely practiced by freight forwarding companies in Myanmar. Therefore, focus strategy is omitted in this study. And then, it is analyzed on the effect of competitive strategy on firm performance.

CHAPTER 3

BACKGROUND AND CURRENT SITUATION OF FREIGHT FORWARDING COMPANIES IN MYANMAR

This chapter introduces the background and competitive forces and current situation of freight forwarding companies in Myanmar. It includes organizational competencies of existing freight forwarding companies. Then, demographic Profile of Respondents is included in this chapter.

3.1 Background of Freight Forwarding Companies in Myanmar

Myanmar is an emerging economy, hence freight forwarding companies play an important role in respect to grow rapidly, and freight forwarding companies have carried out trade promotion with development strategies. Freight forwarding services can be considered to have emerged after 1988 in Myanmar. The freight forwarding business presence is a requirement in a country's economic policy. It is an industry which is based on proper knowledge and technicality of freight forwarding formality.

Myanmar is geographically located in the South East Asian Peninsula. It borders Bangladesh and India to the West and China to the North and then there are Thailand and Laos to the East. Northern Myanmar lies in close proximity to the Mekong Sub-Region. The freight forwarding service providers can be said to have emerged only after 1988 in Myanmar.

Its emergence shows the appearance of a new business industry in the economic development of Myanmar. This business like all others in their transportation sector is based on thorough knowledge of forwarding customs clearance and shipping cargo by sea, air and land. The services also include cargo consolidation and deconsolidation combined with packing and distribution of goods, international trade management, custom clearance formalities and purchase of insurance among others.

The business also offers container freight station operations, bonded warehouse, warehousing and distribution and cross border trade. Cold chain and cold storage, transport logistics, supply chain management and door-to-door services. Myanmar being an emerging economy requires this industry as it plays an important role for its development.

Sensing a need for an association, Myanmar freight forwarders formed the Myanmar Freight Forwarders' Association (MIFFA) in 1990 under the supervision of the Ministry of Transport after which cabinet approval was granted in Sep 2002. License for association was received from the Ministry of National Planning and Economic Development in May. There are two types of freight forwarders in Myanmar of which one is locally owned and the other is on joint venture basis. Myanmar Freight Forwarders Association (MIFFA) consists of 300 companies in Myanmar.

3.2 Current Situation of Freight Forwarding Companies in Myanmar

The majority of the countries are newly emerged market oriented economies and in the process of building capacities for trade facilitation and Myanmar also needs to be competitive to increase its capacity to promote and develop freight forwarding and multimodal transport industries among neighbouring countries as well as to other countries of the world.

As regards freight forwarding and multi-modal transport in the countries an enabling environment and effective support from economic cooperation of the countries, added to the pace of the development. The trade facilitation and upgrading of facilities for the promotion of freight forwarding and multi-modal transport has far reaching effect on the export trend of our country. This altogether means gains from trade that lead to the export-led growth and development of the competitive. Today the cabinet agreed to multi modal transport law to e implement in Myanmar.

Myanmar is by and large endowed with natural resources and also competitive advantages that offer a variety of opportunities. As such, identification of business opportunities in line with the globalization process to gain greater access, in the international trade in the context of rapidly expanding freight forwarding and multi-modal transport industries are bound to open new vistas for economic development and cooperation among countries.

E.F.R Group of Companies, Kuenhe & Nagel, Schenker, Uni Link, Rhenus Logistics, and Yusen Logistics are the most prominent logistics companies operating in Myanmar www.mordorintelligence.com . Though the market has a presence of leading freight forwarders and logistics service providers from overseas, it is still a fragmented market without any dominant services. The majority of the local freight forwarding and logistics service provider offer services, such as loading, unloading, custom clearance and

forwarding. The transforming logistics sector of the country, which is at an expansion phase, is widely driven by rising trade activity that aims to improve connectivity.

The freight forwarding industry is now facing high competition due to increased numbers of similar operators and on-going developments in the country present a lot of opportunities for the logistics players. Most of the freight forwarding companies have strong international networks and can provide one stop, third party logistics (3PL) service provider and fourth party logistics (4PL) service provider. Customers can substitute easily with other freight forwarding company's services due to the fact that freight forwarding companies have strong traditional shipping and freight forwarding experience with deep knowledge in Myanmar.

Most shipping lines are facing congestion problems in Singapore and Port Klang. Sea Freight is very expensive currently, it is equally expensive to ship the same goods by airfreight. The clients need to arrange substitution or alternatives by using road transport services. Most multinational companies offer road transport services Yangon to Thailand sector. Cargo arriving at Thailand can then be shipped out by transit trade using sea, air-sea and sea-air modes to countries such as Korea, Japan, Europe and the U.S.A.

Buyers are often a demanding lot for the best price in freight forwarding companies. They want to buy the best offerings available by paying minimum prices as much as possible. This put pressure on local freight forwarding companies profitability in the long run. The higher the bargaining power of the buyers the higher their ability to seek increasing discount and offers in freight forwarding companies. Some customers want to obtain new value added and package services for their businesses. Freight forwarding companies keep on coming up with new value added and package services then it can reduce the power of buyer negotiation. In this way, multinational and strong local freight forwarding companies can retain customers with this new value added and package service from competitors in the competitive market. These companies can also attract new customers and existing customers.

Regarding the bargaining power of suppliers, all shipping lines and freight forwarding companies support big suppliers with the best freight charges when they have regular shipments. So small supplier cannot compete and get a chance for the best freight charges from the shipping lines and freight forwarding companies. Freight forwarding companies cannot get the best charges from shipping lines unless they have big volume

shipments. It can get beneficial them by building a good relationship. Therefore, international freight forwarders try to obtain big volume suppliers business instead.

New entrants in global freight forwarding companies brings innovation, new ways of doing things and puts pressure on local freight forwarding companies through lower pricing strategy, reducing costs, and providing new value propositions to the customers, local freight forwarding companies are facing competitive era around these new challenges. To survive within the high competition industry, most of the freight forwarding companies have diversified their services as 3PL or 4PL service for their customers' requirement. Other freight forwarding company have also merged up to strengthen their influence in the industry. Small freight forwarding companies now also collaborate with vendors to compete in this industry.

Most freight forwarding companies now operate in a very competitive service industry. This competition does take its toll on the overall long-term profitability of the organization. Freight forwarding companies try to overcome this intense rivalry among the existing competitors by building a sustainable differentiation services with their customers.

3.3 Organizational Competencies of Existing Freight Forwarding Companies

The organizational competencies of freight forwarding companies' are honesty and integrity, trustworthiness, transparency, accountability, team work, staff development and satisfaction. In order to meet with these competencies, freight forwarding companies must try to provide skills development of employees, retain management and competency of employees, business process with value added services to improve marketing plans and quick response to customers complaint, conduct as weekly and monthly meeting and carry on with these strategic activity. Nowadays, some freight forwarding companies are weak in organizational competencies and as such they must endeavour to be effective in company direction, goal alignment and performance measures.

