

**STRATEGIC MANAGEMENT PRACTICES AND ITS CHALLENGES:
THE CASE OF ETHIOPIAN CONSULTING ARCHITECTS AND
ENGINEERS FIRMS**

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Declaration

I, the undersigned, hereby declare that the work contained in this thesis is my own original work and that I have not previously in its entirety or in part submitted at any university for a degree.

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This is to certify that the thesis prepared by Bizuayehu Sitotaw Getahun, entitled: 'Strategic Management Practices and its challenges: the case of Ethiopian consulting architects and engineers firms' submitted in partial fulfillment of the requirements for the degree of Master of Arts in Business Leadership (MBL) complies with the regulations of the University and meets the accepted standards with respect to originality and quality.

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Abstract

The very objective of the research was to identify the level and the challenges of strategic management practice in the Ethiopian construction industry consulting firms. Literatures show that strategic management is an important approach for a long-term performance of an organization. It is beneficial in forming a sustainable business organization and advances professionalism if incorporated to the business following best practices.

Qualitative approach was used for data gathering to enable the researcher collect an in depth thought of the participants. Qualitative data were collected from fourteen consulting office respondents having managerial or technical director position. The qualitative data analyzed thematically to draw results and conclusions.

The key findings show that the practices of strategic management in consulting firms were not matured after tested according to the fundamental stages. The lack of knowledge and commitment was found the reason for consultants failing to embrace strategic management in their service provision in addition to the challenging market system due to the weak regulation of the industry. The recommendation forwarded both for consultants and regulatory body or policy makers. Consultants are recommended to raise the conception and application of strategic management and to assess their competitive advantage in the industry. Regulatory body or policy makers are also recommended to work to provide enabling market system that appreciates the application of strategic management practice.

Key words: strategic management practice, consultant, consulting Architects & Engineers firms, consultancy service.

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ACRONYM

FDRE	Federal Democratic Republic of Ethiopia
MUDC	Ministry of Urban Development & Construction
PRA	Participatory Research Appraisal
N	Number
PAR	professional Architect
PPAR	Practicing Professional Architect
PE	Professional Engineer
PPE	Practicing Professional Engineer

CHAPTER ONE: INTRODUCTION

1.1. Introduction

The Construction Industry is one of the biggest job creators amongst the different sectors found in Ethiopia. According to Zewdu & Argaw (2015), the GDP contribution of the construction industry has raised to 5.6% and closes the gap to the sub - Saharan average (6%). FDRE, MUDC 10yrs strategic plan, (2012E.C/2019) the economic growth registered an average increment of 45.8% in the past consecutive years. In 2001E.C, it registered 4.03% of the GDP and it increases to 19.29% in 2010E.C. Even though the construction industry has been growing with such a margin, the local contractors and consultants' execution capacity is still found not satisfactory. To this end, the strategy recommends capacity development programs for Consultants and Contractors in management and project execution, technology, finance, human resources, etc.

Unlike the manufacturing sector, the construction industry's special feature of product type that developed through a longer period, specific location with multiple involvements of stakeholders, consultants give project-based focus than the long-term viability of a product as in manufacturing business. This project-based focus gives less attention to enterprise-wide strategic management. The current environment in the Ethiopian construction industry is changing due to technology, developer's demand, increasing competition from local and foreign companies; it is becoming difficult to operate in the conventional or usual way. These and other factors bring challenges to the long-term survival of Ethiopian construction industry consulting firms.

The researcher will try to identify the challenges and gaps consultants face in their effort to practice strategic management in their service provision.

1.1.1 Background To the Study

As a flow of activities, strategic management is progressively seen as a socially accomplished process aimed at achieving some strategic goals and built upon experiences of wide participants in a given organization (Hendry et al., 2010). It includes numerous interconnected activities such as strategic thinking, strategic learning, strategic planning, strategy implementation, evaluation and, control. Leaders and academicians accept that the goal of strategic management is helping managers to succeed in continuing competitive advantage (Porter, 1981). Competitive strategy is something that an organization shall have in

a given industry participant (Porter, 2004). For firms to assure high-performance introduction of technologies, means to cost reduction and, excel employee productivity are the key factors in a competitive industry (Vickery et al, 2003). Organizations, practitioners, and researchers of the different sectors make strategy a priority (Chinowsky, 2000). To flourish strategic concept an environment that fosters strategic thinking and focus is required to be in place. Unlike the manufacturing sector the construction industry's focus is on project delivery due to different reasons. While this project-based focus receives significant consideration from construction professionals, less attention is paid to strategic, enterprise-wide, management issues. The knowledge progress regarding strategic management in the construction industry has little attention for construction professionals (Goodman, 1998). Since then, studies concerning strategic management about the construction and engineering industry have been improving, but still found not satisfactory in addition to the focus is on the construction companies rather on the consultancy service. Betts, Clark & Ofori (1999); Chinowsky & Meredith (2000) remind that strategic management studies for the construction industry kept limited. On the other hand, the UK construction & Engineering industry shows dramatic improvement to strategic management practice (Brown, 2004). Houvinen (2004) admits that there is still a wide gap to establish business management research with the construction industry.

In response to this issue, the current research effort will undertake to examine strategic management practices and their challenges in Ethiopian consulting architects and engineer's firms.

1.1.2 Construction Consultancy firms in Ethiopia

A consultancy firm is an entity that brings different professionals together having the required skills and technical capabilities to provide the needed service by the client or developer. The construction consultancy service mainly involves Architects and Engineers to disseminate its service. These firms in Ethiopia operate with the governing law of the country based on different classifications. The classifications are Building project consultants, Road project Consultants, Landscape consultants, Urban Planning consultants, and other specialties or a mix of these. In all classifications, the firms are further categorized from category-1 up to category-5 based on the project handling capacities. CAT-1 is the highest, which means allowed to handle big projects that cost more than a 220 million Ethiopian currency (Birr).

The practice of consultancy service in the construction industry, of the Ethiopian context, has two main stages. These are the preconstruction phase and the construction phase. During the preconstruction phase, professionals like Architects and Engineers are widely involved in the preparation of feasibility studies, Architectural and Engineering designs, construction document preparation, and tender processing. During the construction phase or implementation phase consultant's role is to conduct quality control or supervision of the construction activity and contract administration of the parties involved.

1.2. Statement of the Problem

The Ethiopian construction industry consumes 60-65% of the capital budget of FDRE allocated annually (MUDC, 2012E.C). This boom of the industry and the low performance of the local firms attract foreign consultants to operate in the local market as well as initiate new local firms to join rapidly to the market. Currently, we have more than 1000 local firms registered throughout the country and a quarter based in the capital city Addis Ababa (AACACB, 2010E.C). Due to this driving force, the competition becomes intense and challenged to sustain in the business with the conventional management approach. Although the firms lead by practicing professionals in one of the disciplines some even do not have a proper structure and management system, others have well-organized structures and management systems. For a significant number of firms leaders or managers come from a technical background that lacks the formal management training and misconception about strategic management creates difficulty to adopt in their service. More over leaders in these firms having the technical background sought their at most effort on the technical project aspects than the organizational management aspect as a business leader. Due to these facts the management systems in these consultancy firms are weak in addressing its role. The problem that this research would like to address is that the poor management and lack of strategic direction within the consultancy service provision of the construction industry. It takes into account the difficulties faced by consultants poor management execution and a biased approach to the application of strategic management practice, with a view to establish the challenges and obstacles that consulting firm are facing in their efforts to apply strategic management in the service provisions.

Research Objectives

1.3.1 General Objective

To understand the extent of strategic management practices and its challenges: the case of Ethiopian consulting architects and Engineers firms, Addis Ababa.

1.3.2 Specific Objectives

- To identify, the extent to which consultants', practice strategic management in providing their service.
- To identify the challenges that consultants face in their effort to incorporate strategic management in their service provision.
- To establish consultants' appreciation of the importance of strategic management
- To assess the extent to which legal and policy frameworks governing the operations of consultants enable the practice of strategic management.

1.3. Research Questions

To achieve the objectives of the study, this research will attempt to answer the following basic research questions.

1. How do Ethiopian Consulting Architects and Engineers firm's practice strategic management in their business?
2. What challenges do the Ethiopian Consulting Architects and Engineers firms face in their effort to incorporate strategic management practices?
3. To what extent do Ethiopian Consulting Architects and Engineers firms' accept the importance of strategic management practices.
4. Legal and Policy frameworks designed for Consultancy services of the construction industry in Ethiopia, how it is perceived with respect to the practice of strategic management?

