

**Evaluation of Company Resource of MOHA Soft Drinks Factory in
terms of Strength and Weakness and Competitive Capability: The case
of Tekelhaimanot Branch**

BY

Osman Mohammed

Faculty Business, Department of Management

1. Background of the study

According to the employee handbook of MOHA soft drinks factory (2004), the Ethiopian Nefas Silk Pepsi Cola is the first Pepsi Cola plant in country and it was established in 1996 as a share company with an initial capital of 1 million birr. The capacity of bottling line at the time was 20,000 bottles per hour.

Teklehayamanot plant was established in 1961 as “Saba Tej” Share Company. It was nationalized in 1975 and, replacing the old line, started producing Pepsi Cola, Mirinda and Temberands in January 1978.

Mohammed Hussein Al-Amoudie (MOHA) soft drink industry was formed and registered under the commercial code of Ethiopian on 15th of May 1996. This company was formed after the acquisition of four plants located at Addis Ababa (Nefas silk and Tekelhaymanot). Later on, he purchased Gonder and Dessie plants on the 18th of January 1996. Currently, the factory has five branches plants, two of them are location in Addis Ababa (Nefas silk and Teklehaymanot) the remaining three plants are located in Gonder, Desie and Awassa.

The different branches across the country do have different capacities in terms of size and capabilities of production .The big ones are the one which is found in Nefas Silk (Addis Ababa) and Awassa branches. The Medium size is Tekelehaymanot (Addis Ababa) branch. The smallest in size and capacity are Gonder and Dessie plants.

2. Statement of the problem

Internal scanning is often referred to as organization analysis and concerns with identifying and developing organization's resource. Insightful company situation is a pre-condition for identifying strategic issues that management needs to address and for tailoring strategy to company resource and competitive capabilities as well as to industry and competitive conditions. The greatest mistake managers make when evaluating their resources is failing to assess the relative position of the organization to competitors. In this regard, MOHA soft drinks factory has its own weakness, specifically problem and evaluating the company's resources in terms of SWOT analysis to build the company's resource competitive capability.

3. Objectives of the study

The general objectives of the study is to carry out SWOT analysis on MOHA soft drinks company. With this general objective in mind, the study tries to address the following specific objectives:

1. Describing the kind of techniques the company is currently using to evaluate
2. Assessing factor that affect the company's evaluation practices and
3. Identifying the company's resource deficiency and its impact on the company's competitive capability.

4. Research Question

This study will attempt to answer the following questions.

1. What are the company's resource strength and weakness and its external opportunity and threat?
2. How does the company evaluate its strengths and weakness of resources?
3. Is the company formulating appropriate strategy for its resource strength and deficiency?

5. Research methodology

The study employed descriptive research method. 26 respondents were selected from a total of 198 employee of the branch office of MOHA soft Drinks Share Company at Tekelhaimanot Branch .The sample respondent were selected using purposive sampling technique.

Both primary and secondary data are used for the study .Structured interview and survey questionnaire were employed to gather firsthand information. Where as secondary data is obtained through document analysis.

6. Review related literature

6.1 Identifying company's strength and recourse capability

A indicated by David (1997) sizing up a firm's resource strengths and weakness and its external opportunities and threats requires what is known as SWOT analysis. Such analysis provides a good overview of whether a firms business is fundamentally healthy or unhealthy.

Strength is something a company is good at. It is a characteristic that results in enhanced competitiveness. Thompson and Strickland (2001:118) found that the strength can take any of the following several forms; a skill, valuable physical assets, valuable humane resource assets, other valuable organization assets, competitive capabilities, alliances or competitive ventures.

Weakness is something a company lacks or does poorly in compassion to other or a condition that puts companies at disadvantage position. Thompson and Strickland (2001:119) indicated that a company's internal weakness can be related to the following:

- Deficiencies in competitively important skill, lack of expertise or intellectual capital of one kind or another.
- Lack of competitively important in physical, organization or intangible asset; and,

- Missing or weak competitive capabilities in key areas among other things.

Internal weakness is, thus shortcoming in company's resources.

6.2 Identifying company resource competencies and capabilities

Identifying and evaluating what a company is really good at and what capabilities it has for competing is a critical component of assessing company's situation. As cited by Jeffery and Carun (1998:160), company's competence is nearly always the product of experience, representing the accumulation of learning over time and the buildup of real proficiency over time. Competencies have to be consciously built and developed they just don't happen.

