ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS

THE INFLUENCE OF STRATEGIC MANAGEMENT PRACTICES ON THE PERFORMANCE OF ETHIOPIAN AIRLINES

BY

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Addis Ababa University

Addis Ababa, Ethiopia

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A Thesis Submitted to College of Business and Economics at Addis Ababa University in Partial Fulfillment of the Requirement for the Award of Master of Business Administration in Management

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ADDIS ABABA UNIVERSITY

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MASTER OF BUSINESS ADMINISTRATION

This is to certify that this research titled as "The Role of Strategic Management Practices on The Performance of Ethiopian Airlines", is submitted to College of Business and Economics at Addis Ababa University in partial fulfillment of the requirement for the degree of Master of Business Administration in Management. The thesis written by Thomas Gebrecherkos Gebremichael is an authentic study carried out by his own effort under our guidance.

Approved by Board of Examiners:

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Advisor

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Internal Examiner

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External Examiner

Chair of Department or graduate Program Coordination

DECLARATION

I, the undersigned, declare that this study titled as “The Role of Strategic Management Practices on The Performance of Ethiopian Airlines” is the outcome of my own in-depth research. This study has not been submitted for a degree in any other university. It is submitted to Addis Ababa University College of Business and Economics in partial Fulfillment of the Requirement for the degree of Master of Business Administration in Management. All sources of materials used for the Research have been duly acknowledged, cited and referenced.

Name: Thomas Gebrecherkos Gebremichael

Signature: ------------------------------

Date ------------------------------------

LETTER OF CERTIFICATION

This is to certify that Thomas Gebrecherkos has carried out his study under my supervision on the topic of The Role of Strategic Management Practices on The Performance of Ethiopian Airlines. This work is original in its nature and is acceptable for submission in partial fulfillment of the requirement for the award of MBA Degree in Management.

Tsegabrhan Mekonen (PhD)

(Advisor) Signature________________

Date______________

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ABSTRACT

The aim of conducting this research was to determine the influence of strategic management practices on the organizational performance of Ethiopian Airlines. To carry out this research the researcher has adopted a survey research design to determine the influence of strategic management practices (strategy formulation, strategy implementation and strategy evaluation) on organizational performance. The target population of this study was 377. A self-administered questionnaire was designed to collect relevant information from the selected 191 respondents. Among this 177 questionnaires were returned. 172 questionnaires were analyzed using Statistical Package of Social Science (SPSS) while 5 incomplete questionnaires were rejected. Stratified random sampling technique was applied and data were collected from 172 managing directors, directors and managers through structured questionnaire using 5-point Likert scale. The primary data have been edited, classified, organized and coded to get descriptive and inferential statistics outputs using SPSS professional software. The percentage, mean and standard deviation of descriptive analysis were employed. Regression analysis was done to determine the influence of strategy formulation, strategy implementation and strategy evaluation on organizational performance and correlation analysis was also used to determine the relationship between these variables. The investigation brought out that there was significant and positive relationship between strategic management practices and organizational performance in Ethiopian Airlines. Furthermore, strategy makings have a positive and statistically significant influence on organizational performance of Ethiopian Airlines. The study revealed that strategic management practices (practices of strategy formulation, strategy implementation and strategy evaluation) are a good predictor of the organizational performance of Ethiopian Airlines. Based on the summary of key data findings with respect to the objectives of the study, conclusions were drawn and appropriate recommendations along with suggestion for further studies were forwarded.

Key Words: *Strategy, Strategic Management, Strategy Formulation, Strategy Implementation, Strategy Evaluation, Organizational Performance*

Table of Contents

List of Tables

List of Figure

ACRONYMS

SM	– Strategic Management
SF	– Strategy Formulation
SI	– Strategy Implementation
SE	– Strategy Evaluation
SPSS	– Statistical Package for Social Sciences
PEST	– Political, Economic, Social and Technological
SME	– Small and Medium Enterprise
EIC	– Ethiopian Insurance Corporation
NGO	– Non Governmental Organization
SD	– Standard Deviation
EEA	– External Environment Analysis
IEA	– Internal Environment Analysis
SAT	– Strategic Analysis Tool
MRO	– Maintenance, Repair and Overhaul
ZRESID	– Standardized Residuals
ZPRED	– Standardized Predicted
SWOT	– Strength, Weakness, Opportunity and Threats
ANOVA	– Analysis of Variance

CHAPTER ONE

INTRODUCTION

This chapter contains background, problem statement, research questions. Moreover, general and specific objectives of the study, significance of the study, scope, limitation of the study and definition of terms were also presented.

1.1. Background of the Study

Academics has studied strategy extensively, business school usually have as their final required capstone a course in strategic management (Mintzberg, Ahlstrand and Lampel, 1998). Even though the word strategy is defined in many approaches, one of the very common definitions is a direction and scope of a firm over the long term, which accomplishes advantage in change of environment through its configuration of resources and competencies (Johnson, Scholes, & Whittington, 2009).

Mintzberg, Ahlstrand and Lampel, (1998) identified ten key schools of thought, which are classified in to three groups. The first they call prescriptive schools; ones they are 'more concerned with how strategies should be formulated than with how they necessarily do form'. This grouping comprises the design, planning and positioning school. Then they describe the second main group, which are formed descriptive schools, comprising entrepreneurial, cognitive, learning power, cultural and environmental schools. This set out not to prescribe how strategy should be made but rather to describe how it is made in practice. The final group comprises just one school, the configuration.

Jarzabkowski (2004) cited on her article a gap between the theory of what people do and what people actually do has given rise to the 'practice' approach in the management literature. Most recently, the practice approach has entered the strategy literature, recommending that we focus upon strategists engaged in the real work of strategizing (Hendry, 2000; Whittington, 2003). So we should examine strategy not as something a firm has, but something a firm does.

According to Jarzabkowski (2004) the term 'practice' implies repetitive performance in order to become 'practiced' that is, to attain recurrent, habitual, or routinized accomplishment of particular actions. There is a distinction between practice and practices. Practice is the actual activity, events, or work of strategy, while practices are those traditions, norms, rules, and routines through which the work of strategy is constructed.

A special issue article of Nag, Hambrick and Chen (2007) mentioned the emphasis given to the strategic management is phrased as “Silence” which best categorized the strategic management and international business literature when it comes to Africa. This stands in plain contrast to the increasing number of articles using data from other emerging economies, particularly Asian countries like India and China. They also mention many inferential evidences that support a growing number of scholar’s intent to exploit the uniqueness of Africa in their attempt to advance theory.

Lister and Swen (2014) say a strong strategic management process is important to gain competitive advantage and improve organizational performance. Strategy execution, as a component of strategic management is a critical process to get it right; however, up to 95% of strategy execution efforts fail in Africa. The key success factor for effective execution has been reached in developed market, but the research asks “What about Africa?”

A research by Amelework (2015) borrowed Allchafji (2003) phrases saying worldwide, quick variations in technology, increasing rivalry, changing workforce, shifting market, economic condition and resource shortage of the 21st century are increasing the complexity of modern management.

The application of strategic management in business for various sectors has long been adopted as a response to market demand, variations in clients’ taste and changing of technology. Having a good strategy is also an important factor that enables the organization to survive and go further. Dauda, Akingbade and Akinlabi (2010) emphasized the key for effective strategy formulation and execution is when managers consider the organization as a whole and not as any entity made of distinct and independent business units. The managers of the organization must include everyone in the organization because strategy is a detailed plan for a business in achieving success. David (2011) also said that, strategic management is an important practice as it gives a strong influence towards organization’s direction and success. Strategic management does give positive influence, especially in its profitability to large organization.

A research by Amelework (2015), with the title of Assessment of Strategic Management Practices in Case of Ethiopian Insurance Corporation, was to describe the strategic management practices of EIC. The study compares these practices with the widely accepted theoretical concepts in the field. The research utilized both qualitative and quantitative data. Quantitative data was collected based on the questionnaires distributed to the management and employees. Secondary sources of data including strategic plans and budget preparation guidelines were also used.

A study by Dinberu (2016) articulated the strategy planning, formulation and implementation and monitoring and evaluation practice of Nib International Bank. A descriptive statistic was used to analyze the data gathered. The finding of the study revealed that NIB's practice of communicating the strategy plan was poor and through participation of stakeholders is not realized. In addition, the bank's weak use of SWOT analysis results, misalignment or linkage of strategic plans with work units and individual tasks were observed. The strategic plan also lacks the comprehensive performance measurements and not linked with strategic management.

1.2. Background of the Organization

From a very humble beginning to a leading African Aviation Group, Ethiopian Airlines has come along 70 plus years of successful journey. Of course, Ethiopian is aging beautifully throughout the past seven decades, the airlines has established itself as adept in all facets of the aviation industry: technology leadership, network expansion and aviation mentoring.

Ethiopian started operation with the first 5 C-47 aircraft, scraps of 2nd World War, back in 1946 during its debut flight to Cairo via Asmara. Ever since, Ethiopian has been growing in leaps and bounds and has kept on introducing new aviation technology and systems, with so many firsts in the history of Africa aviation as an aircraft technology leader; providing the first jet service in the continent, availing the first African B767, the first African b777-200LR in 2010 and the first African and second only to Japan B787 Dream liner in 2012. In a continuation of that tradition, Ethiopian was the first in Africa to acquire Airbus A350XWB, introducing the extra effect to the African continent. Leading the way once again Ethiopian was the first African Airlines to operate the latest Boeing 787-9 in 2017. Below the industry average, Ethiopian currently operates more than 126 of the young and most modern fleet, with less than five years of age, and has 46 fleet on order.

Living its motto of bringing Africa together and beyond, Ethiopian has created a missing kink through its vast African network to 62 cities and more than 127 international passenger and cargo destination, with daily and more flights, with a minimum layover in Addis Ababa. As a veteran Africa carrier, Ethiopian has positioned vast intra-Africa network better than any Airline.

Ethiopian is currently implementing a 15-year strategic plan called Vision 2025 that will see it become the leading airline group in Africa with seven strategic business units. Ethiopian joined star alliance, the world's largest airlines network, in December 2011. Ethiopian is a multi-award winning airline including: SKYTRAX best Airline staff service in 2013 and 2016, 'Best Airline in Africa' in 2017, 2018, and 2019, and Four Star Airline Certification in 2017. Ethiopian has been registering an average growth of 25% per annum for the past seven years. (Fact sheet 2020).

1.3. Statement of the Problem

The aviation industry today operates in an environment where competition in the world is very stiff and many services are available to the whole market of the industry. There are quite a number of key determinant factors in aviation industry like fleet management, strategic management and strength of leadership, operational qualities, infrastructure, working cultures, customer service, safety, strategic location, technology, and human resource and so on. From these factors, managing the aviation industry strategically is important to become competitive and profitable in the market. In order to deliver or enhance service quality in the whole performance, the industry need to lead and understand the significance of strategic management to meet and exceed customer expectation is a key factor for this.

In today's world where there is a stiff competition between companies in the aviation to compete in the global market, it is imperative for the companies to adopt sound strategic management practice that can be beneficial for the customer, the country and to the company itself. Strategic management practices like environmental scanning, strategy formulation, implementation, and evaluation can give insight to the best competitor how to become outstanding Airlines Company and stay in the market without any problem. As a result, the key strategic management practices are the area of focus for this study.

Several studies were undertaken on strategic management in Ethiopia context, for instance Tegbew (2019) has studied on practices of strategic management on the small and medium enterprises performance in the case of Gullele sub city of Addis Ababa. The study found that, strategic management practice had a positive effect on performance of small and medium enterprises. However, the only variable that had an effect on performance of small and medium enterprises was strategy implementation.

Assessment of practices of strategic management in commercial banks of Ethiopia revealed that private commercial banks focus more on the strategy formulation while giving less emphasis to strategy implementation, evaluation and control (Wubshet, 2018).

Even though, the above and others researches undertaken on the area of the study, still the concept of strategic management has needed more attention and research in different organizations in Ethiopia.

In the case of Ethiopian Airlines, although it has the objective of being customer centric, offering the best quality of products, meeting world-class standards and building a financially sound company, strategy has not been considered as a key source to meet the objective. As a result, the role of strategy has not received the attention it deserved in terms of considerable influence that it can contribute to meet the company's objective.

Studies related to strategic management practices in Ethiopia in general are very limited. To the best of the researcher's knowledge, there are no studies conducted on the influence of strategic management practices on organizational performance in Ethiopian Airlines. This research work is believed to contribute to the body of the knowledge by enhancing the attention given to strategy and its role. This gap will be addressed by the following research questions in terms of strategy management practices. This involves practices in strategy formulation, strategy implementation and strategy evaluation. Furthermore, it is expected that this research work will offer useful guidance for measuring and applying strategy management practices in Ethiopian Airlines. This also provides empirical evidence of the impact of strategy management practices on the Ethiopian Airline's competitive advantage and its performance.

1.4. Research Questions

Based on Strategic Management Model adopted from Wheelen and Hunger (2017). This research work is intended to answer: “What is the influence of practices of strategic management on Ethiopian Airlines performance?

Based on this basic question, the study has the following sub questions.

1. What is the Influence of strategy formulation practice on Ethiopian Airlines performance?
2. What is the Influence of strategy implementation practice on Ethiopian Airlines performance?
3. What is the Influence of strategy evaluation practice on Ethiopian Airlines performance?

1.5. Research Objectives

1.5.1 General Objective

The general objective of the study is to demonstrate the influence of strategic management practices on Ethiopian Airlines performance.

1.5.2 Specific Objectives

The specific objectives of the research are:

- To determine the Influence of practice of strategy formulation on the organizational performance of Ethiopian Airlines.
- To examine the Influence of strategy implementation practice on the organizational performance of Ethiopian Airlines.
- To establish the Influence of practice of strategy evaluation on the organizational performance of Ethiopian Airlines.

1.6. Significance of the Study

The aviation industry is one of the major economic activities that facilitate the movement of people and materials. This study may provide information that may add to the current literature on strategic management practices including the processes of strategy formulation, implementation and evaluation. In so doing this study may help in the understanding of how these practices influence the performance of aviation industry.

This research identified strategic management practice in the performance of Ethiopian airlines. The study may assist senior management staff and directors of Ethiopian Airlines to understand the importance of strategic management practices on organizational performance and understand how strategic plans in place can be improved to enhance organizational performance.