1.4. Significance of the Study

This study is significant in answering the designed research questions thereby to draw and propose

- Improvement mechanisms for the consultancy service management practice
- Recommend the needed changes or amendments on the existing policy frameworks
- Derive recommendations and thoughts for further studies

This study is significant in terms of identifying strategic management practices and their challenges in Ethiopian consulting architects and engineers' service provision. The results of such a study will identify bottlenecks to the application of strategic management in the construction consultancy service provision of Ethiopia. Policymakers, the private consultancy firms within the industry, can use the findings of this study. The regulatory bodies to identify areas that need improvements on existing regulations can use it. Thus, the findings of this study provide useful insights to understand the practice's challenge and provide suggestions for further studies.

1.5. Scope of the Study

The scope of this study is mainly on the identification and analysis of strategic management practices and their challenges in consulting architects and engineers' service delivery in Ethiopia. Based on this, the study will be delimited thematically will focus on strategic management practices and their challenges in consulting architects and engineers' services. Geographically, delimit consulting architects and Engineers firms, based in Addis Ababa, Ethiopia.

1.6. Limitation of the Study

The main limitation of this study is the lack of researches specific to the Ethiopian consulting architects and engineers' context will be one. Besides, the qualitative research method requires more time for interviews and analysis. Failures to have had enough time with respondents another.

1.7. Definition of Key Terms

- a) Consultancy- a professional service that includes Design preparation, Supervision, Contract administration, project management, and tender processing of a given construction project
- b) Consulting Architects & Engineers Firms (Consultants) - Firms or companies established under Ethiopian law to provide Architects and Engineers services in the construction industry.

1.8. Organization of the study

The study comprises five chapters.

- Chapter 1 discusses the background, problem statement, scope, significance, and objectives for undertaking this research project.
- Chapter Two looks at existing literature related to the study to gain an understanding of the research topic.
- Chapter Three presents the research methodology that the researcher will use to undertake the study.
- Chapter Four comprises the findings and discussions of the study.
- Chapter Five summarizes the findings of the study and makes recommendations that would contribute to solving the problem raised, as well as a recommendation for further study.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter reviews literature significant to the study. The review serves as a framework that guides the analysis of the research findings. Areas reviewed include the concept and definition of strategy and strategic management, strategic management process, strategic management practice, benefits as well as problems of strategic management.

2.2 Concept and Definition of Strategic Management

Various authors define strategy in different ways. Mintzberg et al. (1998) we cannot have one universally correct definition of strategy. The early definition of strategy provided by the American business historian, Chandler (1962) strategy is the setting of sustainable goals and objectives, proper allocation of resources, and preparation of implementation plan to put in place these goals. Mintzberg (1994) elaborates strategy as an engineering blueprint that directs and guides stages of action in the long term. Moreover, he asserts it as a rhythm, that is, consistent in character over time. Strategy is a 'leader's map for executing a business plan and conducting operations (Thompson, Strickland & Gamble, 2007). Strategy is a technique that leaders use to grow, win customers, work and succeed goals of organizational performance' as they further proclaim.

Developing a strategy for a firm is not the end goal. However, implementation and evaluation as a continuous process, and the approach we devise to take care of this process shall be scientific and one can call it strategic management. Further defined below

Pearce & Robinson (2011), strategic management is the intentions and application towards formulation and implementation of plans designed to meet a firm's goals. Johnson et al. (2011) assert that strategic management is a sequence of actions that clarifies the strategic position, choices and converting such strategy into action. Chen, Hambrick & Nag (2007) 'improving firms' performance in the external environment through dealing the intents and popup initiatives while properly administering the firm's resources as they concluded for the concept of strategic management.

The definition qualifies that strategic management has a purpose, future-oriented, designed position, and competent stretching to assure continuing competitive advantage.

Therefore, Strategic Management entails the Formulation, Implementation, and Monitoring of a strategy, Evaluation, and review of the strategy to ensure the continuing performance of a business.

Strategic management is the art and science of formulating, implementing, and evaluating cross-functional decisions that enable an organization to achieve its objectives (Kazmi, 2008).

In the outlook of Adeleke, Ogundele & Oyenuga, (2008) strategic management is the process of investigating both current and future environments, formulating the firm's objectives, implementing and controlling decisions focused on achieving these objectives in the current and the coming environments. In other works, strategic management is administered by taking advantage of the external opportunities through minimizing the threats and properly furnishing a firm's internal strengths by avoiding or minimizing weakness.

Assigning of resources to meet the planned long-term goals of a firm through consecutive actions is a strategy as defined by Nag et al (2007).

Hunger and Wheelen (2003) describe it as a set of managerial decisions and actions that determine the long-run performance of a corporation. It includes environmental scanning, strategy formulation, strategy implementation, and evaluation and control.

Strategic management is the process whereby leaders set up firm's future plans, set clear and achievable objectives, design strategies to meet these objectives in place of all the pertinent in-house and external situations, and commence to execute the chosen action plans (Thompson & Strickland, 2003). According to Drucker (1974), the aim of strategic management is to think about a business through the eyes of the firm's mission. That is to question, what our business is. This directs to a setting of objectives of the strategy and ruling of today's decision for tomorrow's result.

In addition to those definitions and explanations regarding strategic management, it is concerned with strategy making and formulating action plan how that strategy is to be put into practice (Aluko et al, 2004). It is also thought of as having three elements within it: there is the strategic choice stage, which is to do with the formulation of possible courses of action, their evaluation and, the choice between them (Oyedijo & Akinlabi, 2008). Finally, there is a

strategic implementation stage, which is to do with planning how the choice of strategy can come into effect (Johnson & Scholes, 2002).

2.3 Theoretical Underpinnings

The concept of strategic management progressively developed over time (Freeman et al., 2009). The preparation of a strategic plan and implementing it is where strategic management creation begins. This creation to Alfred Chandler & Charles Hofer who focused on goal setting, defining strategy, putting a strategy in place, and control as key elements of a strategic management process. Afterward, strategic management was considered as an academic subject, like accounting and finance (Ahlstrand et al., 1998).

Strategic formulation and implementation are the two broadly applicable phases in a strategic management process (Pearce & Robinson, 2011). However, according to Lynch (2009), a strategic management process has three sequential core areas: strategic analysis, strategic development, and strategic implementation. Kasele (2010) conforms that Formulation, Implementation, and Evaluation in strategic management are the most widely used three steps. It is within these three phases the elements of strategic management practice are found. Strategic Management practices have been backed by some well-known theories found in the academics such as Resource-based theory, Organizational Learning Theory, Strategy as a practice, etc.

2.3.1 Resource-based View theory

A resource-based theory explains those firms that own “a strategic resource” have better competitive advantages over firms that do not. Resources such as land, equipment, and the likes are not considered strategic resources because a competitor can easily acquire them. For a resource to be strategic it should be Valuable, Rare, difficult to copy, and non-substitutable. If an asset that is invaluable, unusual, difficult to replicate, and non-replaceable, then it is a strategic resource (Barney, 1991; Chi, 1994)

Resources are the physical and intangible assets firms use to envisage and implement their strategy (Barney, 2001). Sshroeder et al (2002), asserts that resource based view theory articulates the necessity of internal resources within the firm and the application of such resources during formulation of strategy to assure successive performance within the firms competitive market. Within the context of the construction industry consultancy service,

RBV helps to identify and explore the human resource and strategic planning options that can guide consultants to better manage their organizations now and secure future opportunities therefore improves the firm's reputation. Kogut & Kulatilaka (2001), mentions that capabilities, resources and knowledge acquired through time provides option for future business opportunities and gives a firm leverage over competitors. In the context of construction consultancy firms of Ethiopia these may include, planning and schedule templates, business models, experienced & certified professionals as well as certified business processes and best practices.

Wernerfelt (1984), highlighted issues that RBV considers:

Resources should a company diversify?	By analyzing a firm's resources & capabilities in terms of diversification potential &/or exploitability, a firm can determine which ones would be most favorable to utilize as a basis of corporate strategy formation.
Which resource should be developed further?	An internal analysis should identify area of weakness within the firm and enable managers to address these issues.
What markets a firm should diversify into?	By identifying internal strengths a firm is in a better position to identify markets where diversification resources can be exploited. By matching the internal resources & external opportunities the chances of a successful strategy being implemented is increased.
What type of firms other firms acquire?	RBV identifies weak areas of a resource base as well as which resource are compatible with others. This enables decision makers to make informed judgments with regard to acquisition & merger.