The shipping industry started around 1990 and feeder services between Yangon and Singapore carrying containerized goods were offered. These containerized goods were either unloaded in Singapore or were transhipped to worldwide destinations at the same time freight forwarding service providers entered the market. Around 1988 some freight forwarders established the Myanmar International Freight Forwarders' Association (MIFFA). Myanmar International Freight Forwarders' Association (MIFFA)

under the guidance of the Ministry Transport conduct training numerous for Myanmar freight forwarders and logistics operators. ASEAN Freight Forwarders' Association and FIATA training course are also offered by MIFFA following co-operation with these organizations. Therefore, we believe in the spirit of co-operation and intend to earn the confidence and improvement of the organization competencies by carrying out what has been earlier in the above paragraph.

Some local freight forwarders arrange for ISO (International Organization for Standardization.) certification training with S.G.S Myanmar, regards to Quality Management of standard operating procedures and compliance with the rules and regulations of the relevant ministry and government departments. Freight forwarder with overseas principal's conduct up to date training of employees in current operating procedures carried out by their offices. Myanmar freight forwarders must undertake to carry out the same in order to enhance the quality of their services and raise the standard of their organizational competencies.

3.4 Demographic Profile of Respondents

In this study, the sample numbers of 92 respondents was selected from different freight forwarding companies in Myanmar. The profile of respondents includes demographic factors such as gender, educational level, position, and working experience. Each characteristic has been analyzed in terms of its absolute value and percentage. Table (3.1) shows the results of the analysis on respondents' demographic profiles, as follows:-

Table (3.1) Demographic Profile of the Respondents

No.	Statements	Category	No. of Respondents	%
	Respondents		92	100.00
1	Gender	Male	35	38.04
		Female	57	61.96
2	Education Level	Under Graduate	6	6.52
		Graduate	62	67.39
		Post Graduate	24	26.09
3	Position	Owner	18	19.57
		Non Managerial	22	23.91
		Junior Management	32	34.78
		Senior Management	20	21.74
4	Working Experience	Under 5 years	24	26.09
		6 – 10 years	19	20.65
		11 – 15 years	12	13.04
		16 – 20 years	15	16.30
		21 – 25 years	11	11.96
		Above 26 years	11	11.96

Source: Survey Data (2021)

The first analysis of the demographic characteristics of a respondent is a gender analysis. The gender of the respondent employee is simply classified into males and females. From the Table (4.1), it shows the results of gender data of respondents as there are 35 male respondents and 57 female respondents among a total of 92 respondents who are representing a total of 300 freight forwarding companies in Myanmar. In the analysis of the education level of respondents, their education levels have been grouped into three categories and they are under graduate, graduate and post-graduate. The result findings show that the education level group of under graduate respondents includes 6 respondents; the education level group of graduate respondents includes 62, and the education level of post-graduates includes 24. In terms of percentage, the education level group graduate share the largest portion with 67.39 percent, and the education level group under graduate share the lowest with 6 percent in the study. From

survey results, respondents with graduate degrees with suitable educational background could be assumed that they could understand the questions to answer them more correctly.

Enquiring a respondent what their highest level of position completed is often found on surveys. In the analysis of level of position of respondents, their job position has been grouped into four categories and they being owner, none managerial, junior management & senior management. In the result of the analysis on the position level of respondents, there are 18 respondents who are junior management, 22 respondents with non-managerial level, 32 respondents with junior management level, and the remaining 20 are senior management level.

In terms of percentage, respondents who are in junior management position include 34.78 percent with the largest portion, and respondent who is working at owner position include the smallest with 19.57 percent. From the survey result, respondents with higher level positions could be assumed that they could understand the questions to answer more correctly regarding their freight forwarding & logistic industry environmental impacting conditions.

In the analysis of level of categories working experience of respondents, their working experience has been grouped into six categories under 5 years, 6-10 years, 11-15 years, 16-20 years, 21-25 years and above 26 years. In the result of the analysis on the working experience level of respondents, there are 24 respondents who have less than 5 years, 19 respondents with 6-10 years, 15 respondents with 16-20 years, and 12 respondents with 11-15 years, 11 respondents with 21 - 25 years and above 26 years.

In terms of percentage, respondents who are under 5 years' working experience include 26.09 percent with the largest portion, and respondent who are working experience at 21-25 years & above 26 years include the least with 11.96 percent. From the survey result, respondents with 5 years' working experience could be assumed that they could understand the questions to answer more correctly regarding their freight forwarding and logistic industry environmental impacting conditions.

CHAPTER 4

ANALYSIS ON COMPETITIVE STRATEGY AND FIRM PERFORMANCE OF FREIGHT FORWARDING COMPANIES

In this study, the relationship of competitive forces, organizational competencies, with competitive strategy, and performance of freight forwarding companies in Myanmar. Then, it examines the influence of forces on competitive strategy. After that, the study analyses the effect of organizational competencies on competitive strategy. The final part is the summarized and evaluated relationship between competitive strategy and firm performance, which are stated as follows:-

4.1 Competitive Forces of Freight Forwarding Companies in Myanmar

Competitive forces of freight forwarding companies in Myanmar are explained based on the mean values. The intensity of competitive forces highlights the threats or challenges of freight forwarding companies. Competitive forces in this study consists of threats of substitutes, the ability to negotiate with buyers, suppliers, newcomer threats and competitive competition.

4.1.1 Threats of Substitutes

Regarding the analysis on the threat of substitutes, respondents are asked to answer the following five questions. Threats of substitutes services needs to be cared for any industry because it can lower the profits of the industry. Customers can choose if the substitutes can give the similar quality with lower costs. Therefore, organizations in any industry must monitor the substitute services that can replace current services. In this industry, the substitutes would be trucks, trains, cross border trade, transit trade and multimodal transportation. The survey of threats of substitutes in the freight forwarding companies is shown in Table (4.1) as follows:-

Table (4.1) Threats of Substitutes

Sr	Particular	Mean	Std Dev
1	Price sensitive customer	3.14	0.70
2	Many service substitutes	2.60	0.68
3	Lower price of service substitutes	2.48	0.64
4	Inclination of customer toward service substitutes	2.42	0.74
5	Having no option to buy substitutes	2.89	0.67
	Overall Mean	2.71	

Source: Survey Data (2021)

As shown in Table (4.1), the overall mean score of threats of substitutes is 2.71. It can be said that there are higher threat of substitutes in freight forwarding industry. Concerning “Inclination of customer toward service substitutes”, mean score is 2.42. It can be assumed that freight forwarding companies face challenges emerging from inclination of customer toward service substitutes. Freight forwarding companies can maintain the business of their customers. Concerning “price sensitive customer”, mean score is 3.14. It can be assumed that freight forwarding companies encounter lesser challenges emerging from price sensitive customers. Freight forwarding companies can provide one stop & value added services as per customers’ requirements. Therefore, current existing freight forwarding companies can overcome these threats of substitute services easily.