Finally, the study will significant in terms of providing the necessary resource in light of the possibility of future research projects that might be proposed or even carried out in the same area.

1.7. Scope of the Study

This study considers the management staff all over the world. There are seven Strategic business units in the Ethiopian airline. These are the Aviation Academy, MRO services, International services, Cargo services and logistics, Ethiopian Ground services, Ethiopian Airports and Ethiopian Express services. The study considers all this divisions focusing on management staff responses. The study considers all the seven divisions.

This study was delimited to Ethiopian Airlines and the assessment of the influence of strategic management practice on the performance of the organization. The study was also limited to the views of managing directors, directors and managers of Ethiopian Airlines in different divisions.

1.8. Limitations of the Study

Due to the declaration of emergency in connection with the spread of COVID 19 pandemic, collecting data through interview and focus group discussion had become impossible. The busy schedule of managers together with the fear of personal contact due to the pandemic was made data collection more challenging. Therefore, this research work was done based on the standard questionnaires only.

1.9. Definition of Key Terms

Strategy (S): According to Mintzberg, Ahlstrand and Lampel, (1998), the outline or plan that assimilates a firm's major goals, policies and action arrangement into a cohesive whole referred to as strategy.

Strategic Management (SM): In this study strategic management is expressed as the formulation and implementation of key goals and activities that are undertaken by the organization's top-level managers on behalf of stakeholders, on the basis of resource considerations and evaluation of the organization's external and internal competitive environment (Nag, Hambrick and Chen, 2007).

Strategy Formulation (SF): In this study strategy formulation is expressed as an organization process in developing the organization's mission, objectives, strategies, and policies in beginning with situation analysis; the process of finding a strategic fit between external opportunities and internal strengths while working around external threats and internal weaknesses (Thomson and Strickland, 2014).

Strategy Implementation (SI): In this study strategy implementation is expressed as a process by which policies and strategies are implemented through procedures, budgets and development programs. It is the process that turns strategies and plans into actions to accomplish strategic goals and objectives (Aaltonen and Ikavalko, 2011).

Strategy Evaluation (SE): In this study strategy evaluation is expressed as the assessment of strategy implementation process that provides executives and managers performance information about program, projects and activities designed to meet organizational goals and objectives (Ackerman and Eden, 2011).

Organizational Performance (OP): In this study organizational performance is expressed as how well an organization is doing to reach its vision, mission, and goals by measuring it in objective measurements (profit, sales volume, return on investment, breakeven point, and inventory turnover) and subjective measurement (sales volume, market share, customer satisfaction, west reduction, employee turnover and new product development) (Phillips, Davies and Moutinho, 2000).

1.10. Organization of the Study

The paper is structured into five chapters. In the first chapter, the background of the research and the organization, problem statement, the objectives of the study, the scope, limitations and organization of the thesis are presented.

Chapter two consists of a comprehensive review of information from secondary sources of data were available on the topics of interest It focusing on concepts of transaction, meanings of key terms. The chapter also includes factors identification, variable definitions, research modeling and conceptual model development.

The third chapter is dedicated to methodological issues. In this part, the research design, the target population, the sample size, the sampling technique, data collection instruments, data analyzing statistical tools and techniques, data interpreting mechanisms and ethical considerations are presented.

Chapter four provides analysis, interpretations of data, presentation and findings of the study. The discussion includes some statements by other researchers to support the results. Rate of respondents, demographic data of respondents, reliability analysis of data, descriptive statistics, inferential statistics and their interpretation, development and interpretation of regression equation, model prediction and hypothesis testing are included in this chapter.

Finally, summery of findings, concluding remarks and recommendations are heighted in the fifth chapter.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

This chapter of the study deals with different theoretical concepts and empirical evidences related with strategic management. Therefore, the chapter is classified in to two parts. The first part is about theoretical literature relating with strategic management and organizational performance. The second is about empirical evidences about strategic management practice on performance of airlines industry.

2.1. Theoretical Literature Review

2.1.1. Defining Strategy and Strategic Management

The Oxford Dictionary defines strategy as: A design of action planned to attain a long-term or general goal. The art of forecasting and guiding general military processes and activities in a war or battle is also referred to as strategy. Originally it was called business policy, and has advanced substantially with the concentrated efforts of researchers and practitioners (Wheelen and Hunger, 2017). According to Whereas & David (2011), the art and science of strategy formulating, implementing and evaluating cross functional decisions that enable a firm to attain its objective referred to as strategic management. However, the argument Alkhafaji (2003) on strategic management is different it is a concept which is concerned with making decisions and taking remedial actions to accomplish long term goals and aims of a company. Strategic Management is one of the efforts of management to confront situations that arise in an organization's daily routine while trying to achieve organizational goals and objectives.

According to Smith (1994) strategic management has been touted as one of the effective management tools in strengthening organization performance through effective decision making and systematic strategic formulation and implementation. Strategic management was also more prevalent in the private sector. Wheelen and Hunger (2017) evidenced researches that reveal, organizations that engage in strategic management generally outperform those that do not, many of the concepts and techniques that deal with strategic management have been developed. Furthermore, the evidence revealed that strategic concepts have been used successfully by business corporations as large as General Electric. The newest startup also has been successful as small extent. These concepts have been expanded and refined by business practitioners and academic researchers through time.

The strategic management historical development is divided into three periods. These are as follows:

i. The Precursors;
ii. Birth in the 1960s, and
iii. Transition towards a research orientation in the 1970s.

As academic field started from investigation of economic firm and bureaucracy, the first period is the prehistory of strategic management. These studies were to find the linkage between the study of company and economic ideas. The second period is characterized by the contingent viewpoint where firms need to adapt to their external environment. These investigations were administratively oriented under a normative treatment. In the third period, shift began towards a investigation orientation with two sets of different study perspectives. While one perspective utilizes descriptive studies of strategy formulation and implementation (process approach), another perspective with deductive studies seeks relationships between strategy and performance or structural approach (Furrer, Thomas and Goussevskaia, 2008).

Mintzberg, Ahlstrand and Lampel, (1998) classified ten concepts that typically dominate current thinking on strategy and that can be categorized under the three major types: prescriptive schools, descriptive schools and one configuration school. Prescriptive schools have a normative character of how a strategy should be developed and describe its consequences to an organization. Strategy is a result of analysis and process as assumed by design, planning and position schools. Descriptive schools describe how strategies are developed and pursued. Entrepreneur and cognitive schools put strategy as an entrepreneurial act and an organizational decision process. In configurationally schools, theory of organizational configuration and resulting strategies is described. This school analyses strategy development as an interplay between organizational constraints and strategic requirements.

2.1.2. Strategic Management Practices

Numerous studies have been developed to explore the concept of strategic management in organizations. Researchers have built their own framework to answer the fundamental question in strategic management which is how to create and sustain competitive advantage by adopting two mainstream paradigms in strategic management.

Strategic management is the process that encompasses strategic planning, implementation and evaluation (Thomson and Strickland, 2014). On the other hand, they outlined five tasks in the strategic management process. These are as follows:

i. Developing a strategic vision and mission,
ii. Setting objectives,
iii. Crafting a strategy;
iv. Implementing the strategy and
v. Evaluating performance, initiating corrective adjustments.

Johnson, Scholes and Whittington (2009) developed a model for strategic management which consists of strategic analysis, planning, choice and strategy implementation.

A research into the question is necessarily shaped by the underlying conception of the term, However, the explanation by Mintzberg, Ahlstrand and Lampel, (1998) on how do strategies form in organizations, is different from the above mentioned authors. Since strategy has almost inevitably been conceived in terms of what the leaders of an organization 'plan' to do in the future, strategy formation has, not surprisingly. Furthermore, Strategy tended to be treated as an analytic process for establishing long-range goals and action plans for an organization. Its process starts from formulation followed by implementation. As important as this emphasis may be, we would argue that it is seriously limited, that the process needs to be viewed from a wider perspective. Hence, the variety of ways in which strategies actually take shape can be considered.

Strategy implementation has become a key focus for firms and continues to attract attention as it plays a key role in success of firms today worldwide. Johnson, Scholes, & Whittington, (2009) asserted that in knowledge based economies people were truly the most valuable asset which human resources policies need to reflect. Strategy implementation is one of the components of strategic management. A set of decisions and activities that effect in the formulation and operation of long term plans designed to achieve organizational objectives referred to as strategy implementation (Pearce and Robinson, 1996).

Johnson *et al.* (2009) notes that strategy implementation is the translation of strategy into actions. It entails institutionalization and operationalization of strategies and managing the ensuing change. Addressing the aspect of amending the developed strategies so as to achieve competitive advantage is the evaluation process. This is feedback to the original plan and reiterated until most of the organization is in concert with the plans.

According to Johnson *et al.* (2009) strategic analysis is concerned about the strategic position of the company in terms of its external and internal environments and stakeholder expectations. External environmental scanning is to identify and evaluate trends and events beyond the control of the organization (Johnson *et al.*, 2009). The firm's operating political, economic, social, technological, legal environments are included in analysis of external environment. The main purpose of external environment analysis is to find out the opportunities and threats that exist in the operating environment. Forces in the external environment are so dynamic and interactive that the impact of any single element cannot be wholly disassociated from the impact of other elements.

The analysis of general environment focuses on the future. The analysis of the industry environment focuses on the factors and conditions that determine the organization's profitability within its industry while analysis on competitor environment focuses on predicting the dynamics of competitor's actions, responses and intentions. Similarly, internal environmental analysis is concerned with the company's resources and competences which can identify its strengths and weaknesses. There are various internal environmental factors that can affect the strategic management practices of companies and these factors include the organizational structure, company ownership, company size, organizational culture, management style, stakeholder expectation, and the company resources, capabilities, competencies and core competencies. Identifying and developing organizational mission, vision and values is central to the long- term organizational success. Clear mission statement leads to the easier creation of organizational goals and objectives. Chandler (1962) stated that any effective successful strategy is dependent on structure, thus to achieve any effective economic performance the organization needs to alter its structure. An organization's structure can constrain or enhance your ability as a team to gain resources (Hitt, Ireland and Hoskisson, 2007).

Johnson *et al.* (2009) view corporate strategy from cultural perspective, they described it as a strategy based on the experiences, assumptions and beliefs of management overtime and which may eventually permeate the whole organization. Culture is the common set of behaviors, values, beliefs, patterns of thinking and assumptions shared by members of an organization. Culture shapes our view of the world and determines how we think and behave towards others, the world, and ourselves. Layers of values and beliefs are elements of Culture. It is taken for-granted actions and ways of doing business within and outside the firm. Therefore, the concept of cultural web is the representation of these actions taken for granted for understanding how they connect and influence the strategy (Johnson *et al.*, 2009). Culture can be analyzed through the observations of how the company behaves, including routines, rituals, stories, structures and systems.

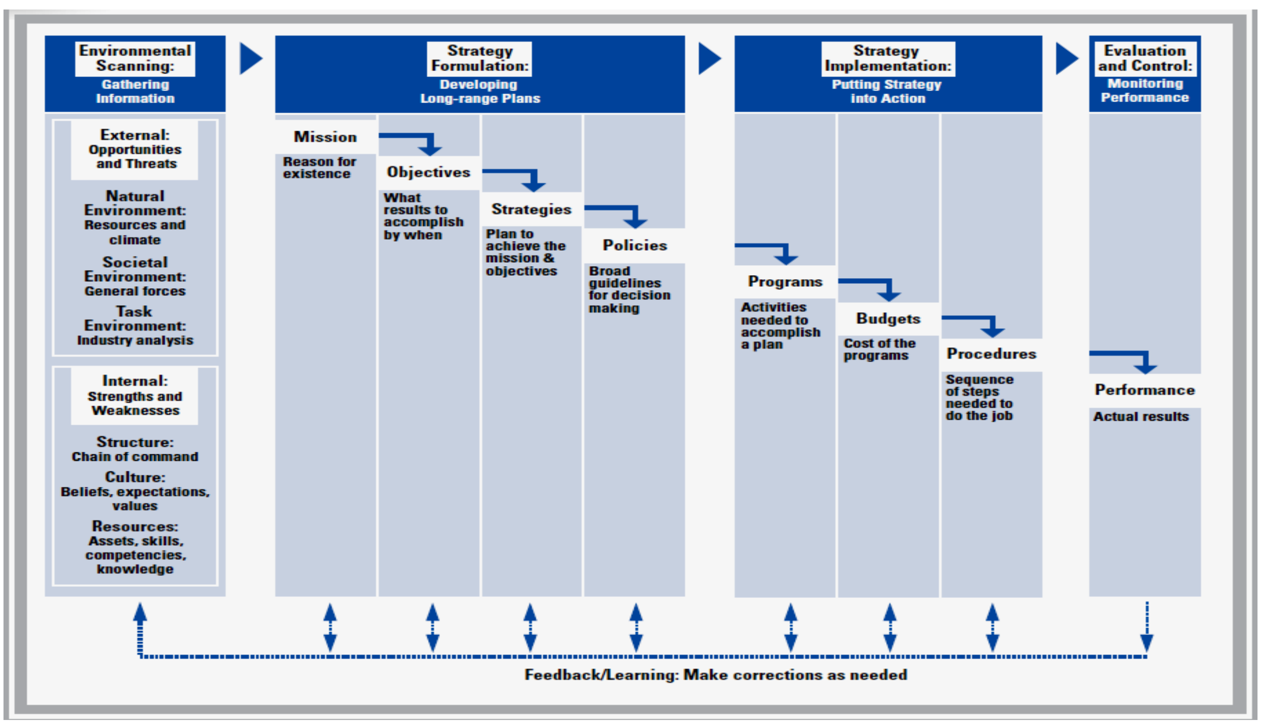
2.1.3. Strategic Management Models

According to Wheelen and Hunger (2017) the strategic management model is both rational and prescriptive. It is a planning model that presents what a corporation should do in terms of the strategic management process, not what any particular firm may actually do. The rational planning model predicts that as environmental uncertainty increases, corporations that work more diligently to analyze and predict more accurately the changing situation in which they operate will outperform those that do not. Empirical research studies also support this model.