Table 1 : Factors of RBV (Source: Wernerfelt, 1984)

2.3.2 Organizational Learning (OL) theory

OL is "the process, through which firms amend or alter their psychological models, set of laws, understanding, maintaining or improving their performance" (Chiva, Ghauri, & Alegre, 2014). OL is crucial for organizations operating in an unpredictable environment to respond to unforeseen circumstances more quickly than their competitors (Garvin et al, 2008) do. To positively influence, the performance of a firm, the OL system demands proper handling of information (Cheng et al, 2014). The need for establishing and maintaining a learning organization is the need for dynamic learning process as organizations steps from relatively stable to unstable environmental conditions in a given industry. As trends in the construction

industry market conditions, competitions, developers demand, technology, and other environmental factors evolve; companies too must reform and transform themselves for long-term engagement in the industry. Azim (2008) claims that nurturing learning is vital in today's business since it contribute to competitive advantage by enhancing organizational performance and effectiveness.

Although, there is no specific definition for this theory it is commonly described as a process of developing, retaining, and transferring knowledge within an organization. From this perception, organizational learning occurs because of practice, and a firm is said to have learned from practice when there is an alteration in the firm's conduct or performance. From the Ethiopian construction consultancy point of view consulting firms need to have a learning culture to fit to the evolving market system that change frequently due to customer demand and advancement of technologies.

2.4 Strategic Management Process

Strategic management is used to design the firm to efficiently relate to its external environment. The external environments consist of socio-political, technological, and economic elements (Sharplin, 1985). Several strategic management models were introduced by researchers including Sharplin (1985), Greenley (1989), Certo and Peter (1991), Stahl and Grigsby (1992), and also Hunger and Wheelen (2003). These models necessitate strategy formulation, implementation, and strategic control. Planning strategy and environmental analysis phase are also important and most of the authors put this phase under the formulation phase (David, 2005). Therefore, Formulation, Implementation, and Evaluation are the three basic stages of strategic management or fundamentals.

The formulation is a primary phase called the strategy-designing stage that aims at ensuring firms achieves their objectives (Certo & Peter, 1991). David (2005) stated that identifying business to involve, plans to furnish resources without radical takeovers, and may consider global market are all in strategy formulation stage. He also describes that strategy formulation phase comprises the development of a mission statement, identification of external opportunities and threats, determination of internal strengths and weaknesses, establishing long-term objectives, deriving optional strategies, and selecting the better fit strategy to be put in action.

The implementation phase is the second stage that puts forward actions in agreement with strategic plans (Sharplin, 1985). This enforces firms to set objectives, think up policies, inspire employees, and apportion resources to carry out formulated strategies. Certo and Peter (1991) assured that without the successful strategy implementation, firms are incapable to reap the payback of performing a firm's analysis, establish a firm's direction, and formulating a firm's strategy.

The third is the evaluation and control phase that requires information to be obtained on strategic performance and comparing it with existing standards (Certo and Peter, 1991). Evaluation can do by reviewing current strategies, measuring performance, and taking corrective actions. Strategy evaluation is needed because today's success does not guarantee tomorrows. Success always creates new and different problems; satisfied organizations experience failure (David, 2005).

2.5 The Influence of Context

A firm's Strategy is usually correlated with the external setting in which it operates. Whether formulated with specific environmental threats and opportunities in mind or emerging incrementally from within the organization much of what becomes or is interpreted as strategy has evolved with at least some sensitivity toward the external world.

In the strategic management literature, many contingency factors are suggested to influence strategy (Amanda Plance, 2015). Plentiful summaries of the contingency narrative concluded that the industry environment exerts strong persuasion on strategy formulation or the association between strategy and other variables such as performance. Technology is another contingency factor that cited extensively as affecting organizational structure (Grinyer&Yasai- Ardekani, 1981).

2.6 The Pros and Cons of Strategic Management

Strategic management can be of assistance when a firm applies an approach to strategic management, which aligns with the situation they are in. Several researchers including Nmadu (2007), Akingbade, (2007), have identified the benefits of strategic management. According to these researchers, strategic management provides the following benefits: brings about a clearer definition of objectives, providing better guidance to the entire organization, makes managers and organizational members more alert to new opportunities and threatening

development, helps in overcoming risks and uncertainties, and therefore contributes to organizational success.

They further add that strategy increases the quality of business decisions; it creates a more proactive management posture, helps to unify the organization, and promotes the development of a constantly surfacing business model that will generate persistent prosperity for the business. Using the strategic management approach, where leaders at every functional level of a business act together in planning and implementation has immense behavioural consequences almost alike to those of participative decision-making (Adeleke, Ogundele and Oyenuga, 2008).

To summarize, it stressed that strategic management has become more important to managers in recent years in defining the mission of their organization. To be specific, the concepts of strategic management have made it easier for managers to give their organization a sense of purpose. Moreover, the organizations that involve strategic management are better able to predict the future than others are. Researchers such as Akingbade (2007) have likewise acknowledged the following disadvantages of strategic management: It involves a great deal of time and effort, as well as thinking about finding out and anticipating the most relevant variable in the industry for about 20 years and above.

2.7 Limitations of strategic management

Hamel coined the term strategic convergence to explain the limited scope of the strategies used by rivals in greatly differing circumstances. He lamented that firms that do not understand that for a strategy to work, it must account for the specifics of each situation (Hamel and Prahalad 2002) imitate successful strategies. However, in a world where strategies must implement, the three elements are interdependent. Ways are as probable to verify ends as ends are to verify ways (Lindblom, 1959).

The range of feasible approaches to implementation limits the objectives that an organization might wish to pursue. (There are a small number of approaches that will not only be technically and administratively possible, but also satisfactory to the full range of organizational stakeholders.) In turn, ranges of feasible implementation approaches are determined by the availability of resources (Hamel and Prahalad 2002). A further critique of strategic management is that it can exceedingly restrict managerial prudence in a dynamic environment. How can individuals, organizations, and societies cope as well as possible with

issues too complex to fully understood, given the fact that actions initiated based on inadequate understanding may lead to significant regret (Woodhouse & Collingridge, 1993).

Some theorists insist on an iterative approach, considering in turn objectives, implementation, and resources (de Wit and Meyer, 2008). In this regard, Elcock (1996) considers it a continuous learning series rather than a linear succession in the direction of a visibly defined final aim. Humans can proceed satisfactorily by wisdom from practice hence strategies must be able to adjust during implementation; and modest probes, serially modified based on feedback, usually are the best method for such learning (Woodhouse and Collingridge, 1993).

Woodhouse and Collingridge allege that the quintessence of being strategic lies incompetence for smart trial and error (Woodhouse and Collingridge, 1993) rather than strict adherence to finely honed strategic plans. Strategy should be seen as laying out the general path rather than precise steps (Moore, 1995).

2.8 Conceptual Framework

For a better outcome of the study in searching the challenges faced, the Ethiopian consulting firms engaged in the construction industry in the practice of strategic management, the study conceptualizes based on the Resource-Based Theory and the Organizational Learning Theory. The resource-based theory emphasizes; Resources are the tangible and intangible assets firms use to conceive of and implement their strategy (Barney, 2001). In a given Consultancy firm in the construction industry, the technical Knowledge acquired through education, practical experience, and special skills is the backbone. For a given firm to have a sustained competitive advantage it should have the resources and capabilities and these include management skills, organizational processes & skills, information & knowledge (Barney, 1991). In addition, this knowledge is an intangible asset as Barney (2001) explains that firms implement as their input for the competitive strategy.

The Organizational learning theory conceptualizes as the process of knowledge creation, retention, and transfer in an organization. In other words, it is creating a learning culture within an organisation guides the long term sustainability of a firm.

Hence, for a strategic management to be practiced at least three things should be conceptualized in a given firm

1. Firm's resources and capabilities_ the tangible and intangible assets of a company needed to be identified and secured whether there is a strategic resource to be competitive in the market. Management skills, organizational process and skills, and information and skills on the business are some of the mandatory factors with this respect.
2. Conducive industry environment_ the industry environment should have a common and fair ground for all competitors. Policy frameworks and competitors attitude are some factors.
3. Knowledge_ management team should have a clear understanding to the concept and practice of strategic management. If this is in place management will have the understanding to its importance and develop appreciation to pursue their time and resources towards the practice of strategic management.