4.1.2 Bargaining Power of Buyers

Regarding the analysis on bargaining power of buyers, respondents are asked to answer the below mentioned nine questions. Buyers are very important for any organisation. Bargaining power of the buyers can put organisations under pressure and sometimes freight forwarding companies are found struggling if the power of the buyer is very high. Customers can bargain the price of the products and services. In addition, they can also demand higher quality products and services. The survey of bargaining power of suppliers for freight forwarding companies is shown in Table (4.2) as follows:-

Table (4.2) Bargaining Power of Buyers

Sr	Particular	Mean	Std Dev
1	Buying large volumes	3.47	0.69
2	Having supplier information	3.38	0.75
3	Threats of backward integration	3.22	0.71
4	Having price information offered by competitors	3.10	0.76
5	Firm brand reputation is important to customer	3.47	0.64
6	Customers are very sensitive to service provided	2.50	0.72
7	Choosing freight forwarding services for the logistics cost	3.36	0.57
8	Awareness of the cost of providing the services	3.34	0.70
9	Switching to other freight forwarding services companies easily as alternatively	3.24	0.83
	Overall Mean	3.23	

Source: Survey Data (2021)

As shown table (4.2), the overall mean score of bargaining power of buyer is 3.23. It can be said that there is bargaining power of buyers in freight forwarding companies. Concerning “customers are very sensitive to service provided” mean score is 2.50. It can be assumed that freight forwarding companies face challenges “sensitive to service provided” in the industry. Freight forwarding companies need to obtain the best price from vendors to secure the business with prices lower than the competitors. Buyers compare the price only more than the services provided in the market. In connection with “buying large volumes” and “firm brand reputation is important to customer”, mean of both score is 3.47. It can be assumed that emergence of buyers who have the power to purchase large volumes are creating difficult challenges for the freight forwarding firms who have no brand reputation. Therefore, buyers are looking for the lowest charges rather than premium services. Buyers are choosing the cheaper prices among the service providers and freight forwarding companies need to have firm brand reputation to compete in the industry.

4.1.3 Bargaining Power of Suppliers

Regarding the analysis on bargaining power of suppliers, respondents are asked to answer the following five questions. Most of the freight forwarding companies buy the services from numerous suppliers/vendors. Big suppliers with power in dominant position can decrease the charges from higher prices in the industry. Suppliers and freight forwarding companies build good relations for potential business in the freight forwarding industry for the mutual benefit of both parties. The survey of bargaining power of suppliers for freight forwarding companies is shown in Table (4.3) as follows:-

Table (4.3) Bargaining Power of Supplier

Sr	Particular	Mean	Std Dev
1	Existing many suppliers of freight forwarding business in the same market	2.75	0.71
2	Selling products that are differentiated from other supplies.	2.65	0.82
3	Doing suppliers' shipments are normally huge business	2.36	0.72
4	Using service by supplier for the freight forwarding business where they carry their products	2.79	0.69
5	Selling products whoever want to buy from them	2.71	0.62
	Overall Mean	2.65	

Source: Survey Data (2021)

As shown in Table (4.3), the overall mean score of bargaining power of supplier is 2.65. It can be said that there is low bargaining power of supplier. Concerning “doing suppliers’ shipments are normally huge business”, mean score is 2.36. This is on account of suppliers who only choose lower prices over superior services. With regards to “using service by supplier for the freight forwarding business where they carry their products”, mean score is 2.79. It can be assumed that freight forwarding companies have little or no challenges emerging from suppliers of the freight forwarding business where they carry their products. Therefore, most of the suppliers can provide the best services charges and customers can get comprehensive service anywhere in the industry.

4.1.4 Threats of New Entrants

Regarding to the analysis on bargaining power of buyers, respondents are asked to answer the under - mentioned six questions. If the industry does not need many capitals to set up and is very profitable, many new firms want to invest in that industry and there will be threat of new entrants. As a consequence, the overall profitability will be decreased since all freight forwarding companies will share the market of the industry. The survey of threats of new entrants for freight forwarding companies is shown in Table (4.4) as follows:-

Table (4.4) Threats of New Entrants

Sr	Particular	Mean	Std Dev
1	Willing and ready to open freight forwarding companies	3.79	0.67
2	Investing in a freight forwarding company requires huge capital	3.36	0.87
3	Regulations governing freight forwarding company are friendly	3.57	0.75
4	Existing freight forwarding companies have close relationships with customers	3.32	0.97
5	Distribution channels are controlled by freight forwarding companies	3.34	0.87
6	Existing freight forwarding companies have cost advantages due to competitive price	3.63	0.81
	Overall Mean	3.50	

Source: Survey Data (2021)

As shown in Table (4.4), the overall mean score of threats of new entrants is 3.50. It can be said that there are threats of new entrants in the freight forwarding industry. Concerning “Existing freight forwarding companies have close relationships with customers” mean score is 3.32. It can be said that freight forwarding companies focus more on competitive prices instead so it is not important for them to have close customer relationship. Therefore, that is on account of the entry of new entrants into the market who offers less than usual prices. In connection to “willing and ready to open freight forwarding companies” mean score is 3.79. It can be assumed that freight forwarding

companies face the highest challenges emerging from the other people willing and ready to open freight forwarding companies. Freight forwarding and logistics businesses have developing along years. Therefore, new companies have entered this industry with the expectations for future development.

4.1.5 Competitive Rivalry

Regarding the analysis of the influence of rivalry among existing companies, respondents are asked to answer the following eight questions. In competitive forces, it is a key factor in the competitiveness or attractiveness of the industry. The greater the number of players in the industry, the more intense the competition will be in the industry because they are sharing the markets. The survey of competitive rivalry among existing freight forwarding companies are shown in Table (4.5) as follows:-

Table (4.5) Competitive Rivalry

Sr	Particular	Mean	Std Dev
1	Existing many competitors in the freight forwarding market	2.96	0.75
2	Growing freight forwarding businesses in Myanmar	2.89	0.78
3	Existing barriers when freight forwarding companies want to leave freight forwarding business	2.60	0.70
4	There is much price wars of freight forwarding service	3.03	0.62
5	Switching from freight forwarding business to other businesses are high	3.14	0.62
6	Decreasing in the demand's level of customers in the market	3.16	0.62
7	Providing by freight forwarding companies are highly differentiated services	3.02	0.77
8	Existing many fixed and variable costs in the business	3.02	0.71
	Overall Mean	2.98	

Source: Survey Data (2021)

As shown in Table (4.5), overall mean score of competitive rivalry is 2.98. It can be said that there is low competitive rivalry in the freight forwarding industry. Concerning “Existing barriers leave freight forwarding industry”, mean score is 2.60. It can be assumed that freight forwarding companies face the no existing barriers emerging when they wish to leave the industry, there are no strict policies for the freight forwarding

companies. With indication to “decreasing demand’s level of buyer in the market”, mean score is 3.16. It can be assumed that freight forwarding companies face challenge emerging decrease demand’s level from buyers in the market. Customers can choose the best service among the competitors’ offer price. Therefore, customers demand levels decrease these days and freight forwarding companies try to obtain new business to meet company’s sale volumes, target and budget among competitive rivalry in the industry.