Bakar, Tufail, Yusof and Virgiyanti (2011) compared six strategic management models to various authors namely Sharplin (1985); Greenley (1989); Certo and Peter (1991); Stahl and Grigsby (1992); David, (2011) and also Wheelen and Hunger (2003). Even though it can be seen that each model of strategic management is different, the actions or activities that are involved are actually similar, majority of authors have put strategy formulation, implementation of organizational strategy and strategic control focuses in their model. Planning strategy and environmental analysis phase are also important and most of the authors put this phase under formation phase (Bakar *et al.*, 2011).

The process of strategic management includes four basic elements namely environmental skimming, strategy formulation, strategy implementation and lastly evaluation and control (Wheelen and Hunger, 2017). They mentioned that these four basic elements interact each other. At the corporate level, the strategic management process includes activities that range from environmental scanning to performance evaluation. Management scans both the external environment for opportunities, threats and the internal environment for strength and weaknesses. The factors that are most important to the corporation's future and referred to as strategic factors and are summarized with the acronym SWOT, standing for strength, weakness, opportunity and threats. After identifying these strategic factors, management evaluates their interaction and determines the opportunities of the corporate mission. The first step in the formulation of a strategy is a statement of mission, which leads to determination of a corporate objectives, strategies and policies through programs, budgets and procedures. Finally, performance evaluation and feedback ensure adequate control of organizational activities. In this model, organizational direction is not made clear. Mission and objectives are shown in the formulation of the strategy. But in the real life situation, mission and objective, that is, organizational direction needs to be explained clearly before the formulation of strategy.

Figure 2.1: Strategic Management Model adopted from Wheelen and Hunger (2017)



Source: Researcher own survey, 2020

For the purpose of this study a model is adopted from Wheelen and Hunger (2017) as a reference the model is segmented to four sections, which are as follow:

- Environmental Scanning (Gathering Information)
- Strategy Formulation (Developing Long-Range Plans)
- Strategy Implementation (Putting Strategy into Action)
- Evaluation and Control (Monitoring Performance)

2.1.4. Environmental Scanning

Before managers can begin strategy formulation, they must understand the context of the environment in which it competes. It is virtually impossible for a company to design a strategy without a deep understanding of the external environment. Once management has farmed the aspect of the environment that impacts the business, they are in a position to determine the firm's competitive advantage (Wheelen and Hunger, 2017).

Pearz, Rechard and Robinson (2004) found that organizational environment consists of both external and internal factors. The monitoring, appraising and distributing of information from the exterior and interior environment to strategists within a company is known as Environmental scanning. Environment must be scanned so as to determine development and forecasts of factors that will influence organizational success. Environmental scanning refers to possession and utilization of information about occasions, patterns, trends, and relationships within an organization's internal and external environment. It helps the managers to decide the future path of the organization. Scanning must identify the threats and opportunities existing in the environment. While strategy formulation, an organization must take advantage of the opportunities and minimize the threats. A threat for one organization may be an opportunity for another.

2.1.5. Strategy Formulation

Strategy formulation is the process of determining appropriate courses of action for achieving organizational objectives and thereby accomplishing organizational purpose. Special tools they can use to assist them in formulating strategies include the following: critical question analysis. SWOT analysis. Strategy formulation involves an improved approach to traditional long range planning. Strategy formulation combines an upcoming focused on viewpoint with concern for company's interior and exterior environments in developing its competitive plan of action. The process of strategy formulation began with definition of the company's mission (Pearz *et al.*, 2004).

Mintzberg and Shakun (1978) articulated the growing interest on the part of the management scientists in the question of strategy formulation, in part because it has become increasingly evident that an organization's effectiveness is highly dependent on it makes and interrelates its key decisions, and in part because it has become no less evident that management science has had enormous success at the operating level of organizations since the 1920s and at the middle management level since the 1940s. But strategy formulation involves decision behavior unlike that found at the other two levels, and management scientists need the descriptive base necessary to design useful prescriptive technique.

According to Rumelt (2011) the 1979 Harvester's fashion is out of date, instead of long tables of numbers and bubble charts; we have different types of realized formalism for producing strategic plan. The current fill-in-the-blanks template starts with a statement of Vision, then a mission statement, or a list of core values, then for each goal a list of initiatives this template based strategies are called by Rumelt "Bad Strategies".

2.1.6. Strategy Implementation

The sum total of the actions and decisions required for the implementation of a strategic design referred to as strategy implementation. It is the process by which objectives, strategies, and policies are put in to action through the development of programs and tactics, budget and procedures. Although implementation is often considered only after strategy has been formulated, implementation is a key part of strategic management, strategy formulation and strategy implementation should thus be considered as two sides of the same coin (Wheelen and Hunger, 2017).

Rumelt (2011) disagree with the above point of view, he said that, a good strategy shall include a set of coherent actions. They are not implementation details; they are the punch in the strategy. A strategy that fails to define a variety of plausible and feasible immediate actions is missing a critical component.

According to Pearz *et al.* (2004) Strategy formulation, analysis of alternative strategies, and strategic choice. While these phases are important, they alone cannot ensure success. The strategy must be translated into success; this stage will have three major activities these are

- Identification of measurable, mutually determined annual objective
- Development of specific functional strategies
- Development and communication of concise policies to guide decisions

According to Wheelen and Hunger (2017) depending on how the corporation is organized, those who implement strategy will probably be a considerable more varied set of individuals than those who formulate it. In most large, multi-industry corporations, the implementers are everyone in the organization.

2.1.7. Strategy Evaluation and Control

Evaluation and control information consists of performance data and activity reports. If undesired performance results because the strategic management process were inappropriately used. Operational managers must know about it so that they can correct the employee activity. Top management need not be involved. If, however, undesired performance result from the process themselves, top management, as well as operational managers must know about it, so they can develop new implementation program or procedure (Wheelen and Hunger, 2017).

A strategy is selected and implemented over time so as to effectively position and guide a firm with in an often rapidly changing environment. Strategies are forward looking, designed to be accomplished several years into the future, and based on management assumptions about numerous events that have not yet occurred (Pearz *et al.*, 2004).

Strategic control is concerned with tracking the strategy. It controls the performance of the organization whether implemented, detecting problems or changes in underlying premises, and making necessary adjustments. In contrast to post action control, strategic control is concerned with controlling and guiding efforts on behalf of the strategy as action is taken place and while the end result is still several years into the future. Strategy is the responsible of managers and its achievement are typically concerned with two sets of queries.

2.1.8. Organizational Performance

Although the notion of organizational performance is very common in literature, its meaning is challenging because of its many meanings. For this reason, there is not a universally accepted definition of organizational performance concept. How well an organization is doing to reach its vision, mission, and goals referred to as organizational performance (Wikipedia n. d.) Assessing organizational performance is a vital aspect of strategic management. Executives must know how well their organizations are performing to figure out what strategic changes, if any, to make. Performance is a very complex concept, however, and a lot of attention needs to be paid to how it is assessed.

Two important considerations are (1) performance measures and (2) performance referents. A performance measure is a metric along which organizations can be gauged. Profits, stock price, and sales in an attempt to better understand how well their organizations are competing in the market are measures by most executives. But these measures provide just a sight of organizational performance. Performance referents are also needed to assess whether an organization is doing well. A performance referent is a benchmark used to make sense of an organization's standing along a performance measure (Strategic management, n. d.).

The methods of business performance measurement still remain the subject of debate for both business practitioners and academic communities (Punn and White, 2005). Performance measurement approaches can be divided into two types namely objective and subjective measurement (Phillips, Davies and Moutinho, 2000). Objective measurements include profit, sales volume, return on investment, breakeven point, and inventory turnover whose data are analyzed from financial statements, such as balance sheet and income statement. While the subjective measurement rely on the perception of firm managers or owners in regards to the business performance achieved. The criticism on the objective measurement business performance is that its performance reports are difficult to access, confidential, incomplete, and often inaccurate (Chong, 2008). In addition, in the objective approach, the amount of profit is often manipulated, and is difficult to compare among different business sectors. Furthermore, Jarzabkowski, (2005) suggest that objective measurements are unreliable because they are too general and tend to look backward rather than forward. Objective measurements are also more emphasizing on short- term benefits rather than on long-term benefits. Consequently, managers or owners are in difficulty to understand the root causes of performance problems to make cross-functional decisions in order to survive in uncertain business environments. A study by Tang and Zhang (2005) reveals that objective performance data is influenced by certain industry factors and therefore inappropriate to make cross-industry comparisons. As a consequence of these inaccuracies, Tang and Zhang (2005) argue that previous researchers relied more on subjective company performance tracking due to difficulties in obtaining objective performance data.

With regard to subjective performance measurement, performance information is provided in non-monetary terms, such as sales volume, market share, customer satisfaction, west reduction, employee turnover and new product development, relevant to survive in a competitive environment (Schaap, 2006). Lema, Cortes, Lizano and Dan Ochovo (2012) argue that by subjective measurement, firm managers or owners are willing to give their perceptions about business performance, including their perception in regards to the sensitive or confidential information needed by the firms to survive in a competitive and rapidly changing environment. Parnnel (2012) presents argument that the power of non-financial actions lies on their ability to provide insight into business processes, which in the long run is a better predictor of the future business performances. By understanding the empirical evidence, the researcher used subjective performance measurement for this study since it is difficult to get an objective performance measurement through financial statements. Accordingly, the subjective measure of performance is; profit in a subjective manner, market share, sales volume in terms output, customer satisfaction and reduction of waste. More specifically the following terms are used as a business performance indicator.

i. Profit

Profit is the revenue remaining after all costs are paid (Amadeo, 2019). These costs include labor, materials, interest on debt, and taxes. Profit is usually used when describing business activity. But everyone with an income has profit. It’s what’s left over after paying the bills or costs. Profit is the reward to business owners for investing. In small companies, it’s paid directly as income. In corporations, it’s often paid in the form of dividends to shareholders. When expenses are higher than revenue it leads to a loss. If a company suffers losses for too long, it goes bankrupt.

ii. Customer Satisfaction

Wikipedia (n. d) it is a measure of how products and services supplied by a company meet or surpass customer expectation. Customer satisfaction is defined as a measurement that determines how happy customers are with a company's products, services, and capabilities. Customer satisfaction information, including surveys and ratings, can help a company determine how to best improve or changes its products and services.

An organization's main focus must be to satisfy its customers. This applies to industrial firms, retail and wholesale businesses, government bodies, service companies, non-profit organizations, and every subgroup within an organization.

There are two important questions to ask when establishing customer satisfaction:

- Who are the customers?
- What does it take to satisfy them?

iii. Product or Service Output

Product or service output is the total quantity of goods and services that an individual, company, industry, city, region or country, or even the whole world produces in a given period (Market business news, n. d).

iv. Waste Reduction or Minimization

Waste minimization is a set of processes and practices intended to reduce the amount of waste produced. By reducing or eliminating the generation of harmful and persistent wastes, waste minimization supports efforts to promote a more sustainable society. Waste minimization involves redesigning products and processes or changing societal patterns of consumption and production (Wikipedia, n. d).

v. Market Share

Market share is the percentage of the total market that is being serviced by a company measured either in the revenue terms or unit volume terms (Wikipedia, n. d). The higher the company market share, the higher proportion of the market that the company control.

2.2. Empirical Review

Strategic planning ensures and accomplishes the basic directions and rationale for determining where an organization should head and provides the specifications against which any organization may best decide what to do and how to do it. Besides the importance and necessity of strategic planning; the in depth review of strategic planning literature shows that majority of the studies have been conducted in large organizations and in developed countries (Khalique and Khan, 2014).

Khalique and Khan (2014) reviewed the empirical studies on strategic planning and firm performance which started from 1970 to 2014 clearly shows that some of the studies have reported controversial findings on the relationships between strategic planning and firms' performances. So, it is convincing that empirical studies regarding strategic planning should be encouraged in developing countries as Malaysia and Pakistan and more specifically in the context of SMEs. The effects of other variables as mediating variables on the relationship between strategic planning and organizational performance should be explored with great potential and spirit in future researches.

According to Mohamud, Mohamud, and Mohamed, (2015) even if there are many studies across the world that is related to the strategic management practices, most of them conducted in the developed countries. But unfortunately there are limited studies in developing countries that attempt strategic management and organizational performance in Mogadishu-Somalia. The findings revealed a positive and significant relationship between strategic management and organizational performance.

A thesis entitled 'A study of strategic planning and environmental scanning in the multiunit Portuguese hotel sector' by Costa (1997) addresses the strategic planning and environmental scanning activities of the hotel chains operating in Portugal. The researcher employed exploratory and descriptive design based on a qualitative and inductive approach. The findings reveal lack of formal continuous environmental scanning by both formal and informal planning chains and a significant number of similarities in terms of the scanning methods and sources used by the case study organizations.

Mosiah (2008) explored the strategic management practices of small firms operating in the emerging economies with emphasis on the health biochemistry industry. He compares these practices with the context of the practices documented in history. The research used qualitative data from a non-probability sample of two firms in the industry. Case study methodology using in-depth interviews was employed to collect data from the senior executives of these two firms. The research recommended that the emerging industries should engage in formal strategic management practices.

Local studies on strategic management include an assessment of strategic management practices of Action for Development by Addisie (2015). The purpose of the research was assessing the strategic plan formulation and implementation in the case of Action for Development. Both primary and secondary sources of data were used for the research. Out of the total 91 employees, the researcher used 46 employees as a sample using simple random sampling. Data was collected using structured close ended and also open ended questions. The quantitative data analysis was done using descriptive statistics while the qualitative data was analyzed using narrative form. The results indicated that action for development has major drawbacks in the areas of effectively communicating the strategic plan to concerned stakeholders. The researcher recommended that action for development should effectively communicate the strategic plan to concerned stakeholders to ensure the same level of understanding, find sustainable sources of finance to support the implementation of strategies and should work on capacity development of its employees.

A research by Amelework (2015), with the title of Assessment of Strategic Management Practices in Case of Ethiopian Insurance Corporation, was to describe the strategic management practices of EIC. The study compares these practices with the widely accepted theoretical concepts in the field. The research utilized both qualitative and quantitative data. Quantitative data was collected based on the questionnaires distributed to the management and employees. Secondary sources of data including strategic plans and budget preparation guidelines were also used.