Strategic Management Practice		
Resources & Capabilities	Industry environment	Knowledge
<ul style="list-style-type: none"> - Management skill - Organizational process & skill - Information & knowledge 	<ul style="list-style-type: none"> - Policy framework - Competitors 	<ul style="list-style-type: none"> - Strategic mang't skill - Importance - Apreciation

Figure 1: Conceptual Framework

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes how the study is to be conducted; it outlines the choice of study approach and strategy that will be used in undertaking the study. The chapter also defines the participants and the techniques used to analyze the data.

3.2 Research Approach and Design

3.2.1 Research Approach

This research is an exploratory research study in its design, which will use qualitative research approaches. The reason why qualitative research is chosen is due to lack of previous studies with regard to construction consultancy service in the Ethiopian context. So the study will focus on developing ground information. To develop ground information the qualitative approach is the best fit for understanding individual views and thinking with in-depth interviews and discussions moreover it allows respondents to give their utmost perception on the topic.

3.2.2 Research Design

According to Saunders et al (2003), researchers can use three distinct research designs; these are Exploratory, Descriptive, and Explanatory. Research design is the overall strategic direction that the research process takes, starting from the theoretical framework determination to data collection and analysis (Sarantakos, 1998). It is a framework for the collection, measurement, and analysis of the research data (Cooper & Schindler, 2003). I use exploratory research that looked for to form the way Consulting Architects & Engineers firms in Addis Ababa operate to find out the practical scenarios on the ground. I will look for new insight into the way Consultancy firms function, asking questions and assessing phenomena following standard research guidelines (Robson, 2002).The research was conducted by relevant literature review, collecting data from consultants and key persons in the industry.

Exploratory research chose because of its flexibility and adaptability to changes in the research environment. It chose due to the unavailability of previous studies in the selected population.

3.2.3 The rationale for the selection of the Study area

The target area of study is Consulting Architects and Engineers private firms based in Addis Ababa, Ethiopia. Consulting Architects and Engineers selected purposely based on the following reasons: first familiarity of the researcher with the consulting Architect and Engineer's service by profession. Second, existing communications will enable the researcher to get a deeper understanding of the issues and conduct interviews with the different levels of professionals participating in the construction industry within the available time during the research.

3.3 Population and Sampling

The general population for this specific study is 250 consulting offices that renewed their license for the year 2020/2021. These offices are based in Addis Ababa registered and licensed by either MUDC or AACACB. These are a mix of consulting offices from CAT-1 to CAT-5. Their service provision is in building, road, or a mix of the two projects.

3.3.1 Sample design

The sample design chosen is probability sampling with a simple random sampling technique applied. This sampling was preferred to avoid any potential bias and to give equal opportunities for the potential respondents in the given population.

3.3.2 Sample size

Debates concerning the sample size for qualitative research are becoming a frequent phenomenon. Scholars like Mason (2010) argue that the concept of saturation is the governing factor instead of the number or size. Saturation is the point at which the collection of data reveals no new relevant information. Data can be saturated "When collecting data no longer brings new hypothetical insights, nor discover new properties of your hub theoretical categories" (Charmaz, 2006, p.113). On the other hand, scholars like Clark & Braun, Fugard & Potts tried to define a minimum size.

Qualitative studies require a minimum sample size of at least 12 to reach data saturation (Clark & Braun, 2013; Fugard & Potts, 2014). Therefore, a sample of 12 and above was deemed sufficient for the qualitative analysis and scale of this study.

A minimum of 12 management and/or senior staff members from 20 Consulting Architects and Engineers firms were selected for the study. In this study, simple random sampling was

employed to avoid potential bias while targeting management and top level employees with roles and responsibilities that make them a part of company strategy formulation, implementation, and evaluation. The selected respondents will include Managers, Technical directors, Practicing Architects, and Engineers, sampling is therefore based on position, experience (years of work), and educational level. These respondents will be the ones with enough credibility and understanding of the subject matter to provide authentic information to enable the achievement of the research objectives.

3.4 Methods of Data Collection

Kabir (2006), Qualitative study mostly avoids numerical data and is usually descriptive or titular in nature. Qualitative approaches aim to address the 'how' and 'why' of a program and tend to use unstructured methods of data collection to fully explore the topic. Newman, Chansarker & Turner (1999) proposes documentation or reading relevant materials, observation, and questionnaires or data-gathering forms and interviews as the three ways of data collection.

For this specific study, Interviews are the primary source of data collection from the selected sample. Interviews were conducted face to face by the researcher while a telephone or online interviews to comply with COVID 19 protocol for a live interview.

3.4.1 Interview Method

Interviewing is asking structured or non-structured questions and getting responses from participants in a study. Interviewing has a variety of forms including individual face-to-face and face-to-face groups. That means it can be through telephone and any other electronic media. Interviews can be Structured, Semi-Structured, or Unstructured (Kabir, 2006). Further explains that semi-structured interviews have specific characteristics such as, interviewer and respondent engage in a formal interview, the interviewer develops and uses an 'Interview guide'(a list of questions and topics that need to be covered in a particular order but can follow topical trajectories when s/he feels appropriate.

Hence, for this specific study, the researcher uses a Semi-Structured Interview based on a pre-arranged guide and questionnaire to collect data. According to Bernard (1988), a semi-structured interview is best in use when you will not get a second chance to interview someone.

3.5 Data Validity and Reliability

Reliability and validity are important concepts in research. These two concepts are employed to assure the research findings are trustworthy and credible. According to Creswell & Poth (2003), they consider „Validation“ in qualitative research as it is trying to assess the „accuracy“ of the results, as best described by the researcher, the participants, and the readers. Mohamad et al, (2015) also assert, “Validity relates to the suitability of research significance, tools, and techniques, processes including data collection and validation.

Validity

- Data blinding and inclusion of different sampling groups_ the respondents will be a mix of consulting offices at start up those grouped in CAT 4 & 5 firms and those have established CAT 1-3. With this inclusion of variety, the researcher will try to reduce bias towards one-sided outcomes.
- Restrict the amount of information shared with respondents_ limiting the amount of information-shared helps to secure the research not biased with a preconceived notion of the respondent.

In addition, the validity of the questionnaire will be reviewed by professionals after being adapted from pre-existed and tested questionnaires that have been used in earlier researches.

Reliability

To establish reliability, I will apply two processes

- Convert the verbal responses into a text format in a table. It helps to quickly interpret the results and fasten the progress and also guides a concise construction of the conclusion
- Reliability assessed with data triangulation based on investigators triangulation method.

3.6 Data Analysis and Presentation

The data collected through interviews will be analyzed using the thematic analysis technique. It was in the 1970’s that thematic analysis was initially developed by Gerald Holton, and recently the technique was accepted as a “unique method with a clearly outlined set of procedures in social science (Braun & Clarke, 2013). According to these authors, thematic analysis is a data analysis method that helps a researcher to identify themes and patterns of meanings across a data set with particular research questions. They also state that this method

can analyze almost any kind of qualitative data such as interviews, FGD, and qualitative surveys. Further, they assert that this method involves seven steps: transcription, reading and familiarization, coding, searching for themes, reviewing themes, defining and naming themes, and finalizing the analysis. The approach to the analysis will be inductive through interpreting the explicit data called the semantic approach.

3.7 Ethical Consideration

The cornerstone of ethical research is "informed consent" (Denzin & Lincon, 2011). All participants/respondents in this study will be decided their participation willingly and the researcher will let respondents the purpose of the study, what will be asked, how the data will be used, and what (if any) consequence there could be. The participants will also be informed that their rights to access their information and the right to withdraw at any point.

CHAPTER FOUR: DATA ANALYSIS AND DISCUSSIONS

4.1 Introduction

This chapter provides the data analysis and related discussions. A thematic analysis approach is used to filter out the ideas and thinking's of the respondents on the raised topic. The general layout of the chapter includes demographic data presented by charts, discussions on key issues, coding and theme identification followed by interpretations and discussions.

The data have been collected using a semi-structured interview guide from fourteen respondents. All respondents were conveniently selected from industry practitioners. The interview was conducted through a formal appointment at their convenience place and time. All interviews audio recorded except two. These two participants refused to record and hence researcher took notes during the interview. The audio files were transcribed into a written note by the researcher. Transcription is the first step from the seven as recommended by Braun & Clarke (2013).