4.2 Organizational Competencies

Regarding the analysis on the organizational competencies, respondents are asked to answer the following five questions. Organization competencies goal is to be effective and efficient and innovated on better ways of operation organization performance to attract customers with competent employee and development of skills continually to improve better performance. The survey of organization competencies in the freight forwarding companies is shown in Table (4.6) as follows:-

Table (4.6) Organizational Competencies

Sr No.	Particular	Mean	Std Dev
1	Recognizing and accepting new business opportunities challenges	2.95	0.62
2	Arranging emphasize on development of skills continually to improve performance	3.29	0.55
3	Retaining competent and committed employees	3.27	0.54
4	Providing new value added services not offered in other freight forwarding Businesses	2.89	0.67
5	Decision making is fast in your business	2.84	0.73
	Overall Mean	3.05	

Source: Survey data, (2021)

As shown in Table (4.6), the overall mean score of the organization competencies is 3.05. It can be said that there are organization competencies in the freight forwarding industry. Concerning “decision making is fast in your business” mean score is 2.84. It can be said that the right decision is also of great importance in this industry. Because making the wrong decision is detrimental to the organizational competencies of the company. In pointing out to “arranging emphasize on development of skills continually to improve

performance”, mean score is 3.29. It can be assumed that freight forwarding companies are more focused on developing skills continually to improve the organizational competencies. Freight forwarding companies focus to provide employees with multiple skills and knowledge in a variety of aspects. They also provide employees with on job training, mentoring, coaching of procedures and operating processes which are beneficial towards these employees and the company also. The company also has to equip these employees with the necessary and relevant knowledge of this industry. Therefore, the above mentioned is important in retaining skills employees and to increase organizational competencies.

4.3 Competitive Strategy

Competitive strategy of freight forwarding companies in Myanmar is explained based on the mean values. The practices of competitive strategy highlight the inclination upon cost leadership or differentiation strategy of freight forwarding companies. Among three competitive strategy, only two strategies, cost leadership and differentiation are used in this study.

4.3.1 Cost Leadership Strategy

Regarding the analysis on the cost leadership strategy, respondents are asked to answer the under mentioned four questions. Cost leadership strategy can have standard goods that are acceptable to most customers, and offer very low prices. Continued efforts to reduce costs in relation to competitors are needed to become a cost effective leader in the market. The survey of cost leadership strategy in the freight forwarding companies is shown in Table (4.7).

Table (4.7) Cost Leadership Strategy

Sr	Particular	Mean	Std Dev
1	Providing the service at lowest possible costs	3.30	0.57
2	Providing the service at the lowest possible price	2.96	0.64
3	Developing Organisational cost efficiency	3.26	0.51
4	Developing efficient scale facilities	2.91	0.62
	Overall Mean	3.11	

Source: Survey Data, (2021)

As shown in Table (4.7), the overall mean score of cost leadership strategy is 3.11. It can be said that there is practiced cost leadership strategy in the freight forwarding industry. Concerning “developing efficient scale facilities” mean score is 2.91. It can be assumed that value adding is one of the optional processes to develop efficient economies of scales. Referring to “providing the service at lowest possible costs” mean score is 3.30. It can be assumed that buyers are finding the lowest possible costs. Therefore, freight forwarding companies focus on finding and negotiating to obtain the lowest costs from shipping lines, overseas agents and vendors to secure the business. Freight forwarding companies focus on operational and processes that can reduce the costs achieve advantages and utilize modern technology to train and develop training for employees to enhance competitiveness in the industry.

4.3.2 Differentiation Strategy

Regarding the analysis on the differentiation strategy, respondents are asked to answer the seven questions shown below. Differentiation strategy can they have distinguished the customer service by using unique features and features of an organization rather than by the lowest price. This is done with high quality, features, excellent customer service, and rapid product innovation, advanced technological features. The survey of differentiation strategy in the freight forwarding companies is shown in Table (4.8) as follows:-

Table (4.8) Differentiation Strategy

Sr No	Particular	Mean	Std Dev
1	Developing unique customer service levels	3.29	.58438
2	Developing services according to the needs of the customers	3.01	.68732
3	Providing differentiate service features for different customer preferences	3.29	.54547
4	Developing different service quality levels that suit the customer	2.99	.70313
5	Providing strict service/product quality control procedures for differentiated products or services.	3.04	.69398
6	Existing firm maintains a strong brand or image identification	3.36	.56610
7	Innovating in technology to differentiate services	3.28	.54118
	Overall Mean	3.18	

Source: Survey data, (2021)

As shown in Table (4.8), the overall mean score of the differentiation strategy is 3.18. It can be said that differentiation strategy is also practiced by the freight forwarding industry. Concerning “Developing different service quality levels that suit the customer” mean score is 2.99. It can be assumed that some freight forwarding companies cannot provide different service quality levels compared to other competitors. Therefore, freight forwarding companies focus to create innovative and differentiate services in order to provide to suit the customers’ various types of requirements and seek to provide distinctive and high quality service and build strong brand image to achieve profitability in the freight forwarding industry. Regarding “existing firm maintains a strong brand or image identification” mean score is 3.36. It can be assumed that freight forwarding companies have to build and maintain their brand names. Freight forwarding companies cannot get highest price without the strong brand or image identification in the industry. Therefore, freight forwarding companies focus on building strong brand image to the customers for the long term reputation among its competitors.

4.4 Firm Performance

Regarding to the analysis firm performance, respondents are asked to answer the in four questions in the table. The firm performance is very important for all the business in order to survive and grow in the industry for a long time. The performance refers to the customer satisfaction, market shares, profits and new product development etc. Business strategy significantly affects the performance of firms in the freight forwarding industry. The survey of firm performance in the freight forwarding companies is shown in Table (4.9) as follows:-

Table (4.9) Firm Performance

Sr	Particular	Mean	Std Dev
1	Making more profits significantly with package and value added service.	3.39	0.57
2	Having a low cost is to compete with their competitors whose products have the same high quality.	3.36	0.64
3	Doing effective business strategy enables marketers to sell more and win the market share.	3.26	0.78
4	Pursing the strategy, firm achieves superior performance	2.80	0.71
	Overall Mean	3.20	

Source: Survey Data (2021)

As shown in Table (4.9), the overall mean score of firm performance is 3.20. It can be said that there is high firm performance in freight forwarding industry. Concerning “making more profits significantly with package and value added service”, mean score is 3.39. It can be assumed that financial performance of freight forwarding companies depend on making more profits and significantly with packages and value added services. Concerning “pursing the strategy, firm achieves superior performance” mean score is 2.80. It can be said that firms that want to achieve superior performance must pursue this strategy. Therefore, freight forwarding companies endeavour to be effective by developing performance, regularly evaluating companies’ performances, clearly communicating outcomes and results and implementing changes that are important to achieve superior performance.