A study made on some selected NGO's practices and challenges of formulating, implementing and controlling strategic planning to examine the practices and challenges of using strategic plan in NGOs operation in Ethiopia. The study was carried out based on the information from the secondary and primary data sources which was administrated using questionnaire, interview and observation of the researcher. Finally, it was found out that NGOs, these days, have good understanding about the benefits of strategic planning thus using it as an important tool that must be applied in their organization. Due to their peculiar organizational purpose which focuses on meeting social objectives, the challenges for implementing their strategic plan is diverse, especially securing funding for their program and involving stakeholders as real partners of their programs (Tsehay, 2014).

A study by Dinberu (2016) articulated the strategy planning, formulation and implementation and monitoring and evaluation practice of Nib International Bank. A descriptive statistic was used to analyze the data gathered. The finding of the study revealed that NIB’s practice of communicating the strategy plan was poor and through participation of stakeholders is not realized. In addition, the bank’s weak use of SWOT analysis results, misalignment or linkage of strategic plans with work units and individual tasks were observed. The strategic plan also lacks the comprehensive performance measurements and not linked with strategic management.

2.3. Research Gap

In line with the above theoretical as well as empirical review, it can be concluded that it is of dominant importance to have in place an effective strategic management practices towards enhancing organizational performance. In this regard, the three elements of strategy play a leading role in the enhancement of quality customer services.

However, limited research has been conducted in the area that indicates the relationship between practices of strategic management and organizational performance in most firms in the context of Ethiopia. Therefore, the findings of this study can contribute to the endeavor of delivering efficient and customer base services in light of contemporary initiations globally.

So far, all over the world different researches have been made in identifying the factors or elements of strategy affecting the organizational performance, for instance, Tegbew (2019): Practices of Strategic management on organizational performance of small and medium enterprises in a case of Gullele sub city of Addis Ababa; and by Wubshet (2018): Assessment of strategic management practices of private banks in Ethiopia; Determinants of airline business in aviation industry: A case study on Ethiopian Airlines (Abel, 2017).

From these publications, it seems that there are meager studies done on the topic of the influence of practices of strategic management on organizational performance in worldwide computable organization like Ethiopian airlines. This implies that in this organization the influence of strategic management practices on organizational performance is yet to be addressed. So, this has created a research gap that this study seeks to fill by investigating the factors or elements influencing the organizational performance of Ethiopian Airlines. It is therefore with this intention that the research examines the impact of practices of strategic management on Ethiopian Airlines performance.

2.4. Conceptual Framework

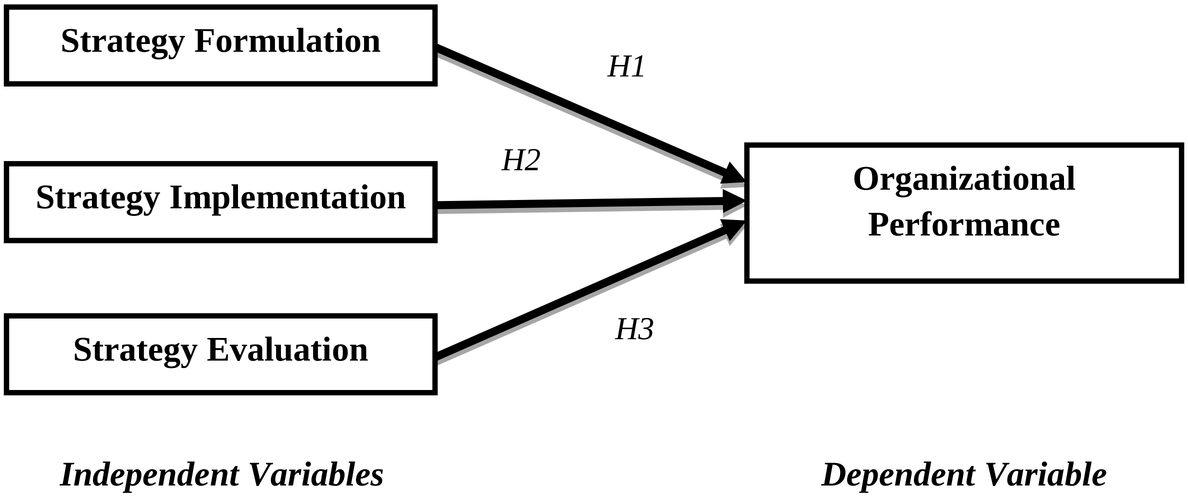
The researcher in such ways adopts the conceptual framework in which the figure below illustrates the research questions, literatures and presumed relationship between the strategic management practices and organizational performance.

This research is concerned to investigate the factors that determine organizational performance of Ethiopian Airlines. It tries to answer the question “What factors determine the organizational performance of Ethiopian Airlines?”

2.4.1. Variable Specification

Considering the different practices of strategic management and measurement of organizational performance, the researcher adapted/modified the strategic management practices of organizational performance, namely Strategy formulation, strategy implementation and strategy evaluation as independent variables, and organizational performance as dependent variable.

Figure 2.2: Conceptual framework of the research



Source: Omsa, Ridwan and Jayadi (2017)

2.5. Research Hypotheses

According to Kothari (2004), hypothesis is a logical conjectured relationship between two or more variables expressed in the form of testable statements. It is a formal statement of an unproven proposition that is empirically testable (Zikmund, Babin and Carr Griffin (2009). Moreover, hypothesis testing is undertaken to explain the variance in the dependent variable or to predict organizational outcomes (Sekaran, 2000). Accordingly, for the purpose of this study, the following 3 (three) hypotheses are formulated based on previous research findings from literature, and were tested. These are, therefore, the proposed overall influence of strategic management practices (Strategy Formulation, Strategy Implementation, and Strategy Evaluation) on organizational performance which can be best described by the following hypotheses:

H1: Strategy formulation has a positive and significance impact on the performance of Ethiopian Airlines.

H2: Strategy implementation has a positive and significance impact on the performance of Ethiopian Airlines.

H3: Strategy evaluation has a positive and significance impact on the performance of Ethiopian Airlines.

CHAPTER THREE
RESEARCH DESIGN AND METHODOLOGY

The chapter focuses on the general methodologies that have been applied in this research. It consists of the whole research design, population, sample size, sampling technique, data collection instruments, data source and type, data collection procedures, method of data analysis and interpretation, the instruments reliability and validity, measurements of variables, model specification and ethical consideration.

3.1. Research Approach

According to Creswell (2007), there are three approaches available for researchers to design their research methodology namely Quantitative, Qualitative and Mixed research approaches. Quantitative method contains the group of data in measurable form that can be exposed to difficult quantitative analysis in a formal and informal manner. On the other hand, qualitative method is involved with subjective valuation of attitudes, feelings and behaviors (Kothari, 2004). Thus, for this study the researcher used quantitative research approach, as quantitative technique helps to explore, present, describe and examine relationships and trends within data and as it also supports to collect results in numerical and standardized data (Saunders, Lewis and Thorhill, 2009).

3.2. Research Design

Research design is a framework for the collection and analysis of data to answer research question and meet research objectives providing reasoned justification for choice of data sources, collection methods and analysis techniques (Kothari, 2004). The same authors discuss three types of research design: They are exploratory- discovery of ideas and insights, descriptive which is concerned with determining the frequency with which an event occurs or with relationship between variables, and explanatory which deals with hypothesis testing. According to him descriptive research design used to state of nature or affairs an object, individual, group of individuals and organizations as it exists at present as well as its purpose is to describe a processes or relationship. According to Saunders, et.al (2009), Explanatory research establishes causal relationships between variables.

In social science and business research we often use a descriptive research design. Therefore, the researcher used this design because the study aimed to describe the practice of strategic management and its influence on the organizational performance of Ethiopian Airlines.

The study aims to examining the impact of practices of strategic management on Ethiopian Airlines performance. To test the hypotheses of the study descriptive and explanatory research designs were considered as appropriate. Thus, descriptive and explanatory research designs were employed to conduct the study.

3.3. Population, Sampling and Sample Size Determination

3.3.1. Population of the Study

According to Saunders, Lewis & Thornhill (2009), population is a full target group from which a sample is taken. It is the total number of subjects targeted by the study or the group of elements to which the researcher wants to make inference (Mundia, Langat & Lelegwe, 2015). The target population for this study was management staffs that are working in different divisions of Ethiopian Airlines. According to the statistics obtained from Ethiopian Airlines human resource department, there are 377 management staffs.

3.3.2 Sampling Frame and Location

According to Issac and Michael, (2005), a statistical practice involved with the selection of individual observations proposed to produce some information about a population issue, particularly for the determinations of numerical implication referred to as Sampling. In a sample selection process, individuals who have a chance of being involved amongst persons being selected constitute in the sample frame, and that is considered to be prime step to assessing the quality of a sample. All management staffs who are employed at various divisions in Ethiopian Airlines considered being the sample frame of this investigation. A place where an investigation is conducted is known as sample location. The researcher selects Ethiopian Airlines all over the world as sample location for its accessibility.

Table 3.1: The number of managers in each division of Ethiopian Airlines

No.	Division	Management Staff			Total
		M. Director	Directors	Managers	
1.	Aviation Academy	1	4	2	**7**
2.	MRO services	1	5	103	**109**
3.	International services	1	8	156	**165**
4.	Cargo services and logistics	1	3	16	**20**
5.	Ethiopian Ground services	1	1	22	**24**
6.	Ethiopian Airports	1	2	31	**34**
7.	Ethiopian Express services	1	3	14	**18**
Total		**7**	**26**	**344**	**377**

Source: From Human Resource Department of Ethiopian Airlines, 2020

3.3.3 Sampling Technique

To carry out this study the researcher adopted a probability sampling design since the total population list or the sampling frame could be obtained easily.

The study employed stratified random sampling technique. This require first dividing the population into mutually exclusive groups or strata based on homogeneity or similar characteristics; in this case Aviation Academy, MRO services, International services, Cargo services & logistics, Ethiopian Ground services, Ethiopian Airports and Ethiopian Express services are the strata or groups based on the type of division. Then after, by using simple random sampling technique the samples are drawn from each group after the researcher decide the sample size for each stratum.

3.3.4 Sample Size

Optimal sample is one which achieves the requirements of effectiveness, representativeness and reliability. Therefore, this investigation draws optimal sample from the whole list of the population, which accounts 377 management staffs in Ethiopian Airlines.

To get a representative sample for the population under study for which the size is known, the formula below (Bryman, 2003) was used to calculate sample size.

$n = \frac{Z^2 NQP}{\alpha^2(N-1)+Z^2QP}$ Where: n – is the sample size

P – is reliability of the population, equal to 0.5

N – is population size

Q = 1 - P

α - is margin of error considered, 5% for this study

Z: is 1.96 (normal reduced variable at 0.05 level of significance)

Thus, $n = \frac{(1.96)^2 \times 0.5 \times 0.5 \times 377}{(0.05)^2(377-1)+(1.96)^2 \times 0.5 \times 0.5}$ = **191,** which were drawn from the complete population.

Table 3.2: Target Population and Sample Size

No.	Division	Population	Sample size	Percent
1.	Aviation Academy	7	7	100.0%
2.	MRO services	109	34	31.2%
3.	International services	165	54	32.7%
4.	Cargo services and logistics	20	20	100.0%
5.	Ethiopian Ground services	24	24	100.0%
6.	Ethiopian Airports	34	34	100.0%
7.	Ethiopian Express services	18	18	100.0%
	Total	**377**	**191**	**50.7%**

Source: From the Human Resource Department of Ethiopian Airlines

3.4 Sources of Data and Types

The data sources for this study are management staffs of Ethiopian Airlines. To collect relevant data both primary and secondary data sources were used. The primary data was collected using questionnaires. Secondary data were collected from published materials of Ethiopian Airlines, journals, books, websites address, fact sheet and other relevant documents.

3.5. Data Collection Instruments

To collect relevant data both primary and secondary data sources were used. The primary data was collected using questionnaires. Questionnaires were distributed personally by researcher visiting all stratums. To maintain the validity of the constructs and scale used in this research, most of the questions were adopted from previous researches. Secondary data were collected from published materials of Ethiopian Airlines, journals, books and internet.

3.5.1 Instruments for Strategic Management Practices

To measure strategic management practices (independent variables) the study used closed-ended questionnaires adapted by Omsa, Ridwan and Jayadi (2017). The questionnaires have 42 items in five point Likert scales that ranges from 1 (Not at All) to 5 (Very Large Extent). Respondents were requested to evaluate the current practice of strategic management in Ethiopian Airlines. The questionnaire had four categories. Environmental Scanning with 17 items, Strategy Formulation with 14 items, Strategy Implementation with 6 items, and Strategy Evaluation with 5 items. In Omsa et al. (2017) study, acceptable reliability was found and it is 0.912. In the same study components of practices of strategic management namely strategy formulation, strategy implementation and strategy evaluation had Cronbach's alpha of 0.907, 0.898 and 0.895 respectively.

3.5.2 Instruments for Organizational Performance

To measure organizational performance (dependent variable) the study used closed-ended questionnaire adapted by Lawal, Omone and Oludayo (2012). The questionnaire has 5 items in five point Likert scales that ranges from 1 (Not at All) to 5 (Very Large Extent). Respondents were requested to evaluate the current organizational performance of Ethiopian Airlines with respect to strategic management practice. In Lawal *et al.* (2012) study, acceptable reliability was found and it is 0.877.

3.6 Data Collection Procedures

For this study, data collection procedure was employed in subsequent patterns. These patterns are as follows: Through communicating respondents and keeping their confidentiality, questionnaires were distributed and self-administered by the researcher through Google forms.

3.7 Pilot Test of Research Instruments

According to Hassan, Schattner, and Mazza, (2006), a pilot test is one of the significant stages in a research. It is conducted to detect possible problem areas and deficiencies in the study instruments prior to implementation during the full study. According to Hazzi and Maldaon (2015), the reasonable number for conducting a pilot study commonly from 10% to 20% of the main sample size. To ensure that the measurement instrument (questionnaire) was understandable and appropriate and that the questions were well defined and offered in a reliable manner; conducting the pilot study was crucial. Pilot test was undertaken prior to the main study by selecting 19 respondents from the target population (from directors and middle level managers of Ethiopian Airlines) and issuing them questionnaire. The selected respondents for the pilot test were asked to answer if the study instrument(s) is asking the intended questions, the format is understandable and the selected tool is appropriate for the target population. The feedback from the pilot test helped in deleting and adjusting some of the items in the measuring instruments. The respondents who were participating in the pilot test were not again used in the main research.