4.2 Demographic Information

4.2.1 Gender

Figure 3, presents the distribution of respondents based on gender. All respondents are at the managerial or technical director level. Among these respondents used for this research, one respondent was female and that accounts for 7% of the respondents while thirteen or 93% were male. Considering the number of samples among the total number of consulting firms this may not be considered as the exact proportion of women involvement in the consulting service managerial or technical director level but gives insight.

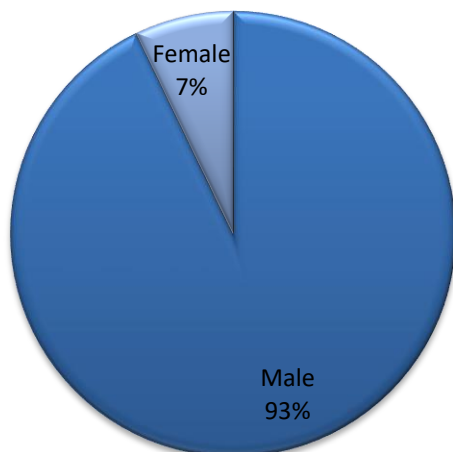


Figure 2: Gender

4.2.2 Field of Practice

Figure 3, presents the distribution of respondents according to fields of practice. Field of practice among respondents mainly revolves in areas, Architecture and urban planning (36%), Civil Engineering (43%), and Construction Management (21%). From the total respondents five of them are Architects, six were Civil engineers and three were CM in their field of practice.

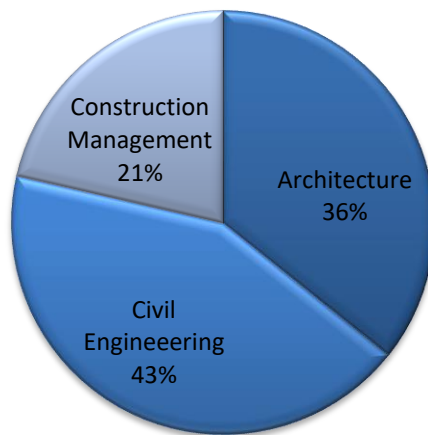


Figure 3: Field of practice

4.2.3 Level of Education

Figure 4, presents the distribution of respondents according to their level of education. Education levels among respondents have a minimum of first degree in their field of practice, one respondent holds only a first degree (B.Sc.) that accounts for 7% from the total, one respondent holds a PG diploma (8%), ten respondents have second degree (MSc/MBA) and that accounts for 77% of the total, and one other respondent have a Ph.D. (8%). The level of education shows the competency level that the concept of strategic management may not be a complex thing for the respondents to understand.

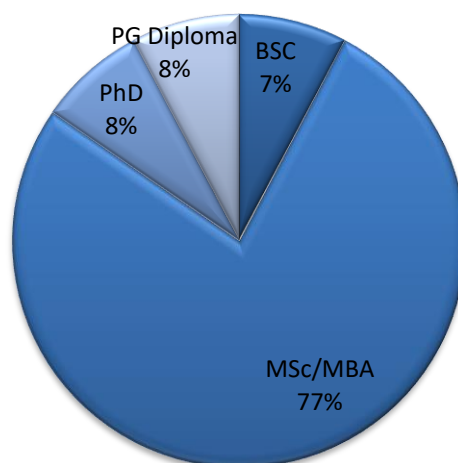


Figure 4: Level of education

Moreover, respondents have two categories concerning education. Seventy-one percent (71%) or ten out of fourteen of the respondents have Architectural or Engineering background while 29% or four out of fourteen have additional competency in the business area. That means they have MBA/MA in addition to their field of practice.

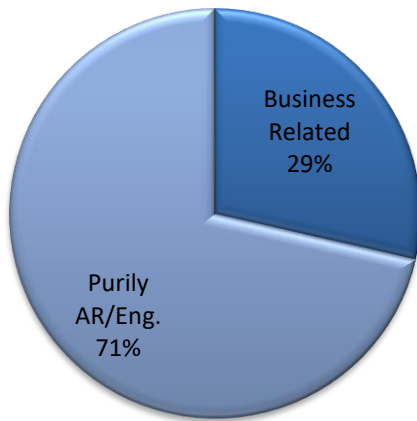


Figure 5: educational background

4.2.4 Year of Experience with the Company

Years of experience show that only 7% or one out of the fourteen respondents has less than 10 years of experience with the current company they are working for. This is only the number of years with the current company they are working for.

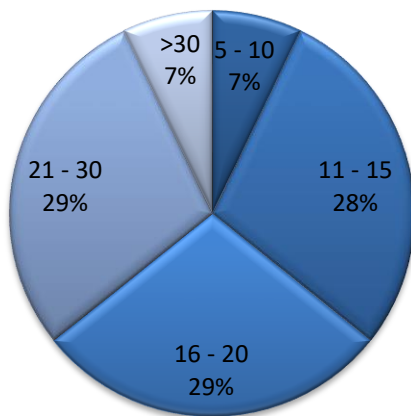


Figure 6: Manager Experience with the company

4.2.5 Experience as Manager/Technical Director

Respondents also requested to tell their experience as a manager or technical director level and all responded that their position and years of experience with the company are the same.

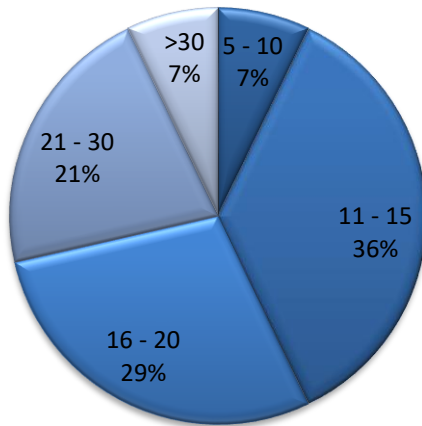


Figure 7: Experience as a Manager

4.2.6 Number of Full-time Employees

Among the respondents, 23% have full-time employees between fifteen and twenty and only 8% of the respondents have above 70 full-time employees. These figures show that the companies are medium to big sizes.

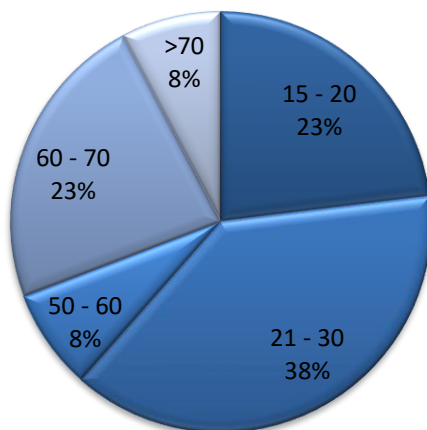


Figure 8: Full time employee

4.2.7 Category of Consultant

The firm's respondents tell that their company's categories are based on the registration body classification. Hence, among the respondents, seven respondents or 50% are consultants who provide both Architectural and Engineering (CAE-1) service with grade 1 license, the rest 50% or one in each of the following categories CAE-2, CAE-3, CA-1, CE-5, CR-1(road), CM-1(construction management), and CM-2.

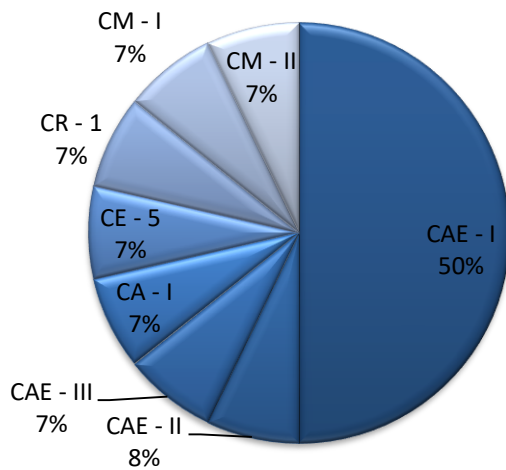


Figure 9: Category of consultants

4.2.8 Organizational Structure

Looking at their organizational structure 7% or one company has flat, two companies or 14% have divisional, and eleven firms or 79% have functional structure.