4.5 Effect of Competitive Forces on Competitive strategy

In order to analyse which competitive forces have significant impact on competitive strategy, a regression model is developed and estimated. In the model, the dependent variable is competitive strategy while the independent variables are five competitive forces: threat of substitutes, buyers negotiation power, supplier negotiation power, threat of new entrants, and rivalry among current freight forwarding industry.

4.5.1 Effect of Competitive Forces on Cost Leadership Strategy

In this study, the relationships between competitive forces on cost leadership strategy is analysed by the use of Linear Regression model. The results of estimated regression model of the effect of competitive forces to cost leadership have shown in Table (4.10), as follows;

Table (4.10) Effect of Competitive Forces on Cost Leadership Strategy

Variable	Unstandardized Coefficient		Standardized Coefficient	Sig	VIF
	B	Std Error	Beta		
(Constant)	.624	.368		.093	1.584
Competitive Rivalry	.210**	.086	.249	.016	1.394
Bargaining Power of Buyer	.289***	.080	.343	.001	2.404
Bargaining Power of Supplier	.164*	.099	.208	.100	2.673
Threats of Substitute Products	.107	.109	.129	.331	1.003
Threats of New Entrants	.058	.060	.078	.338	1.584
R Square	.440				
Adjusted R Square	.408				
F	13.524***				

Source: Survey Data (2021)

*** Significant at 1% level, **Significant at 5% level, *Significant at 10% level

According to Table (4.10), the value of R^2 is almost 0.440 thus this specified model could explain about the variation of competitive forces on cost leadership strategy. Adjusted R square is 0.408, that model can explain 41 per cent about the variance of the independent variable and dependent. The overall significance of the model, F value is 13.55. This model can be said to be valid.

As shown in Table (4.10), bargaining power of buyer has 1% level significant effect on cost leadership strategy. Competitive rivalry has 5% level significant effect on cost leadership strategy. Bargaining Power of supplier has 10% significant on cost leadership strategy, while all other variables are remaining constant. One unit increase in bargaining power of buyer will lead to increase in 0.343 units in cost leadership strategy. One unit increase in competitive rivalry will lead to increase in 0.249 units in cost leadership strategy. One unit increase in bargaining power of supplier will lead to increase in 0.208 in cost leadership strategy.

The results show that the bargaining power of buyers has the greatest contribution to the effect on cost leadership strategy. In addition, competitive rivalry and bargaining power of suppliers also have effect on cost leadership strategy in the freight forwarding industry. The bargaining power of buyers refers to the ability to bargain down prices, demanding higher quality or more services and playing competitors against each other. Powerful buyers have in negotiating favourable terms range from weak to strong. When buyers are in weak position, the level of freight forwarding companies' profits increase. It can be said that therefore freight forwarding companies which practice cost leadership strategy should more focus to decrease the bargaining power of buyers and suppliers and reduce degree of competitiveness among rivalry.

4.5.2 Effect of Competitive Forces on Differentiation Strategy

In this study, the effect of competitive forces on differentiation strategy is analysed by the use of Linear Regression model. The results of estimated regression model of the effect of competitive forces to differentiation strategy have shown in Table (4.11), as follows;

Table (4.11) Effect of Competitive Forces on Differentiation Strategy

Variable	Unstandardized Coefficient		Standardized Coefficient	Sig	VIF
	B	Std Error	Beta		
(Constant)	.545	.348		.121	
Competitive Rivalry	.350***	.081	.412	.000	1.584
Bargaining Power of Buyer	.238***	.076	.282	.002	1.394
Bargaining Power of Supplier	.071	.093	.089	.451	2.404
Threats of Substitute Products	.145	.103	.174	.165	2.673
Threats of New Entrants	.071	.057	.094	.218	1.003
R Square	.504				
Adjusted R Square	.475				
F	17.476***				

Source: Survey Data (2021)

*** Significant at 1% level, **Significant at 5% level, *Significant at 10% level

According to Table (4.11), the value of R^2 is 0.504 thus this specified model could explain about the variation of competitive forces on differentiation strategy. Adjusted R square is .475, that model can 48 per cent about the variance of the independent variable and dependent variable. The overall significance of the model, F value is 17.5. This model can be said to be valid. As shown in Table (4.11), among five competitive forces, only two forces competitive rivalry and bargaining power buyer have positively significant effect on differentiation strategy. Competitive rivalry and bargaining power of buyer have 1% level significant effect on differentiation strategy. While all other variables are remaining constant, one unit increase in competitive rivalry will lead to increase in 0.412 units in differentiation strategy. One unit increase in bargaining power of buyer will lead to increase in 0.282 units in differentiation strategy.

The result shows that competitive rivalry and bargaining power of buyers have the greatest contribution to the effect on differentiation strategy in freight forwarding industry.

The bargaining power of buyers refers to the ability to bargain down prices, demanding higher quality or more services. It can be said that freight forwarding companies which practice differentiation strategy should focus more to reduce competitive rivalry and bargaining power of buyers. Therefore, freight forwarding companies are playing competitors among rivalry. Powerful buyers are in a weak position, the level of freight forwarding companies profit are increased.

4.6 Effect of Organizational Competencies on Competitive strategy

In order to analyse which organizational competencies has significant impact on competitive strategy, a regression model is developed and estimated. In the model, the dependent variable is competitive forces (cost leadership, differentiation strategy) while the independent variable is organizational competency.

4.6.1 Effect of Organizational Competencies on Cost Leadership Strategy

In order to find out the importance of organizational competencies on cost leadership strategy, regression correlation analysis is used. Table (4.12) reports the effect of organizational competencies on competitive strategy (cost leadership strategy) of freight forwarding companies in Myanmar.

Table (4.12) Effect of Organizational Competencies on Cost Leadership Strategy

Variable	Unstandardized Coefficient		Standardized Coefficient	Sig	VIF
	B	Std Error	Beta		
(Constant)	1.055	.252		.000	
Organisational Competencies	.674***	.082	.655	.000	1.000
R Square	.428				
Adjusted R Square	.422				
F	67.475***				

Source: Survey Data (2021)

*** Significant at 1% level, **Significant at 5% level, *Significant at 10% level

According to Table (4.12), the value of R^2 is 0.428 thus this specified model could explain about the variation of competitive forces on differentiation strategy. Adjusted R square is 0.422 that model can explain 42 per cent about the variance of the independent variable and dependent variable. The overall significance of the model, F value is 67.475.

As shown in Table (4.12), organizational competencies have 1% level significant effect on cost leadership strategy. One unit increase organization competencies will lead to increase in 0.655 units in cost leadership strategy.

The result shows that organizational competencies are important for cost leadership strategy. In order to achieve success in their industry, freight forwarding companies must emphasize on their organizational competencies to compete in the market. Firms must ensure the above by monitoring that the supportive trainees maintain their skills to assist in enhancing the organizational competencies and it is important to instruct the employees in multi- skills and multi-tasking. Then these employees can provide efficient and effective superior services to the customers and these professional employees also have to find lower competitive costs. When an employee possesses certain skills and knowledge then that employee can focus more on reduction of costs. Then these employees will then become a qualified professional. Only then the services offered by them will become “quality services” it will then become a service that will accumulate in getting result equal to the manner of work done. It can be said that freight forwarding companies which practice cost leadership strategy should focus more to increase organization competencies. Therefore, freight forwarders must possess a lot of competencies by practicing costs reducing strategy also in order to get a substantial share of the market.