3.8 Reliability and Validity of Instruments

3.8.1 Validity

Validity is the extent to which a test accurately measures what it claims to measure (Lakshmi and Mohideen, 2013). According to Kindy, Shah, and Jusoh, (2016), content validity is the extent to which the item in an instrument covers the entire range of the significant aspects of the area being investigated. It is the degree to which the measurement device, in this case, the measuring questions in the questionnaire, provides sufficient coverage of the research investigative questions. In addition, pilot testing of questionnaires was conducted to obtain a feedback from the respondent on validity and responses were collected and questionnaire was adjusted subsequently.

3.8.2 Reliability

According to Kothari (2004), reliability refers to consistency, where internal consistency involves correlating the responses to each question in the questionnaire with those other questions in the questionnaire. The term reliability defined as the consistency or stability of measurement over a variety of situations in which basically similar outcomes should be obtained.

The most popular method of testing for internal consistency in the behavioral sciences is Cronbach's alpha. Cronbach's alpha reliability/consistency coefficient normally spreads/ranges between 0 and 1. According to Gliem and Gliem (2003), the following rule of thumb is provided. These are:

- if "$\alpha > 0.9$ it will be excellent
- $\alpha > 0.8$ it will be good
- $\alpha > 0.7$ it will be acceptable
- $\alpha > 0.6$ it will be questionable
- $\alpha > 0.5$ it will be poor and
- Finally, $\alpha < 0.5$ it will be unacceptable".

Cronbach's alpha was computed and compared with the threshold value of 0.7. An overall value of organizational performance is 0.712 was obtained. Furthermore, an overall value of strategic management practices is 0.775 was obtained. These implied high level of internal consistency of research instruments.

Table 3.3: Reliability test for practices of strategic management

No.	Strategic Management Practices	Cronbach's alpha	**No. of Items**	**Reliability**
1.	Strategy Formulation (SF)	.826	6	Reliable
2.	Strategy Implementation (SI)	.733	6	Reliable
3.	Strategy Evaluation (SE)	.798	5	Reliable

Source: Own Survey, 2020

As shown in the above table, strategic management practices were tested to detect their reliability in measuring their influences on the organizational performance of Ethiopian Airlines. Accordingly, the Cronbach's coefficient alpha was computed and Strategy Formulation (SF), Strategy Implementation (SI) and Strategy Evaluation (SE) have Cronbach's Alpha score of 0.826, 0.733 and 0.798 respectively. These recording indicated that all the explanatory variables or factors have a good and acceptable reliability.

Table 3.4: Reliability test for organizational performance

Cronbach's Alpha	Number of Items	Result
.825	5	Reliable

Source: Own Survey, 2020

From the table 4.3, the study established that the five items of organizational performance were tested for consistent in determining the Ethiopian Airlines performance; the organizational performance has Cronbach's Alpha value of 0.825. This recording infers that organizational performance is in a good and acceptable reliability.

3.9 Data Analysis

After collection of the data, its completeness was verified, coded and entered in computer using SPSS. The data was subject to analysis using application software packages known as Statistical Package for Social Sciences (SPSS) of software. Through descriptive and inferential statistics data analysis was done. According to Boone and Boone (2012), Likert scale data are analyzed at the interval measurement scale. Therefore, the composite score for Likert scales was analyzed at the interval scale. In descriptive statistics for interval scale items there are mean and standard deviation. The mean used for central tendency and standard deviations for variability. The Pearson's r, Model summary, ANOVA and regression procedures are also appropriate analysis procedure for interval scale items.

3.2.1 Descriptive Statistical Analysis

Descriptive statistics was used to describe different characteristics. The researcher applied frequencies and percentages to analyze general information about respondents. The researcher applied also mean and standard deviation to describe the statuses of strategic management practices and to measure variation. The outcomes of the research were presented using tables accompanied with descriptions.

3.2.2 Inferential Statistical Analysis

In Inferential statistical analysis the researcher applied correlation and multiple linear regression analysis. Correlation analysis used to determine the relationship between the independent variable and dependent variable (organizational performance). A multiple linear regression used to test the effect of practices of strategic management practices on company performance. The results are presented using tables taking from the SPSS outcomes that shown in the next chapter. Each table was accompanied by result interpretation. Correlation and a multiple linear regression are explained below.

A. Correlation Analysis

Correlation may be defined as the degree of relationship existing between two or more variables (Koutsoyiannis, 1977). The linear correlation coefficient (r) is a measure of the degree of covariability of the variables. The strength and the direction of a linear relationship between the two variables (dependent and independent) are measured by the linear correlation coefficient (r). The values that the correlation coefficient may assume vary from -1 to +1. When r is positive, there exists a positive correlation between the variables. r = +1 implies that there is a perfect positive correlation between variables. When r is negative, there exists a negative correlation between the variables. r = -1 implies that there is a perfect negative correlation between variables. When r is zero, then the variables are not correlated. The closer the value of r is to one, the greater is the degree of covariability. On the other hand, the closer the value of r is to zero, the lesser is the degree of the covariability. According to Samuel and Okey (2015), the linear correlation coefficient is sometimes known as the Pearson Product Moment Correlation Coefficient in honor of its developer Karl Pearson.

As statistical estimation, r is unavoidability subject to some error and should be verified for its consistency by conducting some test of significance (Koutsoyiannis, 1977). While computing a correlation, the level of significance shall be set at 95% with alpha value of 0.05).

B. Multiple Regression Analysis

The term regression was introduced by Francis Galton (Gujarati, 2004). The investigation of the dependency of one variable, the dependent variable, on one or more other variables, the explanatory variables is referred to as Regression analysis. The multiple regression analysis was used to determine whether strategic management practices have influenced the organizational performance of Ethiopian Airlines. The study took the three determinant factors as independent variables and the organizational performance as dependent variable in the regression model. The study used the following multiple regression model to establish the statistical significance of the independent variables on the dependent variable.

$$\mathbf{Y = \beta 0 + \beta 1X1 + \beta 2X\ 2 + \beta 3X3 + \square}$$

Where:

Y = Ethiopian Airlines performance

β0 = Constant (value of organizational performance (Y) when (X1, X2 and X3) all three strategic management practices = 0)

β1 = Regression coefficient for level of strategy formulation

X1 = Strategy formulation

β2 = Regression coefficient for level of strategy implementation

X2 = Strategy implementation

β3 = Regression coefficient for level of strategy evaluation

X3 = Strategy evaluation

In the model, β0 = Constant, β1 to β3 = Regression coefficients represented the mean change in the dependent variable for one unit of change in the independent variable while holding other independent variables in the model constant and = error term which captures the unexplained variation in the model.

3.10 Ethical Consideration

According to Leedy and Ormrod (2010) most ethical issues fall into one of the following four categories; informed consent, confidentiality, security and honesty. Therefore, the researcher was considered all these issues in the questionnaire guidelines in the following manner.

Informed consent: respondents were briefly informed about the reason for conducting such study therefore enabled them to join with full consent. Confidentiality: the researcher will keep the nature and quality of participant's performance strictly confidential. No information is recorded to link respondents with their responses. Security: the researcher will not expose the participants to unusual stress, embarrassment, or loss of self-esteem. Honesty: the researcher reported the findings in complete honesty.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

This chapter presents the data analysis, research findings and discussions in the light of the research objectives and research questions stated in the first chapter of this research. The primary focus of this investigation is to examine the influence of practices of strategic management on Ethiopian Airlines performance. The first part of the questionnaire consists of demographic information of the respondents as presented in the tables below. The second part of the questionnaire presented the descriptive analysis on variables of the study and the next part dealt with the results of regression and correlation between the variables (independent and dependent). In this analysis Statistical Package for Social Science (SPSS) of computer software program was used to make the necessary calculations.

4.1. Data Cleaning

The target population of this study was 377. A self-administered questionnaire was designed to collect relevant information from the selected 191 respondents. Among this 177 questionnaires were returned. 172 questionnaires were analyzed using Statistical Package of Social Science (SPSS) while 5 incomplete questionnaires were rejected. These workable responses were analyzed through SPSS software program.

Table 4.1: Return rate of Questionnaires

No.	Department/Unit	No. of distributed	No. of returned	No. of valid ques.	Percent of valid ques.
1.	Aviation Academy	7	7	6	85.7%
2.	MRO services	34	33	31	91.2%
3.	International Service	54	51	51	94.4%
4.	Cargo S. and L.	20	18	18	90.0%
5.	Ethiopian Ground Service	24	20	19	79.2%
6.	Ethiopian Airports	34	31	31	91.2%
7.	Ethiopian Express services	18	17	16	88.9%
	Total	**191**	**177**	**172**	**90.1%**

Source: Own Survey, 2020

4.2. Descriptive Statistics

Respondent's general information, the status of strategic management practices and organizational performance level are analyzed through descriptive statistics.

4.2.1. General Information of Respondents

This part presents general information about respondents. The general information collected was on current position of respondents, division that respondents are operating, respondents' work experience in this organization in general, respondents' work experience in this division and respondents' work experience in this position were presented. Work experience of respondents was important to ensure aspects of familiarity and experience of the respondents in matters of strategic management practices/activities.

Table 4.2: Characteristics of Participants

Variable	Categories	Frequency	%age	Valid %age	Cumulative %age
Your current position	Managing Director	6	3.5%	3.5%	3.5%
	Director	24	14.0%	14.0%	17.5%
	Manager	142	82.5%	82.5%	100.0%
	Total	172	100.0%	100.0%	
The division that you are operating	Aviation Academy	6	3.5%	3.5%	3.5%
	International Services	51	29.7%	29.7%	33.2%
	MRO Services	31	18.0%	18.0%	51.2%
	Cargo Services & Logistic	18	10.5%	10.5%	61.7%
	Ethiopian Ground Services	19	11.0%	11.0%	72.7%
	Ethiopian Airports	31	18.0%	18.0%	90.7%
	Ethiopian Express services	16	9.3%	9.3%	100.0%
	Total	172	100.0%	100.0%	
Work experience in this organization in general	From 1 to 5 years	25	14.5%	14.5%	14.5%
	From 6 to 10 years	28	16.3%	16.3%	30.8%
	From 11 to 15 years	28	16.3%	16.3%	47.1%
	Above 15 years	91	52.9%	52.9%	100.0%
	Total	172	100.0%	100.0%	
Work experience in this division	From 1 to 5 years	33	19.2%	19.2%	19.2%
	From 6 to 10 years	37	21.5%	21.5%	40.7%
	From 11 to 15 years	45	26.2%	26.2%	66.9%
	Above 15 years	57	33.1%	33.1%	100.0%

	Total	172	100.0%	100.0%	
Work experience in this position	From 1 to 5 years	82	47.7%	47.7%	47.7%
	From 6 to 10 years	53	30.8%	30.8%	78.5%
	From 11 to 15 years	16	9.3%	9.3%	87.8%
	Above 15 years	21	12.2%	12.2%	100.0%
	Total	172	100.0%	100.0%	
Number of employees in this division	Up to 50 employees	25	14.5%	14.5%	14.5%
	From 50 to 100 employees	45	26.2%	26.2%	40.7%
	From 101 to 150 employees	53	30.8%	30.8%	71.5%
	Above 150 employees	49	28.5%	28.5%	100.0%
	Total	172	100.0%	100.0%	

Source: Own Survey, 2020

As shown in table 4.2, with regard to the respondent's current position, 142 (82.5%) were managers, 24 (14.0%) were directors and 6 (3.5%) were managing directors. And with regard to the division that the respondents currently operating, 51 (29.7%) were working in International services, 31 (18.0%) were working in MRO services and the same number of respondents in Ethiopian Airport. On the other 59 (34.3%) of the respondents were working all in Aviation Academy, Cargo service & logistic, Ethiopian Ground services and Ethiopian Express services.

Accordingly, as shown in table 4.4, the respondents work experience in Ethiopian Airlines in general, 91 (52.9%) of them have above 15 years, 28 (16.8%) of them have from 11 to 15 years, and the same number of respondents 28 (16.8%) have form from 6 to 10 years. And the rest of them which are 25 (14.5%) of the respondents were worked in Ethiopian Airlines from 1 to 5 years. This shows that majority of the respondents had served for a significant period of time which infers that they were in a position to give reliable information relating to the study.

Similarly, 57 (33.1%) of the respondents have above 15 years work experience in the current division. Moreover, 82 (47.7%) of the managers have from 6 to 15 years of work experience in the same division. Therefore, they are capable to give accurate information about the current practice of strategic management in the current division they are working. Finally, when we consider the work experience of the respondents in the current position, 82 (47.7%) of them have from 1 to 5 years and 53 (30.8%) of them have from 6 to 10 years. This implies that, the respondents have a better work experience in the managerial position.

4.2.2. The Status of Strategic Management Practices in Ethiopian Airlines

The first objective of the study was to examine the influence of the strategic management practices on Ethiopian Airlines performance. The respondents were requested to show the state of strategic management practices in Ethiopian Airlines. The strategic management practices constituted of strategy formulation, strategy implementation and strategy evaluation. A five-point Likert scale with (**NA**) – Not At All; 2 (**SE**) – Small Extent; 3 (**ME**) – Moderate Extent; 4 (**LE**) – Large Extent; and 5 (**VLE**) – Very Large Extent was used to rate the state of strategic management practices (Lady, 2016).

Analysis of the status of the strategic management practices was done using means and standard deviations. The means recorded were interpreted as follows: less than 1.80 is Not at all; 1.81 to 2.60 = Small extent; 2.61 to 3.40 = Moderate extent; 3.41 to 4.20 = Large extent; greater than 4.20 is Very Large extent (Field, 2009).