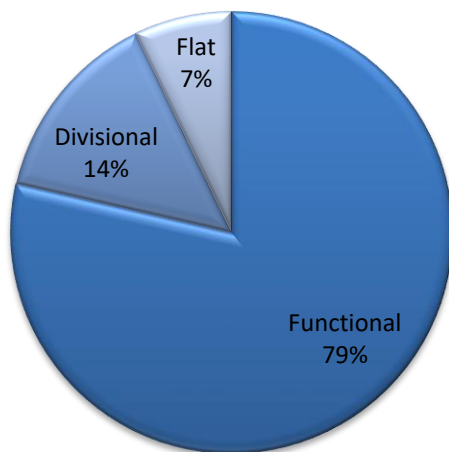


Figure 10: organizational structure

4.2.9 Manager owner Relation

Among the respondents 12 of them found out to be owners of the organization in a partnership or sole proprietorship that accounts for 86% while 14% or two respondents were only employees of the firm. Being owner/manager is a good opportunity to influence the type of management to be applicable in the firm.

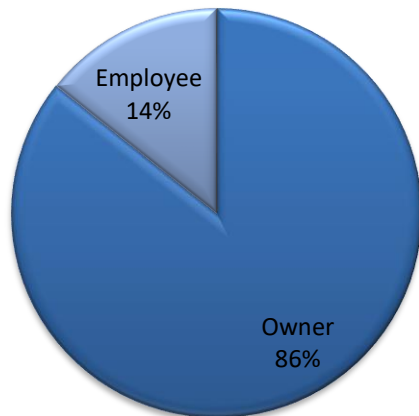


Figure 11: manager owner relation

All the above data shows that all of the firms are managed by professionals with a technical background either in Architecture or Civil engineering. In addition, the majority of the managers are owners or shareholders of the firm. The type of organizational structure, the number of years in business and the number of employees show that there is somehow a proper, stable, and organized structure in place at least for the participant companies.

4.3 Findings

From the semi-structured interview the findings are presented in two parts. The first part describes the key issues rose during the interview and responses obtained from the interview participants according to the sequence of the research questions. And on the second part the thematic analysis with the researcher’s explanation to the codes and themes are presented according to the sequences of the research questions.

4.3.1 Key Issues raised

4.3.1.1 The practice of strategic management in Ethiopian consulting firms that provide service to the construction industry

How do you develop your company’s Strategy and corporate statements? (Mission, Vision, Value statement, Objectives, and Goals)	
Key issues raised	<ul style="list-style-type: none"> • Four of the respondents mention that they don't have any of them written for organizational purposes. • All other respondents mention that they have prepared after conducting SWOT or environmental analysis but they did not conduct an in-depth analysis of the environment. Instead they used their experience from

	<p>the industry to define the internal and external factors then formulate the strategy but never revised them once they did.</p> <ul style="list-style-type: none"> • They have prepared them during the capacity development program furnished by the government as an input for the development and certification of the quality management system (QMS) ISO 9001 • The strategy developed is not fully implemented except for few firms. The reason they mention for some unable to conduct an in-depth environmental analysis due to lack of information, others mention that the focus is the ISO certification • All hired a consultant during the formulation of the strategy and the management team was involved in the process.
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Table 2: Environmental scan & formulation of a strategy

From the responses, one can conclude that all respondents understood the process of formulation in general terms that is gained from the training and the consultation except those never prepared. Even if, they did the formulation an in-depth understanding was not achieved by all as revealed by respondents since the formulation was not from an in-depth environmental analysis.

How do you manage the implementation of the strategy? (policy manual, action plan)	
Key issues raised	<ul style="list-style-type: none"> • The implementation was not fully in place for most respondents mentioning a lack of commitment and unable to keep continuity. • The conflict between being a technical person and a manager is also a challenge for implementation since managers spend most of their time on the technical aspects of the project than the management. • Implementation was also challenged due to internal and external factors like employee capacity, employee turnover, regulatory problems, and the market system.

Table 3: Implementation of the strategy

From the above responses, implementation was not fully in place due to different factors such as lack of commitment, employee attitude, regulatory framework and market system.

Explain that whether your firm runs following the fundamentals of strategic management?	
Key issues raised	<ul style="list-style-type: none"> • No, we were focused on the QMS. • Due to lots of reasons like human resources, competency of employees above all management commitment was a problem and they don't dare to mention that they run their business following fundamentals of strategic management practice • Among the respondents, only three have confidence that they follow the fundamental strategic management practice. Of these one is unable to keep up due to lack of finance.

Table 4: Fundamentals of strategic management

From the interview responses, the majority of consultants do not follow the fundamentals of strategic management practices due to different reasons. The respondents reach this conclusion that after having clarification on the concept of fundamentals of strategic management by the researcher. Those three who were confident, their demographic data shows that two had a post-graduate degree in Business Administration while the other one has a better-organizational management system in place at their firm.

4.3.1.2 Particular problems or challenges in the introduction of strategic management practice

Do you have any particular problem/s in applying strategic management practice to your business?	
Key issues raised	<ul style="list-style-type: none"> • I have a dilemma due to the conflicting idea between the company and the Architectural practice? Departing from my professional Ego. • Not fully understand the value of practicing strategic management • The corporate structure is like marriage for convenience. • The market system and weak regulatory framework does not provide a conducive environment • Very low service fee hinders to sustain financially and that challenges commitment. • Lack of leadership, employee turnover, corruption, etc.

Table 5: Particular problems in the application of strategic management practice

The respondents agree that the market system, weak regulatory framework, and knowledge gap are the particular problems explained in different ways. Apart from these, one interesting and unexpected challenging issue raised by a respondent is that the professional Ego. “The ego of pursuing an Architectural practice called after one’s name, or forming a partnership to found an organization”.

4.3.1.3 Importance and appreciation of Strategic management practice in the Ethiopian consultancy firms that provide service in the construction industry

What is your view on the importance of strategic management for consultants in the Ethiopian context and explain whether consultants appreciate the concept?	
Key issues raised	<ul style="list-style-type: none"> • It is a modern business management system, importance is not an issue. Regarding appreciation, I guess they do have but depends on the knowledge of the subject matter. • It gives direction and focus. Saves time, cost, and maintains quality. But most consider it as 'jargon'. • It is important but client maturity should be raised to improve the importance through their consultant selection formats. Most consultants don’t have the appreciation. • Importance is not a question but those who don’t have passion follows short term advantage • Appreciation is at the individual level not at the organizational level.

Table 6: Importance & appreciation of strategic management

From the interview responses, most respondents agreed that it is important. Regarding the appreciation, almost all agreed that appreciation is poor.

How do you explain whether there is knowledge and/or skills gap in the introduction of strategic management into your service?	
Key issues raised	<ul style="list-style-type: none"> • There is a big gap concerning management and strategic thinking • I don't see a knowledge gap but special skills may be needed. • Technical knowledge is not enough. we need to see Architecture and Engineering from a social science perspective • Most consider the concept as the work of a government

	<ul style="list-style-type: none"> • Since we have a technical background, we lack such management skills, and hence it is vague to think strategic management.
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Table 7: Knowledge or skill gap for the practice of strategic management

The interview responses show that the knowledge gap is paramount since most of the managers or owners are from a technical background. Their inclination is towards the technical execution aspect rather than the managerial and they spend more time on projects than on their leadership duty.

4.3.1.4 Legal and policy frameworks with respect to the practice of strategic management.

How is your perception to the legal and policy frameworks designed for consultancy service with respect to the practice of strategic management?	
Key issues raised	<ul style="list-style-type: none"> • The least bid concept does not provide conducive environment to practice strategic management • Procurement decision making lacks transparency • Consultant selection methods does not appreciate strategic management practice • The licensing system lacks a mechanism to filter the qualified consultant and hence the competition is worse to genuinely serve with pure professionalism

Table 8: legal & policy frameworks perception

The respondent’s perception with respect to the legal and policy frameworks shows that the situation in the consultancy service provision is unthinkable for strategic management practice. Despite the wide opportunity the policy and legal frames are like burdens even to survive in the industry.

4.3.2 Themes and Codes

The thematic analysis was conducted to

1. Identify the level of strategic management practice based on the fundamental steps formulation, Implementation, and evaluation & control.
2. Identify the challenges to the practice of strategic management
3. Identify the importance and appreciation in the consultancy service provision
4. Identify the conduciveness of the legal and policy frameworks designed for the construction consultancy service area.

First codes are identified from the transcribed responses, categorized and grouped with respective researcher questions then themes identified for each research questions and reviewed to come to conclusions and explanations.