4.6.2 Effect of Organizational Competencies on Differentiation Strategy

In order to find out the important of organizational competencies on differentiation strategy, regression correlation analysis is used. Table (4.13) reports the effect of organizational competencies on competitive strategy (differentiation strategy) of freight forwarding companies in Myanmar.

Table (4.13) Effect of Organizational Competencies on Differentiation Strategy

Variable	Unstandardized Coefficient		Standardized Coefficient	Sig	VIF
	B	Std Error	Beta		
(Constant)	.913	.233		.000	
Organisational Competencies	.745***	.076	.719	.000	1.000
R Square	.517				
Adjusted R Square	.512				
F	96.448***				

Source: Survey Data (2021)

*** Significant at 1% level, **Significant at 5% level, *Significant at 10% level

According to Table (4.13), the value of R^2 is almost 51.7 thus this specified model could explain about the variation of organization competencies on differentiation strategy. Adjusted R square is 0.512 that model can explain 51 per cent about the variance of the independent variable and dependent variable. The overall significance of the model, F value is 96.448. The model can be said to be valid.

As shown in Table (4.13), organizational competencies have 1% level positively significant effect on differentiation strategy. While all other variables are remaining constant, one unit increase in organization competencies will lead to increase in 0.719 units in differentiation strategy.

The result shows that organizational competencies are important for differentiation strategy. Most freight forwarding company organizations are committed to meet customers' needs including reliability, quality, service and efficiency. It can be said that freight forwarding companies which practice differentiation strategy should focus more to raise organizational competencies of their business. Therefore, organizational competencies improve, the employees, can create the development of a service that offers unique attributes that are valued by customers and that customers perceive to be better than or different from the service of the competitors.

4.7 Effect of Competitive Strategy on Firm Performance

The performance of the organization is very important for all the business in order to survive and grow in the industry for the long term. The performance refers to the customer satisfaction, market shares, profits and new product development etc. The study sought to statistically test whether strategy significantly affects the performance of firms in the freight forwarding industry. The findings of the business performance of the Myanmar freight forwarding firms are presented in Table (4.14).

In order to find out the important of competitive strategy on firm performance, regression analysis is used. Table (4.14) reports the effect of competitive strategy on firm performance of freight forwarding companies in Myanmar.

Table (4.14) Effect of Competitive strategy on Firm Performance

Variable	Unstandardized Coefficient		Standardized Coefficient	Sig	VIF
	B	Std Error	Beta		
(Constant)	.998	.336		.004	
Cost Leadership Strategy	-.030	.235	-.025	.900	5.165
Differentiation Strategy	.722***	.234	.605	.003	5.165
R Square	.339				
Adjusted R Square	.324				
F	22.852***				

Source: Survey Data (2021)

*** Significant at 1% level, **Significant at 5% level, *Significant at 10% level

According to Table (4.14), the value of R^2 is almost 0.339 thus this specified model could explain about the variation of organization competencies on firm performance. Adjusted R square is 0.324 that model can explain 33 per cent about the variance of the independent variable and dependent variable. The overall significance of the model, F value is 22.852. This model can be said to be valid.

As shown in Table (4.14), differentiation strategy has 1% level positively significant effect on firm performance. One unit increase in differentiation strategy will lead to increase in 0.605 units on firm performance

The result shows that differentiation strategy is the greatest contribution to the firm performance. The services of freight forwarding companies, ensures quality systems from the coherence of process capabilities and lastly provide many unique and superior services to the market. Firms that choose to employ differentiation strategy performed with other industries like trade and supply chain to boost their services capacities, lessen uncertainties in their internal structures and external environments. It can be said that freight forwarding companies should more focus on differentiation strategy to get better performance in their industries. Therefore, differentiation strategy enhance competitive advantages that enable them to increase customer satisfaction, profits , new services, development and access potential business opportunities that higher market values with superior service for their outputs.

CHAPTER 5

CONCLUSION

This chapter includes findings and discussion from the analysis of this study on freight forwarding companies. Moreover, it also consists of the suggestions and recommendation based on the findings from the study. The last part of the study is needs for future research.

5.1 Findings and Discussions

This study aims to analyze competitive forces that have effect on the success of competitive strategy of freight forwarding companies to go forward in their industry. Major objectives of the research study are to examine the influence of forces on competitive strategy, the effect of organizational competencies on competitive strategy, and the effect of competitive strategy on firm performance of freight forwarding companies in Myanmar.

Freight forwarding companies are one of the major players among export and import businesses. These companies face challenges emerging from competitive forces. To overcome the threats of competitive forces, organizational competencies are of important. Organizational competencies has effected on their strategies. The appropriateness of strategy implementation will lead to high firm performance.

Based on the findings of the result, among five competitive forces, threats of substitutes, bargaining power of suppliers and competitive rivalry has low mean values. It can be said that there is no threats or challenges regarding these three competitive forces. However, other two competitive forces, bargaining power of buyers and threats of new entrants create challenges faced by freight forwarding companies. This is because even buyers in this industry are big buyers who buy repeatedly large volume of products. In addition, to attract the buyers, brand reputation is very important. Freight forwarding companies who have lack of brand reputation faces big challenges to attract and retain their customers. Regarding threats of new entrants, there are many businesses which are willing and ready to open new freight forwarding businesses. This is because small and medium businesses can easily run freight forwarding businesses.

To provide the meaningful implication of the freight forwarding companies, this study tries to achieve the understanding of the five competitive forces and organizational

competencies influence on competitive strategy and performance of freight forwarding companies.

According to the survey data, among five competitive forces, competitive rivalry and bargaining power of buyer influencing on both of differentiation and cost leadership strategy. In addition, the bargaining power of suppliers has positive significant effect on cost leadership.

Regarding competitive rivalry, it will lead to firms to differentiate their products and services and to reduce the cost from those of their competitors. It is found that the more competition among the firms, the more differentiation and cost leadership strategy will be used.

In connection to the bargaining power of buyers, freight forwarding companies facing threats of bargaining power of buyers will practice either differentiation or cost leadership strategy to overcome these threats. This is because, to reduce the bargaining power of buyers, companies must choose which strategy is suitable for them to gain competitive advantages. Based on their organizational competencies, some companies choose differentiation strategies and, other companies choose cost leadership strategies.

Concerning bargaining power of suppliers, cost leadership strategy is appropriate. This is because; effective suppliers can provide effective services. This means that freight forwarding companies linked with effective suppliers can get more shipments than competitors who have no link with these suppliers. Therefore, it can be said that effective suppliers allows freight forwarding companies to be efficient and to get economy of scale.