I. The Status of Practices of Environmental Scanning (ES)

A. External Environment Analysis

Table 4.3: Descriptive Analysis for External Environment Analysis (EEA)

Code	External Environment Analysis Items	N	Mean	SD
EEA1	Studying political factors	172	3.7733	0.9917
EEA2	Studying economic factors	172	3.9360	0.9742
EEA3	Studying social factors	172	3.6570	0.9816
EEA4	Studying technological factors	172	4.2209	0.8151
EEA5	Analyzing competitors	172	4.2791	0.8938
EEA6	Analyzing customers	172	4.0756	0.8787
EEA7	Analyzing suppliers	172	3.9942	0.9882
Overall		**172**	**3.9909**	**0.9319**

Source: Own Survey, 2020

As shown in table 4.3 the data indicates that an overall mean and standard deviation of **(M= 3.9909, SD= 0.60058)** were recorded indicating that the company external environment scanning practice was at large extent. The above table (table 4.3) demonstrates that Analyzing competitors was very often practiced with the highest mean (M= 4.2791, SD= 0.8938) coupled with Studying technological factors (M= 4.2209, SD= 0.8151). The analysis further displayed that moderately high standard deviations spread from 0.8151 to 0.9917 which implies that respondents were more varied in their opinions to the responses given external environment scanning. Based on the above result, it can be conclude that managers of Ethiopian Airlines were focused more on the analysis of micro environment factors. However, David (2011) noted that social factors such as values, attitude, social structure and culture are significantly affect economic factors. The finding about external environment scanning in Ethiopian Airlines (table 4.3) agrees with the literature review that was presented in the second chapter of the study.

B. Internal Environment Analysis

Table 4.4: Descriptive Statistics for Internal Environment Analysis (IEA)

Code	Internal Environment Analysis Items	N	Mean	SD
IEA1	Identifying competencies	172	4.0058	0.9016
IEA2	Identifying resources required	172	4.0523	0.8534
IEA3	Identifying primary and supportive activities	172	3.9593	0.8810
IEA4	Analyzing past performance	172	4.0523	0.9065
IEA5	Analyzing the existing strategy	172	3.8140	1.0653
IEA6	Analyzing employees skill and knowledge	172	3.6686	1.0488
Overall		**172**	**3.9253**	**0.9427**

Source: Own Survey, 2020

When we evaluate the overall perception of respondents towards internal environment scanning, the aggregate mean and standard deviation scores show **(M = 3.9253, SD = 0.9427)** demonstrated that internal environment scanning practices in Ethiopian Airlines were at a large extent. As can be observed in the above table (table 4.4), identifying resources required was very often practiced with highest mean (M= 4.0523, SD= 0.8534) followed by analyzing past performance with mean score of (M= 4.0523, SD= 0.9065).This indicates that success of an organization depends more on human resources availability since peoples can manipulate other organizational resources and they are the nature and source of core competencies. The analysis moreover showed that a high standard deviation range from 0.8534 to 1.0653 which indicates that respondents were a little more varied in their views to the responses given under internal environment scanning.

The findings in the above table (table 4.4) agree with David (2011) who argued that internal activities can affect the cost and the feasibility of some strategies.

C. Strategic Analysis Tools

Table 4.5: Descriptive Statistics for Strategic Analysis Tools (SAT)

Code	Strategic Analysis Tools Items	N	Mean	SD
SAT1	SWOT analysis as planning tool	172	4.2267	0.8657
SAT2	PEST analysis as planning tool	172	3.9070	1.0160
SAT3	Value chain analysis as planning tool	172	3.5814	1.0369
SAT4	Porter five force analysis as planning tool	172	3.4593	1.1514
Overall		172	**3.7936**	**1.0175**

Source: Researcher own Survey, 2020

As it can be observed in table 4.5, an overall mean and standard deviation of **(M=3.7936, SD= 1.0175)** was recorded indicating that conducting strategic analysis tools was very often practiced. As revealed in the SWOT analysis as planning tool was always practiced with relatively highest mean (M= 4.2267, SD= 0.8657). This shows that the practice of SWOT analysis is at a very large extent in Ethiopian Airlines.

Both SWOT and PEST analyses are simple and easy to list but hard to implement fully. It takes time and research to completely analyze the situation. SWOT analysis might not be able to provide results for each factor plus for the analysis to be successful, it requires expertise which would analyze all possible threats and weaknesses and turn them into strength and opportunity. In addition to this,

The analysis also showed that a little bit high standard deviation spread ranging from 0.8657 to 1.1514 signifying that respondents were more varied in their opinion to the responses given under conducting strategic analysis tools. The finding from the above table agrees with Porter

(1989) who noted about the industry analysis that getting information about competitors, suppliers and customers helps to respond or take an appropriate action for their rivals.

II. The Status of Practices of Strategy Formulation (SF)

Table 4.6: Practices of Strategy Formulation

Variable	Categories	Freq.	Per.	Valid Per.	Cum. Per.
Who is going to formulate strategy	Higher Managers	143	83.2%	83.2%	83.2%
	Middle Level Managers	25	14.5%	14.5%	97.7%
	All Staffs	4	2.3%	2.3%	100.0%
	Outside Stakeholders	0	0.0%	0.0%	
	Total	**172**	**100.0%**	**100.0%**	

Source: Own Survey, 2020

As shown in table 4.8, higher managers were more involved in strategy formulation while middle level managers were also involved at small extent with their 83.2% and 14.5% respectively. This implies that all managers and few employees are engaged in identifying, evaluating alternative strategies and selecting the best strategy. This finding is consistent with David, (2017) who suggested that many of the managers and employees have to be involved in strategy formulation (identifying and evaluating alternative strategies plus selecting the best strategy). Especially, individuals who previously engaged in developing vision and mission statements, analysis of external and internal environment, representatives from different department and division should be included in strategy formulation.

Table 4.7: Descriptive Statistics for How to Formulate Strategy

Code	How to Formulate Strategy Items	N	Mean	SD
SF1	Developing a vision and a mission statements	172	3.9767	0.9968
SF2	Identifying external opportunities and threat	172	4.0349	0.9359
SF3	Determining internal strength and weaknesses	172	3.7733	1.0092
SF4	Establishing long-term objectives	172	4.2849	0.8273
SF5	Generating alternative strategies	172	4.2326	0.8743
SF6	Choosing particular strategies to pursue	172	4.0581	0.8833
	Overall	172	**4.0601**	**0.9211**

Source: Own Survey, 2020

When we evaluate the overall perception of respondents towards strategy formulation practices, the aggregate mean and standard deviation scores **(M = 4.0601, SD = 0.9211)** show that strategy formulation was very often practiced in Ethiopian Airlines. As can be observed in the above table establishing long-term objectives was rated at very large extent with highest mean (M= 4.2849, SD= 0.8273) followed by generating alternative strategies with mean of (M= 4.2326, SD= 0.8743). This implies that among all practices to formulate the strategy, Ethiopian Airlines more emphasis was given on establishment of long-term objectives and generation of alternative strategies. The analysis also showed a relatively a high standard deviation spread ranging from 0.8273to 1.0092 which indicates that respondents were more varied in their opinion to the responses given under strategy formulation practices. The finding from the above table agrees with the literature review showed in the second chapter of the study.

Table 4.8: Descriptive Statistics for Adoption of Corporate and Business Level Strategies

Code	Corporate and Business Level Strategies Items	N	Mean	SD
CLS1	Expansion	172	4.0640	0.9682
CLS2	Diversification	172	4.0872	0.8842
CLS3	Merger and acquisition	172	3.8605	1.0993
CLS4	Joint venture	172	3.7558	1.0699
BLS5	Cost leadership strategies or low cost	172	4.1512	0.9430
BLS6	Differentiation strategy	172	3.7907	1.1094
BLS7	Integrated strategy	172	3.6977	1.0714
BLS8	Focus strategy	172	4.1570	0.9073
	Overall	172	**3.9455**	**1.0066**

Source: Own Survey, 2020

As shown in the above table an overall mean and standard deviation of **(M=3.9455, SD= 1.0066)** was recorded indicating that adoption of corporate and business level strategies was very often practiced in Ethiopian Airlines. As revealed in the table focus strategy was rated at a large extent with relatively highest mean (M= 4.1570, SD= 0.9073) followed by cost leadership strategies or low cost was very often practiced with mean of (M= 4.1512, SD= 0.9430). This implies that managers and other staffs relatively more focused on business level strategies while considering corporate level strategies namely expansion, diversification and others. The analysis also showed that a little bit high standard deviation spread ranging from 0.8842 to 1.1094 signifying that respondents were less varied in their opinion to the responses given under the adoption of corporate and business level strategies practices. The finding about adoption of corporate and business level strategies practice in Ethiopian Airlines (table 4.8) agrees with the literature review that was presented in the second chapter of the study.

III. The Status of Practices of Strategy Implementation (SI)

Table 4.9: Practices of Strategy Implementation

Variable	Categories	Freq.	Per.	Valid Per.	Cum. Per.
Who doses implement strategy in your division	Higher Managers	45	26.2%	26.2%	26.2%
	Middle Level Managers	37	21.5%	21.5%	47.7%
	All Staffs	90	52.3%	52.3%	100.0%
	Outside Stakeholders	0	0.0%	0.0%	
	Total	**172**	**100.0%**	**100.0%**	

Source: Own Survey, 2020

As it can be observed in table 4.9, all staffs were more involved in strategy implementation process with 52.3%. As it can be shown in the above table, higher and middle managers were also involved in implementation of the strategy with 26.2% and 21.5% respectively. This implies that majority of staffs are engaged in implementation process while higher and middle managers are participated in it.. This finding is consistent with David, (2017) who suggested that many of the managers and employees have to be involved in strategy implementation and evaluation. Especially, individuals who previously engaged in developing vision and mission statements, analysis of external and internal environment, representatives from different department and division should be included in strategy implementation as well as in evaluation.

Table 4.10: Descriptive Analysis for Strategy Implementation

Code	Strategy Implementation Items	N	Mean	SD
SI1	Adequately and comprehensively communicating to members of the staff	172	3.9070	0.9808
SI2	Formulating programs, policies and procedures	172	3.6453	1.0634
SI3	Designing appropriate motivational and reward system	172	3.4942	1.0949
SI4	Adequately allocating resource	172	3.7907	1.0554
SI5	Matching organizational strategy is to organizational structure	172	3.8081	1.0049
SI6	Basing objective and expected performance	172	3.7442	0.9451
	Overall	**172**	**3.7316**	**1.0241**

Source: Researcher own Survey, 2020

When we evaluate the overall perception of respondents towards strategy implementation practices, the aggregate mean and standard deviation scores **(M = 3.7316, SD = 1.0241)** show that strategy implementation was practiced at a large extent. As can be observed in the above table adequately and comprehensively communicating to members of the staff was rated large extent with relatively highest mean (M= 3.9070, SD= 0.9808) followed by matching organizational strategy is to organizational structure with mean of (M= 3.8081, SD= 1.0049). This indicates that the Ethiopian Airlines strategy was adequately and comprehensively communicating to members of the company. Furthermore, this implies that the organization strategy is implemented through matching organizational strategy with its organizational structure. The analysis also showed a relatively a high standard deviation spread ranging from 0.9451 to 1.0949 which indicates that respondents were less varied in their opinion to the responses given under strategy implementation practices. The finding displayed in the above table is consistent with the literature review showed in the second chapter of the study.

IV.The Status of Practices of Strategy Evaluation (SE)

Table 4.11: Descriptive Analysis for Strategy Evaluation

Code	Strategy Evaluation Items	N	Mean	SD
SE1	Measuring performance	172	3.8488	0.9554
SE2	Comparing performance with objectives or standards	172	3.9709	0.8880
SE3	Recognizing the difference	172	4.0000	0.8983
SE4	Identifying the reason for deviation	172	3.8779	0.9062
SE5	Taking corrective action if it is necessary	172	3.7965	0.8782
	Overall	**172**	**3.8988**	**0.9052**

Source: Own Survey, 2020

As shown in the above table (table 4.11), an overall mean and standard deviation of **(M=3.8988, SD= 0.9052)** was recorded indicating that strategy evaluation practices significantly contributed to the Ethiopian Airlines performance. As revealed in the table recognizing the difference was rated at a large extent with a relatively high mean score of (M= 4.0000, SD= 0.8983) coupled with comparing performance with objectives or standards with mean of (M= 3.9709, SD= 0.8880). This implies that among all practices to evaluate the strategy Ethiopian Airlines was more emphasis given to recognizing the difference and comparing performance with objectives or standards while others strategy evaluation activities were practiced at a large extent. Similarly, a relatively high standard deviation spread ranging from 0.8782 to 0.9554 which indicates that respondents were less varied in their opinion to the responses given under strategy evaluation practices. Thus, the finding shown in table 4.11 is consistent with the literature review stated in the second chapter of the study.

4.2.3. The Status of Practices of Overall Strategic Management (SM)

Table 4.12: Descriptive Analysis for Overall Strategic Management Practices

Strategic Management Components	N	Mean	SD
Strategy Formulation (SF)	172	4.0601	0.6756
Strategy Implementation (SI)	172	3.7316	0.6714
Strategy Evaluation (SE)	172	3.8988	0.6738
Overall SM	**172**	**3.8968**	**0.6736**

Source: Own Survey, 2020

When we evaluate the overall perception of respondents towards overall strategic management practices, the aggregate mean and standard deviation scores show **(M = 3.8968, SD = 0.6736)** demonstrated that overall strategic management processes was practiced at a large extent. As can be observed in the above table (table 4.14), strategy formulation was rated at a large extent with mean score of (M= 4.0601, SD= 0.6756) coupled with strategy evaluation with mean of (M= 3.8988, SD= 0.6738). This implies that Ethiopian Airlines was more emphasis given to strategy formulation and evaluation processes while considering strategy implementation at a large extent. Furthermore, the analysis revealed that a relatively moderate standard deviation spread ranging from 0.6714 to 0.6756 which indicates that respondents were less varied in their opinion to the responses given under overall strategic management practices. Hence, the findings shown in table 4.12 agree with the literature review stated in the second chapter of the study.

4.2.4. The Status of Organizational Performance Level (OP)

To examine the statues of current level of the organizational performance in Ethiopian Airlines with respect to the strategic management practices, five items of were employed for this investigation.