No	Code	Sub-theme	Theme
	Management initiative Hire a consultant Conduct Environmental assessments Rough SWOT analysis Avail Vision mission& Value statements Ill-prepared strategy Strategic plan as input for QMS Avail a clear strategy	Formulation of a strategy	strategic management practice
	Lacks continuity Conflict between being a leader & a technical person at the same time. Lacks commitment The Strategy was more of hypothetical Challenged by environmental factors	Implementation of a strategy	
		Evaluation & Control	
Existence of strategic management practice- the patterns and themes identified that strategic management practice in the surveyed consultancy firms that provide service in the construction industry is not daring to mention it exists. For the practice to exist, at least three of the			

fundamental activities formulation, implementation, and evaluation & control have to be in place. As seen from the above thematic analysis environmental scanning and strategy formulation stages somehow tried to practice, but due to the motive that formulation conducted due attention were not given. The motive was getting the ISO certification rather than developing the strategy. This was explained by the rough SWOT analysis done from experience than a true and current data. Still the general concept of the environmental scanning and strategy formulation stages can be considered better understood.

Implementation is highly challenged by a lack of commitment on top of other environmental factors. The low level of implementation aggravates the total absence of evaluation and control stage of the practice.

Table 9 Codes & Themes -1

No	Code	Sub-theme	Theme
	A gap in business management & strategic thinking Priority for the technical aspect Competitor’s intention to short term advantage	Importance	Importance and Appreciation to Strategic Management
	Consider it as “Jargon” Appreciation depends on the knowledge of the concept a gap in business management & strategic thinking	Appreciation	

The importance of strategic management is not embraced properly due to two major factors. These are the prevailing knowledge gap and since all owners and managers of the firms are from the engineering and Architecture profession and pay little attention to the organization management aspect of the business.

Regarding the appreciation, consultants lack knowledge about the subject matter. Some even consider it as "Jargon" and others as a work of the government. Hence appreciation found to be unthinkable.

Table 10 Codes & Themes -2

No	Code	Sub-theme	Theme
	<ul style="list-style-type: none"> ▪ Difficulty in how to develop & manage a business company ▪ Priority for the technical aspect ▪ Consider it not for consultants ▪ Need for special skill 	Knowledge Gap	Challenges for the practice of Strategic management
	<ul style="list-style-type: none"> ▪ Low service Fee ▪ Poor control of the industry ▪ Employee turnover ▪ Market system doesn't reward 	Weak regulatory system	
	<ul style="list-style-type: none"> ▪ Usually, stick with the technical aspect ▪ Unable to see from a business perspective ▪ Rejects partnership 	Professional Ego	
<p>Challenges for the introduction of strategic management – as seen from the demographic data owner and manager for a given firm is the same person with an Engineering or Architecture background. And hence they provide more priority for the technical aspects of the project than the leadership role of the firm. Moreover, the low level of knowledge made them consider that it is not made for consultants in the Architectural and Engineering services.</p> <p>The weak regulatory system leads to a non-rewarding market system that is highly controlled by corruption, lack of transparency, and unfair competition to end up with low service fees. The low service fee poses difficulty to firms sustains financially. This low service fee is a push factor for employee turnover.</p> <p>The other interesting and unexpected outcome is the sub-theme named professional Ego. The Architectural practice firms are in dilemma to end up their ego for partnership or stay as a one-man office.</p>			

Table 11 Codes & Themes -3

No	Code	Sub-theme	Theme
	Coaching, mentoring & training Record & Documentation Tour & Visit	Acquire, Save and Transfer knowledge	Learning Organization
	Integrity Human resource Reputation Experience Leadership	Core competency	Intangible resource
For consulting firms, the core competency is based on intangible resources as themes reveal. The core intangible resource is the skilled personnel or employees. Firms are affected by the low service fee as unable to keep experienced employees. Firms invest in employees to qualify but once they get that experience salary demand increases that firms cannot cop. Such situations hinder firms from long-term strategic management practice.			

Table 12 Codes & Themes - 4

4.4 Interpretation and discussion

The results of the research were analyzed qualitatively using the thematic analysis method. The following discussion provides data analysis outcomes as well as related discussions presented to find answers to the research questions. By assessing the extent to which consultants practice strategic management, the researcher was able to identify the critical challenges that consultants face in applying strategic management practice in their service provision.

4.4.1 Strategic management practice

The result of the analysis shows that strategic management practice does not exist in the surveyed consultancy firms working in the construction industry. For Pears and Robinson (2011), strategic management is a means to achieve a company's objective, and the lack of practice in the consultancy firm's shows that they are struggling to meet company objectives and it is found to be the main cause for a weak management at their current condition.

Johnson et al. (2011) view strategic management as a course of understanding the strategic position of a firm, strategic options for the years to come, and bringing strategy into action. Aligning to Johnson's view consultants in the surveyed firms are unable to determine the

future, unable to define their position and potential in the industry, and also are hindered to turn their strategy into action. For this, one explanation found in the interview is that “we don’t have instruments to understand what we are losing for not applying strategic management practice”.

4.4.2 Challenges of strategic management practice in the surveyed consultancy firms working in the construction industry

The results pointed out that several factors that challenge the application of strategic management. Of these, low service fees, poor control, unrewarding market system, employee turnover, etc. The challenges can be grouped as internal factors and external factors. Factor like employee turnover, knowledge gap of the subject matter, leader’s technical background and professional ego are some of the internal factors. Factors like low service fee, employee turnover, poor control or weak regulation of the industry, unrewarding market system, etc are the external factors or industry factors that challenges the practice of strategic management. Factors like employee turnover are both internal and external that is caused by a direct in efficient management system and also indirectly the market system influences employee turnover due to low service fee. The unrewarding market system is a challenge for those companies having experience and reputation since the selection mechanisms have little room for such evaluation. Unrewarding market system is explained by that companies having a well-organized structure, those have qualified and well versed professionals and those have experience and reputation in the service have little difference with the new comers to the market since the procurement evaluation mechanism has limitations on this regard. Hence, the lowest financial offer is the governing factor where experience and reputation have little attention. Those companies with proper organizational structure and experience have bigger overheads than the least experienced to compete financially with the new comers to the service.

Poor control of the market system is reflected by the regulatory weakness to limit or avoid corruption, licensing and registration of companies and professionals, lack of transparency in procurement decision making.

All these external factors implicate the challenges on the application of a strategic management system since it requires a financial commitment to avail the necessary resources and implement a sustained practice.

4.4.3 Importance and appreciation of strategic management

Respondents have opposing reflections on the importance of strategic management for consultants. One side agree that it helps to have direction and focus while the other side considers it as jargon and some even consider it as a work of the Government. The mixed reflections as seen on the Knowledge gap analysis shows that there is a lack of clear understanding on the subject matter of strategic management. Moreover, the manager and the owner are mostly one person having a first or second degree in Architecture or civil engineering. This technical background has its own impact by giving priority to the technical matters as an organization than the organizational management aspects. Not having a proper understanding on the values of strategic management it was found not important amongst most of the respondents and creates its own obstacles on the application and practice. Hence, the absences of the strategic management practice also caused by lack of understanding of the importance for the construction consultancy service provision.

Appreciation as revealed from the result is at low level since it is directly related to the knowledge and understanding level of the concept.

4.4.4 Legal and policy frameworks with respect to the practice of strategic management

The legal and policy framework is one of the key aspects in providing enabling market or industry environment. Capacity and efficiency of the regulatory body, the procurement laws and policies, licensing and registration of professionals & firms, and consultants" selection mechanisms are factors that influence the industry market system. The research finds that the least bid procurement system drives the industry to unfair service fee competition and hence firms are struggling to keep up with management and payroll costs. The selection mechanism also shows that its limitation to bring out those companies with well-organized structure, experience and reputation. The licensing and registration system also lacks the ability to filter the qualified with the other and hence all graduate professional have full access to join the industry without any restriction that challenges their qualification.

The poorly designed policy and legal frameworks for the construction industry especially for consulting service brings difficulty for companies aspire to establish a lasting business firm.

CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The research work concluded and results analyzed, the researcher came up with conclusions and recommendations regarding the introduction of strategic management practice into the Ethiopian consulting firms that provide service to the construction industry. In this chapter, a brief summary of the findings, conclusions, and recommendations is discussed in detail with the aim of providing responses to the research questions. The purpose of the research was to address the specific objectives which were: to identify, the extent to which consultants practice strategic management in providing their service, to identify the challenges that consultants face in their effort to incorporate strategic management in their service provision, to establish consultants' appreciation of the importance of strategic management, to identify training needs of the firm's, with regard to the application of strategic management practices, to assess the extent to which legal and policy frameworks governing the operations of consultants motivate the practice of strategic management.