The findings of the study also point out that organizational competencies have significant effect on competitive strategy. To use either cost leadership strategy or differentiation strategy, organizational competencies is important. Based on the organizational competencies, suitable strategy must be chosen. If companies choose cost leadership strategy, organizational competencies must be relevant with to reduce cost. On the other hand, if companies choose differentiation strategy, organizational competencies must be relevant with to produce unique products and services.

The findings of the study also mention that among competitive strategy, only differentiation strategy has positively significant effect on firm performance. This is because there are big challenges of bargaining power buyers and threats of new entrants. If companies have no ability to differentiate their services, the companies cannot overcome the threats of bargaining power of buyers of and threats of new entrants.

5.2 Suggestions and Recommendations

According to the survey data, among five competitive forces, competitive rivalry and bargaining power of buyers influencing on both of differentiation and cost leadership strategy. In addition, bargaining power of suppliers has positive significant effect on cost leadership.

To overcome the challenges emerging from threats of competitive rivalry and bargaining power of buyers, freight forwarding firms need to do customized services based on the needs and wants of customers and also need to provide low price service than their competitors and freight forwarding market has realized the existence and growing of competitors . Therefore, freight forwarding companies should try to sustain for future growth.

The findings point out that the competent organization must include value added services to improve overall organizational profit. And there is an effect of organizational competencies on competitive strategy. Therefore, companies using competitive strategy (either differentiation or cost leadership strategy) should be focus to develop organizational competencies such as, special knowledge about logistic industry, innovation in process of trade and transport, rule and regulations of logistic industry.

The findings of the study also mention that only differentiation strategy has positive significant effect on firm performance. Therefore, freight forwarding companies should more focus on differentiation strategy to increase their performance. Cost leadership is not useful for the customers as there has been necessary for many different requirements. To implement differentiation strategy, organizational competencies must be fulfilled with effective, efficient, creative and innovative process to provide superior services than their competitors. In addition, competitive rivalry and bargaining power of buyers are needed to take into consideration to successfully implement the differentiation strategy.

5.3 Needs for Further Research

The research is based only on the competitive forces, organizational competencies and competitive strategy of freight forwarding industry in Myanmar by applying Porter's five forces model and using structured questionnaires. The study is done by collecting responses of 92 freight forwarding companies from 300 local freight forwarding firms. According to the limited time and resources, further study should also be focused on

international freight forwarding firms in order to know the ins and outs of the overseas freight forwarders by Myanmar operators. Then, the study will cover the whole freight forwarding industry in Myanmar.

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APPENDIX (I)

Structured Questionnaire

Section A: Demographics Information

1. Gender

- Male Female

2. Educational Qualification

- Undergraduate
 Graduate Post Graduate

3. Position

- Owner Non Managerial
 Junior Management Senior Management

4. Working Experience

- Under 5 years 6-10 years
 11-15 years 16-20 years
 21-25 years above 26 years

Section B:

This section is seeking your opinion regarding the by using competitive forces. Respondent are asked to indicate the extent to which they agreed or disagreed with each statement using 5 Likert scale response framework. Please **tick** one answer indicates the extent to which you agree or disagree with each of the following statements.

[1 = strongly disagree; 2 = disagree; 3 = neutral; 4 = agree and 5 = strongly agree]

I : COMPETITIVE FORCES

(a)Threat of Substitute

Sr. No.	Particular	1	2	3	4	5
1.	Price sensitive customer					
2.	Many service substitutes					
3.	Lower price of service substitutes					
4.	Inclination of customer toward service substitutes					
5.	Having no option to buy substitutes					

(b) Bargaining Power of Customers/Buyers

Sr. No.	Particular	1	2	3	4	5
1.	Buying large volumes					
2.	Having supplier information					
3.	Threats of backward integration					
4.	Having price information offered by competitors					
5.	Firm brand reputation is important to customer					
6.	Customers are very sensitive to service provided					
7.	Choosing for the freight forwarding services for the logistics cost					
8.	Awareness of the cost of providing the services					
9.	Switching to other freight forwarding services companies easily as alternatively					

(c) Bargaining Power of Supplier

Sr. No.	Particular	1	2	3	4	5
1.	Existing many suppliers of Freight Forwarding Business in the same market					
2.	Selling products that are differentiated from other supplies					
3.	Doing suppliers shipments are normally huge business					
4.	Using service by supplier for the Freight Forwarding business where they carry their products					
5.	Selling their products whoever want to buy from them					

(d) Threats of New Entrants

Sr. No.	Particular	1	2	3	4	5
1.	Willing and ready to open freight forwarding					
2.	Investing in a freight forwarding company requires huge capital					
3.	Regulations governing freight forwarding company are friendly					
4.	Existing freight forwarding companies have close customer relation					
5.	Distribution channels are controlled by freight forwarding companies					
6.	Existing freight forwarding companies have cost advantages due to competitive price					

(e) Competitive Rivalry

Sr. No.	Particular	1	2	3	4	5
1.	Existing many competitors in the freight forwarding market					
2.	Glowing Freight Forwarding Business in Myanmar					
3.	Exist barriers when Freight Forwarding want to leave freight forwarding business					
4.	There is much price wars of freight forwarding service					
5.	Switching from freight forwarding business to other businesses are high					
6.	Decreasing in the demand's level for buyer in the market					

7.	Providing by freight forwarding companies are highly differentiated services					
8.	Existing many fixed and variable costs in the business					

II: ORGANIZATIONAL COMPETENCIES

Organizational Competencies

Sr. No.	Particular	1	2	3	4	5
1.	Recognize and accepting now business opportunities challenges					
2.	Arranging emphasize on development of skills continually to improve performance					
3.	Retaining competent and committed employees					
4.	Providing new value added services not offered in other freight forwarding Businesses					
5.	Decision making is fast in your business					

III : COMPETITIVE STRATEGIES

(a) Cost Leadership

Sr. No.	Particular	1	2	3	4	5
1.	Providing the service at lowest possible cost					
2.	Providing the service at the lowest possible price					
3.	Developing Organisational cost efficiency					
4.	Developing efficient scale facilities					

(b) Differentiation Strategy

Sr. No.	Particular	1	2	3	4	5
1	Developing unique customer service levels					
2	Developing services according to the needs of the customers					
3	Providing differentiate service features for different customer preferences					
4	Developing different service quality levels that suit the customer					
5	Providing strict service/product quality control procedures for differentiated products or services					
6.	Existing firm maintains a strong brand or image identification					
7.	Innovation in technology to differentiate services					

IV. PERFORMANCE OF THE FIRM

IV. Firm Performance

Sr. No.	Performance of the Firm	1	2	3	4	5
1.	Making more profits significantly with package and value added service.					
2.	Having low-cost advantage to compete with rivals whose products have similar upscale attributes.					
3.	Doing effective business strategy enables marketers to sell more and win the market share.					
4.	Pursing the strategy, firm achieves superior performance					