Table 4.13: Descriptive analysis for Organizational Performance (OP)

Code	Organizational Performance Items	N	Mean	SD
OP1	Increases market share	172	3.9767	0.8716
OP2	Brings innovation	172	3.9012	0.8896
OP3	Increases customer satisfaction	172	4.0523	0.8326
OP4	Increases output	172	4.0930	0.8325
OP5	Reduces waste	172	3.9302	0.9464
	Overall	**172**	**3.9907**	**0.8745**

Source: Researcher own Survey, 2020

As shown in the above table (table 4.13), an overall mean and standard deviation of **(M=3.9907, SD= 0.8745)** was recorded indicating that the contribution level of organizational performance parameters was very often practiced. As it can be observed in the above table among the parameters of the organizational performance of Increases output and Increases customer satisfaction were the highest rated with mean of (M= 4.0930, SD= 0.8325) and (M= 4.0523, SD= 0.8326) respectively. This implies Ethiopian Airlines was more focused on increasing output while enhancing customer satisfaction to achieve its performance. Furthermore, the result of this study indicates that respondents were less varied in their opinion to the responses given under organizational performance parameters as their standard deviation spread ranging from 0.8325 to 0.9464. Hence, the findings shown in table 4.13 is consistent with the literature review stated in the second chapter of the study

4.3. Inferential Analysis

The Pearson's Product Moment Correlation Coefficient was computed to determine the relationships between the practices of strategic management practices and organizational performance of Ethiopian Airlines. The strength of correlation can be described using Evans (1996) guide. "Evans (1996) suggests that the absolute value of linear correlation coefficient (r)", "If:

r = 1.00 to 0.90 it will be Very strong

r = 0.89 to 0.70 it will be Strong

r = 0.69 to 0.50 it will be Moderate

r = 0.49 to 0.30 it will be weak

r = 0.29 to 0.00 it will be very weak

Pearson correlation coefficients were determined with the objective of obtaining information about the relationships between the dependent and independent variables as presented in table 4.14 below:

4.3.1 Correlation Coefficient

Table 4.14: The Relation between Overall Practices of SM and OP

		SM	OP
SM	Pearson Correlation	1	.749**
	Sig. (2-tailed)		.000
	N	172	172
OP	Pearson Correlation	.749**	1
	Sig. (2-tailed)	.000	
	N	172	172

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Own Survey, 2020

The above table (table 4.14) indicates that the relationship between the overall practice of strategic management and organizational performance in Ethiopian Airlines. Based on this correlation between the main research variables (strategic management and organizational performance), there is statistically significant relation between overall practice of strategic management and organizational performance (with high and positive) in the organization ($r = 0.749$, $p < 0.01$). This implies that, there is a high practice in overall strategic management practice the organizational performance of Ethiopian Airlines.

Additionally, to investigate the relationship between strategic management and organizational performance in more detail manner, the researcher also run correlation analysis between the three components of strategic management practices and organizational performance in the organization and presented as follows.

Table 4.15: The Relation between practices of SM and OP

		SF	SI	SE	OP
SF	Pearson Correlation	1	.655**	.643**	.647**
	Sig. (2-tailed)		.000	.000	.000
SI	Pearson Correlation		1	.642**	.618**
	Sig. (2-tailed)			.000	.000
SE	Pearson Correlation			1	.698**
	Sig. (2-tailed)				.000
OP	Pearson Correlation				1
	Sig. (2-tailed)				

**. Correlation is significant at the 0.01 level (2-tailed), N = 172.

Source: Researcher own Survey, 2020

As shown in the above table (table 4.15), the correlation coefficient was moderate and represents statistically significant positive relationship between strategy evaluation and organizational performance ($r = 0.698$ and $p < 0.01$), between strategy formulation and organizational performance ($r = 0.647$ and $p < 0.01$) and between strategy implementation and organizational performance ($r = 0.618$ and $p < 0.01$) in Ethiopian Airlines. In this regard, the organizations' practice in strategy evaluation, formulation and implementation towards changing organizational performance were moderate and positive.

4.4. Regression Analysis

4.4.1 Simple Linear Regression Analysis

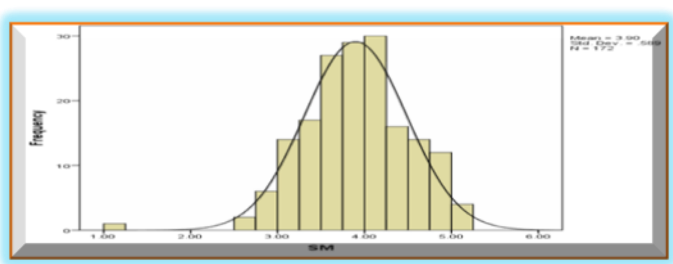
Assumptions of Regression Analysis

Before carrying out simple and multiple regression analysis, the researcher has checked the compulsory assumptions that the data must meet to make the analysis reliable and valid. The following assumptions of simple and multiple linear regressions were tested using SPSS software program.

i. Normality Assumption

Normality is used to describe a symmetrical, bell-shaped curve, which has the greatest frequency of scores in the middle combined with smaller frequencies towards the extremes. A multiple regression assumes that variables have normal distributions. This means that errors are normally distributed and the values of the residuals will approximate a normal curve. The common method to check normality assumption is a histogram (with a superimposed normal curve).

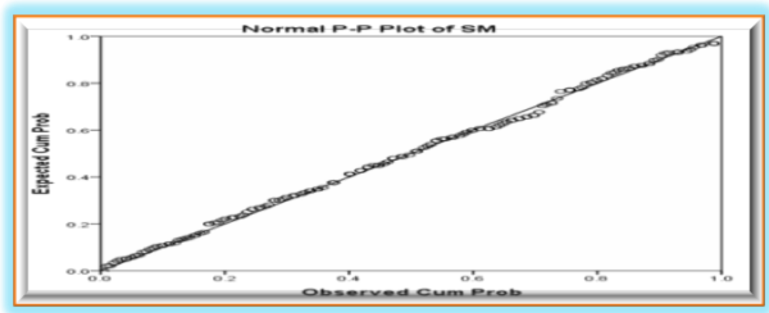
Figure 4.1: Histogram for the practice SM



Source: Researcher on Survey, 2020

As it can be observed in the above figure (figure 4.1) it indicates that the requirement is satisfied and there is no major deviation from normality. In simple words normality test for the data used in this study shown by the above histogram indicates that error terms are normally distributed. Therefore, it can be concluded that normality is guaranteed as the histogram generated is normally distributed.

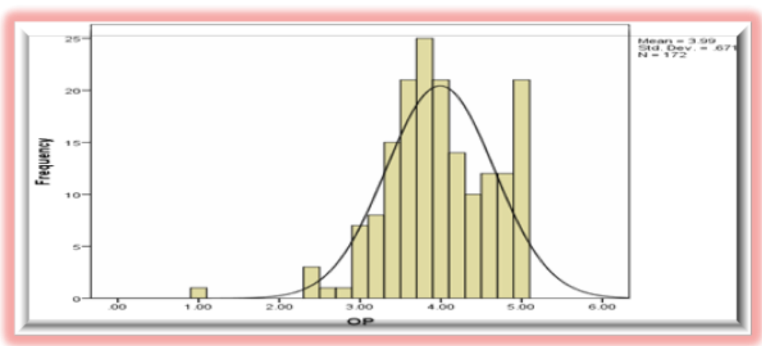
Figure 4.2: Normally Distributed Error for the practice of SM



Source: Researcher own Survey, 2020

By visually looking at the Normal Probability plot produced by Statistical Package for Social Science (SPSS), it could be concluded that a small deviation from normality and there are no extreme cases observed as shown in figure 4.2 above. Thus, the assumption is satisfied.

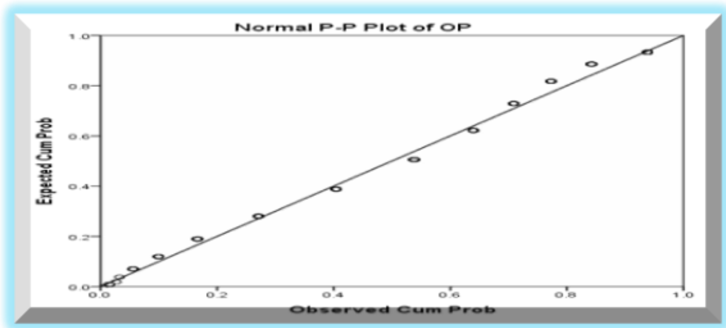
Figure 4.3: Histogram for OP



Source: Own Survey, 2020

As it can be observe from figure 4.3, the histogram for Organizational Performance look like a bell-shaped curve. The distribution was also roughly normal. Hence, it can be conclude that, there is a good model for the data. Thus, it probably can infer to the population in Ethiopian Airlines.

Figure 4.4: Normally Distributed Error for OP



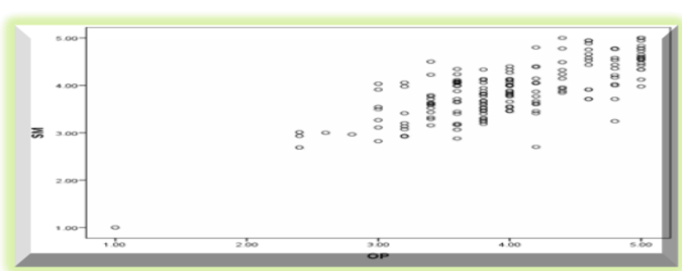
Source: Researcher own Survey, 2020

As it can be observed in figure 4.3, the dots are closely plotted to the straight line, which indicate a small deviation from normality and there are no extreme cases observed. Hence, it can be conclude that, there is a good model for the data. Thus, it probably can infer to the population in Ethiopian Airlines.

ii. Linearity

Linearity defines the dependent variable as a linear function of the (independent variable) predictor (Balance, 2004). Moreover, linearity refers to the degree to which the change in the dependent variable is related to the change in the independent variables. Linearity assumption was tested by producing Normal Probability Plots of the relationship between each of independent variable (strategic management practices) and the dependent variable (organizational performance) of Ethiopian Airlines. In a normal probability plot of the regression, standardized results lie in a regularly straight diagonal line from bottom left to top right in the figure 4.5 below:

Figure 4.5: Linearity of SM and OP



Source: Researcher own Survey, 2020

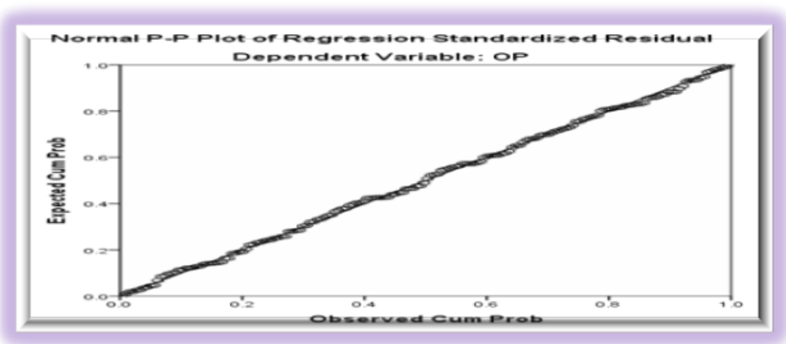
By visually looking at the Normal Probability plot produced by Statistical Package for Social Science (SPSS), it could be concluded that the relationship between each independent variable and the dependent variable is found to be linear as shown in figure 4.5 above.

iii. Multicollinearity

Linear regression assumes that there is little or no multi-co linearity in the data. Before presenting the regression models, it should be inspected for none existence of excessive correlations between the independent variables in the model. When there is a perfect or exact (it means if r=1 between independent variables) relationship between the predictor variables or at least one independent variable with a combination of other independent variables, it will result in incorrect conclusions about the relationship between dependent variable and predictor variables

In this regard, based on the correlation matrix, the correlation between components of strategic management practices ranges from 0.642 to 0.655 and there is a moderate significant relationship between SF and SI ($r = 0.655$, $p < 0.01$), between SF and SE ($r = 0.643$, $p < 0.01$) and between SI and SE ($r = 0.642$, $p < 0.01$) in the Ethiopian Airlines. Therefore, there is no multicollinearity problem.

Figure 4.6: Normally Distributed Errors Components of SM and OP



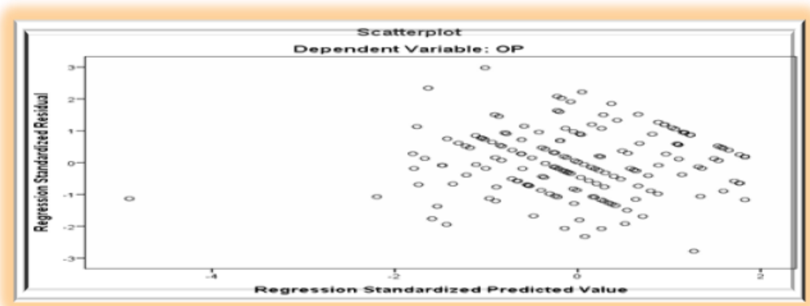
Source: Researcher own Survey, 2020

By visually looking at the Normal Probability plot produced by Statistical Package for Social Science (SPSS), it could be concluded that the relationship between each independent variable and the dependent variable is found to be linear as shown in figure 4.6 above.

iv. Homoscedasticity

The assumption of homoscedasticity refers to equal variance of errors across all levels of the independent variables. This means that errors are spread out consistently between the variables. Homoscedasticity can be checked by visual examination of a plot of the standardized residuals by the regression standardized predicted value. Heteroscedasticity is indicated when the scatter is not even; fan and butterfly shapes are common patterns of violation. Accordingly, the researcher created a scatterplot of standardized residuals versus standardized predicted values using SPSS software program.

Figure 4.7: Homoscedasticity for components of SM and OP



Source: Researcher own Survey, 2020

As shown in figure 4.7 the standardized residuals in this research are distributed evenly and is concluded that Heteroscedasticity is not a serious problem for this data.

From an explanation of the information presented in the entire five tests one can conclude that there are no significant data problems that could lead to the conclusion that the assumptions of multiple regressions have been seriously violated. Consequently, multiple regression analysis was carried out to determine the following:

(I) The degree to which the regression model fits the data (Model Summary),
(II) Independent variables significantly predict the dependent variable (ANOVA) and
(III) Statistical significance of each of the independent variables (Regression Coefficients).