5.2 Summary of findings

5.2.1 Strategic management practice in consulting firms

Wheelen & Hunger (2003) provides strategic decision-making model that uses environmental scanning, strategy formulation, strategy implementation and strategy evaluation and control stages. Based on these stages the surveyed consultants managed to develop their strategy after conducting the environmental assessment or scanning. It is found out that the environmental scanning conducted was based on the general knowledge they have acquired from their experience in the industry and in the business instead of a full data based assessment. The implementation for most of the firms was a challenge and not successfully implemented due to lack of commitment and other external industry factors. The fourth stage evaluation and control were not fully addressed mainly because of low level of strategy implementation.

Hence, the major finding from the research shows that the surveyed consulting firms' strategic management practice is not matured. It is at the trial level and difficult to judge that they practice strategic management.

5.2.2 Challenges to consultants in their effort to incorporate strategic management practice

The challenges are both an internal and external factors. The internal factors found out are the knowledge gap, leadership, and professional ego. The leaders of these firms have a technical background in Architecture or civil engineering and hence they are more determined for the technical aspect of the project instead of the leadership role of the firms. In addition to that, the knowledge gap regarding strategic management concepts found to be a very challenge. This issue was proofed by the expression of the concept among the surveyed consultants by most as “jargon” and as a “work of government”.

The external factor that pause challenge to the strategic management practice is weak regulation of the industry. Corruption, unfair fee competition, and lack of transparency leads to a non-rewarding market system where fail to deliver becomes normal.

5.2.3 Importance and appreciation to strategic management

Most of the respondents have no doubt on the importance but still they lack a deep understanding to the concept and application of strategic management. Due to this the concept does not properly transferred from the individual to the organizational practice. Moreover, the appreciation found to be at low level that arises from lack of proper understanding to the subject matter but it is possible to enhance with proper guidance and training.

5.2.4 Legal and policy Frameworks

The legal and policy frame works found being weak to properly control the industry even to the extent that fail to deliver becomes difficult to be traced to take necessary measures. Apart from that it does not provide the necessary guidance for merit based selection.

5.3 Conclusion

This research has assessed the strategic management practices, the extent of the application and the challenges encountered to practice them into the consulting firm's services provision. The research follows the fundamental stages of Wheelen & Hunger (2003) model on the strategic management practices that are environmental scanning, strategy formulation, strategy implementation, and strategy evaluation and control. The research concluded that most of the respondents of the selected firms develop their corporate statements, which are vision, mission, and value statements, and strategic documents. Some of the respondents did

not articulate any of these statements. Of those firms that prepared their strategy, the initiations were imposed by the Government as part of capacity development program to qualify these firms to the QMS ISO certification. Since the intention was not from the internal need most of them did not implement the strategy at all. Others have an internal intent to develop a strategy but due to financial commitment that arises from the market system and due to lack of an in-depth understanding of the practice, they fail to implement it fully. Regarding evaluation and control, none of the firms found positive. Evaluation and control are directly linked to the implementation stage and since all of them fail to implement fully it was difficult to discuss about evaluation and control as a practice at all.

Importance and appreciation towards the strategic management responses reveal that it is at a very low level. For this, knowledge was the prime reason as found from the majority of the responses. In addition, the technical background of the managers or owners took second most reason for lack of importance and appreciation. This is considered that the technical background influence managers or owners to give more priority to the technical aspects of the project than the management of the firm as a business.

The research also concludes the challenges that the consultants facing in the practice of strategic management. Respondents provide their thoughts on the core challenges and the research framed the challenges into two groups. These are internal and external factors those challenge firms.

The internal factors are the result of weak organizational management system. The lack of proper management system leads the firms to have no clear direction and unable to determine the future.

The external factors as described by respondents are versatile but if we see them in depth, they all fall into one category called Weak regulatory system. The regulatory system cannot effectively control the market and hence corruption, unfair service fee competition, and fail to deliver become a norm and also it does not provide the conducive market environment for merit based selection.

5.4 Recommendation

During the interview, respondents had raised several issues that challenged them in the implementation and practice of strategic management into their service provision. The following are the researcher's views and recommendations that are required to apply to improve the consulting firm's strategic management practice.

5.4.1 Recommendations to consultants

- Consultants are recommended to give due attention to improve their organizational management system. For this application of strategic management is a key. It gives direction how to meet their goals and form a sustained future oriented firm.
- From the research findings, it is evident that consultants lack an in-depth concept of the nature and application of strategic management. The technical personnel who are leading the firms are needed training on the nature and application of strategic management. This recommendation is inspired by that consulting firms do not have much knowledge of what strategic management entails, while some consider it as jargon or a work of government organization.
- Consultants need to assess their competitive advantage in the environment. The research findings show that individual and company experiences are vital. Turnover of employees becomes a critical challenge for consultants' competitiveness and for the strategic management practice. Curbing this challenge is a key factor and hence the researcher recommends addressing the issue is vital.

5.4.2 Recommendation to Regulatory body/policymakers

- The respondents' major issue in the interview was the market system. The weak regulation and misconception lead the market to be volatile and undetermined. The service demands an organized and experienced consulting firm to provide quality service and the market competition is on the least bidder approach. On top of this, the licensing and registration promote newcomers with less structured and with no experience to engage in the market. Such complexity drives the market to an unfair competition where low service fee becomes a norm. The researcher's recommendation is to device quality delivery requirements with proper measurements for the delivery needed and the qualification of professionals should be properly assessed starting from higher education and while on the job.

- Capacity development program on corporate Governance: the lack of corporate governance knowledge was evident in the majority of respondents from their practices and conceptions. Policymakers and regulatory bodies to incorporate in their capacity development programs targeted this area for the industry.

5.5 Suggestion for further study

- Further research is also recommended on
 - The construction industry in Ethiopia has a big opportunity for professionals and companies engaged there, it is also becoming more competitive due to different reasons. For companies to sustain long-term in the industry requires due consideration to further study strategic management as a practice.
 - Architecture is a creative product that demands creativity and innovation. Due to the fact that, in the Architectural consultancy service the wishes of the practicing architect is to form a company to be named after his/her name that no one shares the title and recognition like the old times. That is where professional ego comes to alive in the case of architects. In this contemporary time practicing architecture as one man office becomes challenging and forces partnership where no one architect becomes a lone principal. Hence the impacts of professional ego in the application of strategic management practice worth to further study.
 - Strategic management requires leadership. In the case of Ethiopian construction consultancy service the leader is an Architect or a civil Engineer in almost all instances. Being a technical person (Architect or engineer) and a leader of a business company at the same time seen challenging. Hence, further study on the relationship of a leader's technical background and a leader as a business company might be recommended.

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Appendix A: Interview Guide

“Challenges of Strategic Management Practices: The case of Ethiopian Consulting Architects & Engineers Firms”

1. First, I would like to ask you some questions about your background and your firm.
 - a. Your name and title?
 - b. How long have you been with the company?
 - c. What is your level of education and field of practice?
 - d. What is your experience as a manager or technical director?
 - e. How many full-time employees are in your organization?
 - f. Which category and Grade your organization is licensed? (Building, Road, Urban Planning..., Grade 1-5)
 - g. How is your business organized? (Functional segments, location...)
2. The following questions will be on the practice of Strategic management
 - a. How do you develop your company’s strategy and corporate statements? (Mission & Vision statements, Objectives and goals)
 - b. What are the core competencies of your firm that you think makes it competent in the market?
(In what area does, your firm has a potential competency to win competitors.)
 - c. Can you explain that whether your firm run following the fundamentals of strategic management?
 - d. How do you prepare strategic plan in your firm? (Is it just a management work or involves staff?)
 - e. What sort of policies or procedures your firm have to assure organizational learning?
 - f. Do you have any particular problem/s in applying strategic management practice into your business?
 - g. How easy or difficult to incorporate strategic management in your service?
 - h. How do you explain whether there is knowledge and/or skills gap in the introduction of strategic management into your service?
 - i. What is your view on the importance of strategic management for consultants in the Ethiopian context?

- j. In your view, explain whether consultants appreciate the importance of strategic management or not?
- k. What do you think of the legal and policy frameworks of Ethiopia and the practice of strategic management with respect to consultancy service?