Table (1) Threats of New Entrants

Sr	Particular	Mean	Std Dev
1	There are many other people willing and ready to open Freight Forwarding	3.79	0.67
2	To invest in a Freight Forwarding Company requires huge capital	3.36	0.87
3	The regulations governing Freight Forwarding Company are friendly	3.57	0.75
4	The existing Freight Forwarding Companies have close customer relation	3.32	0.97
5	The distribution channels are controlled by Freight Forwarding Companies	3.34	0.87
6	The existing Freight Forwarding Companies have cost advantages due to competitive price	3.63	0.81
	Overall Mean	3.50	

Table (2) Bargaining Power of Buyer

Sr	Particular	Mean	Std Dev
1	Our customers buy large volumes	3.47	0.69
2	Our customers have a lot of information about Freight Forwarding Business	3.38	0.75
3	Our customers can decide to do themselves instead of buying from us	3.22	0.71
4	Our customers have information about the prices offered by our competitors (R)	3.10	0.76
5	Our customers are very powerful in bargaining power	3.47	0.64
6	Our customers can simply switch to other freight forwarding services companies easily as alternatively	2.50	0.72
7	The buyers are chosen for the freight forwarding services for the logistics cost	3.36	0.57
8	Our buyers are aware of the cost of providing the services(R)	3.34	0.70
9	Our buyers have possibility to integrate backwards	3.24	0.83
	Overall Mean	3.23	

Table (3) Bargaining Power of Supplier

Sr	Particular	Mean	Std Dev
1	There are many suppliers of Freight Forwarding Business in the same market	2.75	0.71
2	Our suppliers sell products that are differentiated from other supplies	2.65	0.82
3	Suppliers of Freight Forwarding Business are normally huge business (R)	2.36	0.72
4	Our suppliers they arrange by themselves for the Freight Forwarding business where they carry their products	2.79	0.69
5	Our supplier can sell their products whoever want to buy from them	2.71	0.62
	Overall Mean	2.65	

Table (4) Threats of Substitute Products

Sr	Particular	Mean	Std Dev
1	Customers are Sensitive to price	3.14	0.70
2	There are a number of services substitutes do affect our sales at the market	2.60	0.68
3	There is decline of prices due to emerging substitutes	2.48	0.64
4	Our customers normally threaten to use by others alternative service when the price is higher	2.42	0.74
5	Customers have no option to buy from competitors what were provided the services	2.89	0.67
	Overall Mean	2.71	

Table (5) Competitive Rivalry

Sr	Particular	Mean	Std Dev
1	There are many competitors in the Freight Forwarding.	2.96	0.75
2	Freight Forwarding sector is glowing in Myanmar	2.89	0.78
3	There are many fixed and variable costs in the business	2.60	0.70
4	The service provided by freight forwarding Companies are highly differentiated services	3.03	0.62
5		3.14	0.62
6	The costs of switching from freight forwarding Business to other businesses are high	3.16	0.62
7	There exist barriers when you want to leave freight forwarding Business	3.02	0.77
8	There is much price wars of freight forwarding service	3.02	0.71
	Overall Mean	2.98	

Table (6) Organizational Competence

Sr	Particular	Mean	Std Dev
1	Your Business emphasize on development of skills continually to improve performance	2.95	0.62
2	Decision making is fast in your business	3.29	0.55
3	Our business is able to retain competent and committed employees	3.27	0.54
4	Our business regularly launches new value added services not offered in other freight forwarding Businesses	2.89	0.67
5	Our freight forwarding Service companies are able to recognize and accept now business opportunities challenges	2.84	0.73
	Overall Mean	3.05	

Table (7) Cost Leadership Strategy

Sr	Particular	Mean	Std Dev
1	Provide the service at lowest possible cost	3.30	0.57
2	Provide the service at the lowest possible price	2.96	0.64
3	Develop organizational cost efficiency	3.26	0.51
4	Develop efficient scale facilities	2.91	0.62
	Overall Mean	3.11	

Table (8) Differentiation Strategy

Sr	Particular	Mean	Std Dev
1	Develop unique customer service levels	3.29	.58438
2	Develop services according to the needs of the customers	3.01	.68732
3	Differentiate service features for different customer preferences	3.29	.54547
4	Develop different service quality levels that suit the customer	2.99	.70313
5	There are strict service/product quality control procedures for differentiated products or services.	3.04	.69398
6	The firm maintains a strong brand or image identification	3.36	.56610
7	There is innovation in technology to differentiate services	3.28	.54118
	Overall Mean	3.18	

Table (9) Firm Performance

Sr	Particular	Mean	Std Dev
1	The company makes more profits significantly.	3.39	0.57
2	Our firm has low-cost advantage to compete rivals whose products have similar upscale attributes.	3.36	0.64
3	An effective business strategy enables marketers to sell more and win the market share.	3.26	0.78
4	By pursuing strategy, firm achieves superior performance	2.80	0.71
	Overall Mean	3.20	

1 Competitive Forces and Cost Leadership

Variable	Unstandardized Coefficient		Standardized Coefficient	Sig	VIF
	B	Std Error	Beta		
(Constant)	.624	.368		.093	1.584
Competitive Rivalry	.210	.086	.249	.016	1.394
Bargaining Power of Buyer	.289***	.080	.343	.001	2.404
Bargaining Power of Supplier	.164	.099	.208	.100	2.673
Threats of Substitute Products	.107	.109	.129	.331	1.003
Threats of New Entrants	.058	.060	.078	.338	1.584
R Square	.440				
Adjusted R Square	.408				
F	13.524***				

Competitive Forces and Differentiation

Variable	Unstandardized Coefficient		Standardized Coefficient	Sig	VIF
	B	Std Error	Beta		
(Constant)	.545	.348		.121	
Competitive Rivalry	.350	.081	.412	.000	1.584
Bargaining Power of Buyer	.238	.076	.282	.002	1.394
Bargaining Power of Supplier	.071	.093	.089	.451	2.404
Threats of Substitute Products	.145	.103	.174	.165	2.673
Threats of New Entrants	.071	.057	.094	.218	1.003
R Square	.504				
Adjusted R Square	.475				
F	17.476***				

3 Cost Leadership and Organizational Competencies

Variable	Unstandardized Coefficient		Standardized Coefficient	Sig	VIF
	B	Std Error	Beta		
(Constant)	1.055	.252		.000	
Organizational Competencies	.674	.082	.655	.000	1.000
R Square	.428				
Adjusted R Square	.422				
F	67.475***				

4 Differentiation Strategy and Organizational Competencies

Variable	Unstandardized Coefficient		Standardized Coefficient	Sig	VIF
	B	Std Error	Beta		
(Constant)	.913	.233		.000	
Organizational Competencies	.745	.076	.719	.000	1.000
R Square	.517				
Adjusted R Square	.512				
F	96.448***				

5 Competitive Strategies and Firm Performance

Variable	Unstandardized Coefficient		Standardized Coefficient	Sig	VIF
	B	Std Error	Beta		
(Constant)	.998	.336		.004	
Cost Leadership Strategy	-.030	.235	-.025	.900	5.165
Differentiation Strategy	.722***	.234	.605	.003	5.165
R Square	.339				
Adjusted R Square	.324				
F	22.852***				