Thomson and Strickland (2004:122) indicated that one of the most valuable resources a company owes is its ability to perform a competitively relevant activity very well. An important competitive internal activity that company performs better is termed a core competence. While a core competence is something a company does well internally, what makes it a core competence opposed to just a competitiveness and profitability rather than peripheral.

Thomson and Strickland (2001:122) further stated that distinctive competence is something a company does well in comparison to its competitors. However, what a company does best internally doesn't necessarily translate into distinctive competence unless the company performs its activities well better than its rivals and enjoys competitive advantages.

6.3 Matching strategy to the company's resource strength and weakness

From a strategy- making perspective, a company's resource strengths are significant because they constitute the cornerstone of the strategy and for creating competitive advantage. If a company doesn't have the resource and competitive capabilities around which to craft an affective strategy, managers need to take decisive remedial action to upgrade existing organization resource capabilities and add other as needed, Edward and Jean (2004:53).

6.4 Value chain analysis Approach

Azhar K. (2004:149), indicated that a good way to design an organization analysis to ascertain where firm's product are located in the overall value chain. A value chain is linked set of value-creating activities beginning with basic raw materials coming from suppliers moving on to a series of value-added activities involved in producing and marketing products or devices and ending with distributors getting the final goods into hands of the ultimate consumer.

As cited by Clowes, et al, (2005, 242), scanning and analyzing the external environment for opportunists and threats is not enough to provide an organization's competitive advantage. Analysts must also look the corporation itself to identify strategic factor and critical strengths and weakness that are likely to determine if the firm be able to take advantage of opportunities while avoiding threats. This internal scanning is often referred to as organizational analysis and is concerned with identifying and developing an organization's resource.

David and Thomas (2004:56) indicated that the simplest way to begin an analysis of a corporation's value chain is by carefully examining its traditional functional areas for potential strengths and weakness. Functional resource includes not only the financial, physical, and humane assets but also areas to formulate and implement the necessary functional objectives, strategies, and policies.

7. Summary of the findings

This section provides summary of findings and the followings are the major findings of the study.

- ❖ Majority of respondents i.e. 22(85%) were found to be males.
- ❖ The study showed that majority of them 23 (85.5%) were first degree holder.
- ❖ Majority of the respondent have long years of experience ranging from 5 to 10 (57.7%) in the factory.

- ❖ 10(38.5%) of the respondent responded that employee's skill is one of the company's resource strength among other resource.
- ❖ Company's building facility and administrative skill has less contribution to the factory performance or weakness respectively.
- ❖ Employee's skill and production system are core competence or superior performance of the factory's competitiveness respectively.
- ❖ Majority i.e. 19 (73.1%) of the respondent described employees skill as distinct competency or extremely superior performance for the effectiveness of the company.
- ❖ Majority i.e. 18(69.2%) of respondent indicated that the company didn't have appropriate strategy for identifying resource deficiency.
- ❖ Half 13 (50%) of the respondents indicated that the company formulate appropriate strategy for the company resource strength.
- ❖ The study showed that 21 (20.8%) of top management bodies have good attitude towards resource evaluation activity in terms of strengths and weakness;
- ❖ All respondent indicated that the company does not apply scientific approaches to evaluate the company resource in terms of strengths and weakness;
- ❖ The finding also showed that a mechanism being used by the company is observation to evaluate resource in terms of strength and weakness;
- ❖ All respondents indicated that the company resource evaluation standard or beach mark is based on past experience.

8. Conclusions and Recommendations

8.1 Conclusions

- ❖ The company's building facility and administrative skills were major weakness.
- ❖ There is lack of good attitude towards resource evaluation in terms of strength and weakness by the top management.
- ❖ The company does not use scientific approached to evaluate its resources.

- ❖ The company's resource valuation mechanism is based on observation and subjective judgment.
- ❖ Employee's skill is the one and the better performance compared to other resources and these resources are considered as distinct resource competency.
- ❖ Failure to give the required attention to other benchmarks of resource evaluation discourages the company to adapt effective monitoring system.

8.2 Recommendations

Based on the findings and the conclusions drawn, the researcher would like to forward the following recommendations.

- MOHA soft drinks factory should exert at most effort to establish separate departments to accomplish resource evaluation activities effectively in a responsible manner.
- Substantial effort should be made by MOHA soft drinks factory to adopt scientific approaches for evaluation of recourse of the company in terms of their strengths and weakness to get a better performance and implementation.
- The company should take the necessary measure to overcome the problem of formulating appropriate strategy for the company resource strength and weakness to ensure the competitiveness of the company.
- The company administrative body should analyze and understand the importance of resource evaluation activities.