A. Model Summary

Table 4.16: Model Summary for overall practice of SM as predictor to OP

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.749[a]	.560	.558	.44659

a. Predictors: (Constant), SM

b. Dependent Variable: OP

Source: Own Survey, 2020

From the above model summary (table 4.16), it can be seen that R is 0.749 and R square is 0.560. This indicates that 56.0% of the variance in organizational performance can be explained by practice of overall strategic management in Ethiopian Airlines. The remaining 44.0% of the variance is explained by other variables that are not included in this model

B. ANOVA Model fit

Table 4.17: ANOVA A Model Fit for overall practice of SM as predictor to OP

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	43.200	1	43.200	216.607	.000b
	Residual	33.905	170	.199		
	Total	77.105	171			
a. Dependent Variable: OP						
b. Predictors: (Constant), SM						

Source: Own Survey, 2020

The table shows that Sig. value 0.05 is greater than the calculated sig. value of 0.000. This shows that statistically significant relationships exist between the two variables. In other words this indicates that the independent variables statistically significantly predict the dependent variable. F = 216.607, calculated sig. value of 0.000 < sig. value 0.05 ($p<0.001$). Therefore, the regression model is a good fit of the data at 5 percent level of significance.

C. Regression Coefficient

Table 4.18: Regression Coefficients for overall practice of SM as predictor to OP

Model		Unstandardized Coe.		Standardized Coe.	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.665	.228		2.912	.004
	SM	.853	.058	.749	14.718	.000

a. Dependent Variable: OP

Source: Researcher own Survey, 2020

The Beta-value of 0.749 in table 4.18 indicates that there is a direct influence exists between the practice in strategic management and organizational performance which is statistically significant at 99% confidence level in the organization. Moreover, the B value (0.853) in the unstandardized coefficient column represent that considering all other factors constant at zero, for every one-unit increase on the practice of strategic management, we expect 0.853-unit increase in organizational performance of Ethiopian Airlines. Thus the regression equation, in this condition presented as follows:

$$\mathbf{OP = 0.665 + 0.853SM + \varepsilon}$$

This indicates that, as the respondents perceive effective practice of strategic management in place at Ethiopian Airlines, organizational performance rises significantly. From this discussion, in describing the influence of overall practice of strategic management over organizational performance in the organization, the organizational performance is affected by other factors other than the practice of strategic management; and it is confirmed in the regression result as 44.0% of the variance in organizational performance is explained by other factors.

4.4.2 Multiple Linear Regression Analysis

The above section discussed and presented the influence of overall practice of strategic management over organizational performance and it is found that there is an influence relationship between these variables in Ethiopian Airlines. Moreover, it was also evidenced that overall practice of strategic management predicts organizational performance significantly in the organization.

On the other hand, after testing for different assumptions, the following section examined influence of components of strategic management practices over organizational performance in the organization; and helps us to identify which components of strategic management practices have significant unique influence over organizational performance than the others in the organization.

Regression Analysis of Components of Strategic Management and Organizational Performance

Table 4.19: (Model Summary) SF, SI and SE as predictors to OP

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.755[a]	.570	.563	.44408

a. Predictors: (Constant), SE, SI, SF
b. Dependent Variable: OP

Source: Own Survey, 2020

As indicated in table 4.19, considering the influence of all predictors (SF, SI and SE), the overall model accounts for 57.0% of the variance in organizational performance in Ethiopian Airlines. This means, 43.0% of the variance on organizational performance is explained by other factors. In other words, components of strategic management practices altogether account 57.0% of the variance in the organizational performance within the organization.

Table 4.20: (ANOVA) SF, SI and SE as predictors to OP

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	43.974	3	14.658	74.329	.000[b]
	Residual	33.131	168	.197		
	Total	77.105	171			

a. Dependent Variable: OP
b. Predictors: (Constant), SE, SI, SF

Source: Own Survey, 2020

The above ANOVA table (table 4.20), help to make sure the above model (on model summary table 21) is evidenced that the model is statistically predictor of organizational performance because the p value is less than 0.01 in Ethiopian Airlines. Therefore, a significant amount of organizational performance is influenced by the organization practices in components of strategic management which constitutes SF, SI and SE. Thus, components of strategic management practices were found statistically and significantly predict organizational performance and it can be concluded as, the overall regression model is significant, $F (3, 168) = 74.329$, $p < 0.01$, $R2 = 0.570$, in the organization.

Table 4.21: (Coefficients) SF, SI and SE as predictors to OP

Model		Unstandardized Coe.		Standardized Coe.	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.650	.228		2.853	.005
	SF	.261	.072	.263	3.626	.000
	SI	.180	.072	.180	2.486	.014
	SE	.412	.071	**.414**	5.790	.000

a. Dependent Variable: OP

Source: Own Survey, 2020

Standardized Coefficient (Beta)

The standardized coefficients are useful to know which of the different independent variables is more important. They are used in comparison of impact of any independent variable on the dependent variable. As indicated in the regression coefficients table (table 4.21), strategy evaluation practice had the highest standardized coefficient **(0.414)** followed by strategy formulation practice **(0.263).** This explains that strategy evaluation practice has higher relative effect on organizational performance.

From the above model summary table (table 4.21), both components of strategic management practices together explain about 57.0% variance in organizational performance in Ethiopian Airlines and the regression equation is:-

$$\mathbf{OP = 0.650 + 0.261(SF) + 0.180(SI) + 0.412(SE) + \varepsilon}$$

From this influence exerted on organizational performance in the organization, SE and SF have a better statistical contribution for the outcome with Beta Value of 0.412 ($p = 0.000$) and 0.261 ($p = 0.000$) respectively. With this statistical data, we can conclude as, SE and SF have a better contribution than SI to explain the change in organizational performance, since 0.412 and 0.261 are larger than 0.180. And also, SI has Beta Value of 0.180 ($p = 0.014$). Moreover, given the other variables constant, one-unit increase in SE, SF and SI will increase 0.412, 0.261 and 0.180 units of organizational performance respectively in the organization. Therefore, an effective practice of strategy evaluation, formulation and implementation influence the organizational performance of Ethiopian Airlines positively and significantly.

4.4.3 Testing the Proposed Hypotheses

In this study three hypotheses were formulated. The statistical tests run for these hypotheses were concisely presented below.

H1: Strategy formulation has a positive and significance influence on the performance of Ethiopian Airlines.

From table 4.21, the significant value for strategy formulation is 0.000 which is less than p value of 0.05, which indicates that strategy formulation has a statistically significant influence on the organizational performance of Ethiopian Airlines. Besides, the value of beta for strategy formulation is ($\beta = 0.261$) and this shows that strategy formulation has a positive and significant influence on organizational performance of Ethiopian Airlines. Therefore, hypothesis Ho1 is accepted.

H2: Strategy implementation has a positive and significance influence on the performance of Ethiopian Airlines.

From table 4.21, the significant value for strategy implementation is 0.014 which is less than p value of 0.05, which indicates that strategy implementation has a statistically significant influence on the organizational performance of Ethiopian Airlines. Besides, the value of beta for strategy implementation is ($\beta = 0.180$) and this shows that strategy implementation has a positive and statistically significant influence on organizational performance of Ethiopian Airlines. Therefore, hypothesis Ho2 is accepted.

H3: Strategy evaluation has a positive and significance influence on the performance of Ethiopian Airlines.

From table 4.21, the significant value for strategy evaluation is 0.000 which is less than p value of 0.05, which indicates that strategy evaluation has a statistically significant influence on the organizational performance of Ethiopian Airlines. Besides, the value of beta for strategy evaluation is (β = 0.412) and this shows that strategy evaluation has positive and significant influence on organizational performance of Ethiopian Airlines. Therefore, hypothesis Ho2 is accepted.

i. Summary of the Hypotheses Test

Based on regression coefficient, the hypotheses test was indicated in the table below.

Table 4.22: Summary Hypothesis Test

Hypothesis	Result	Reason
H1: Strategy formulation has a positive and significance influence on the performance of Ethiopian Airlines.	Accepted	r = 0.647 p = 0.000 β = 0.261
H2: Strategy implementation has a positive and significance influence on the performance of Ethiopian Airlines.	Accepted	r = 0.618 p = 0.014 β = 0.180
H3: Strategy evaluation has a positive and significance influence on the performance of Ethiopian Airlines.	Accepted	r = 0.698 p = 0.000 β = 0.412

Source: Own Survey, 2020

4.5 Discussion of Results

Majority of authors have put strategy formulation, implementation of organizational strategy and strategic control focuses in their model. Planning strategy and environmental analysis phase are also important and most of the authors put this phase under formation phase (Bakar, Tufail, Yusof & Virgiyanti, 2011). The motivation behind this examination is to explore the connection between practices of strategic management and organizational performance. According to Wheelen and Hunger (2017), the process of strategic management involves four basic elements. These are Environmental scanning, Strategy formulation, Strategy implementation and lastly Evaluation and control. In the literature review survey section of the research three factors/practices of strategic management of organizational performance are distinguished.

Descriptive results revealed that regarding environmental scanning, the mean value of micro environment factors is a little beat greater than that of the macro environment factors. Although more attention was not given for social factors, David (2011) noted that social factors such as values, attitude, social structure and culture are significantly affect economic factors. The study also revealed that the overall practice of the analysis of internal environment factors is almost at a large extent in the organization. The findings agree with David (2011) who argued that internal activities can affect the cost and the feasibility of some strategies.

Regarding to strategy formulation, the investigation discovered that all managers and employees would engage in identifying, evaluating alternative strategies and selecting the best strategy. The finding is consistent with David, (2017) who suggested that many of the managers and employees have to be involved in strategy formulation (identifying and evaluating alternative strategies plus selecting the best strategy). Similarly, the result shows that strategy implementation and evaluation were critical factors to determine the Ethiopian Airlines performance. Furthermore, the findings revealed that all managers and employees would engage in implementing the formulated strategy.

Based on correlation coefficient result, strategy evaluation has statistically significant and positive relationship with organizational performance with Pearson's correlation coefficient of ($r = 0.698$ and $p < 0.01$) followed by strategy formulation with its Pearson's correlation ($r = 0.647$ and $p < 0.01$). Strategy implementation has also statistically significant and positive relationship with organizational performance with Pearson's correlation coefficient of ($r = 0.618$ and $p < 0.01$). Furthermore, the result of correlation revealed that there is statistically significant, strong and positive relationship between overall practice of strategic management and organizational performance in Ethiopian Airlines performance with Pearson's correlation coefficient ($r = 0.749$, $p < 0.01$). The findings agree with Mohamud, Y. Mohamud, A. and

Mohamed (2015) who argued that even if there are many studies across the world that are related to the strategic management practices, most of them conducted in the developed countries. But unfortunately there are limited studies in developing countries that attempt strategic management and organizational performance in Mogadishu-Somalia revealed that a positive and significant relationship between strategic management and organizational performance.

Regarding regression coefficient, the discoveries of this investigation demonstrate that the most critical factor or practice of strategic management in foreseeing organizational performance was strategy evaluation. The study revealed that there was a significant and positive effect of strategy evaluation on organizational performance with unstandardized coefficient value of 0.412 and the p-value 0.000 which was lower than sig. value of 0.05 followed by strategy formulation with its unstandardized coefficient value of 0.261 and the p-value 0.000. The study also demonstrated that strategy implementation has a statistically significant and positive effect on Ethiopian Airlines performance with unstandardized coefficient value of 0.180 and the p-value 0.014 which is less than the sig. value of 0.05. From the regression coefficient result, one can concluded that there is a direct influence of strategic management practices on organizational performance of Ethiopian Airlines with unstandardized coefficient value of 0.853 and p-value of 0.000, which is statistically significant at 95% confidence level in the organization. Based on the regression coefficient result, the researcher accepted all the three hypotheses which stated that strategy of formulation, implementation and evaluation have positive and significant influence on organizational performance of Ethiopian Airlines while rejected alternative hypotheses. These findings are agree with Njeru (2015) who found that adoption of strategic management practice influences organizational performance and Mougbo (2013) found that adoption of strategic management has a significantly effect on competitiveness and organizational productivity. The findings are also consistent with Lawal, Omone & Oludayo, (2012).who found that there is a significant effect of strategic issue management on the attainment of organizational performance such as increase profit, building and maintaining reputation, increase sales return over and achievement of goal.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATION

The study was intended to investigate the influence of strategic management practices on organizational performance of Ethiopian Airlines. This chapter presents the summary of key data findings with respect to the objectives of the study with conclusions drawn from the findings and makes appropriate recommendations. Accordingly, the conclusions and recommendations drawn focused on addressing the three objectives of the study: which were to determine the influence of the strategic formulation on organizational performance of Ethiopian Airlines, to examine the influence of strategic implementation on organizational performance of Ethiopian Airlines and to investigate the influence of strategy evaluation on organizational performance of Ethiopian airlines. Furthermore, this chapter provides limitations and suggestions for future research.

5.1 Summary of Findings

Ethiopian Airlines relatively focused on strategy formulation and evaluation even though the mean values are close to each other and strategic management practice increases the organizational performance of the organization to a large extent.

As the researcher analyzed the correlation matrix, there is a high positive relationship between the overall practice of strategic management and organizational performance of Ethiopian Airlines. But there is a moderate positive relationship between strategy formulation, implementation and evaluation and organizational performance in the organization significant at 0.01.

The dependent variable (organizational performance) was explained by 56.0% of the independent variable (overall practice of strategic management) the remaining 44.0% was explained by other factors, and the dependent variable (organizational performance) was explained by 57.0% of the components of strategic management practices and the remaining 43.0% was explained by other factors other than strategy formulation, implementation and evaluation or in other words explained by other factors not included in the model.

The ANOVA result shows the models is statistically significant that overall strategic management practice had statistically significant effect on organizational performance of Ethiopian Airlines since its F- statistics value is 216.607 and p- value of 0.000. So, the model showed that it is statistically significant at 0.01.

All the three components of strategic management practices have a positive and statistically significant influence on organizational performance of Ethiopian Airlines.

5.2 Conclusions

Based on the findings presented in the former sections, the study has drawn the following conclusions.

During the investigation the researcher used both descriptive and inferential statistics and based on the findings of the research the researcher made conclusions by outlining the following points.

First the researcher found that there is a positive and significant relationship between overall strategic management practices (strategy formulation, implementation and evaluation) and organizational performance. Second, overall strategic management practice has statistically positive and significant influence on organizational performance. Furthermore, strategy evaluation has a positive and statistically significant influence on organizational performance of Ethiopian Airlines followed by strategy formulation. Similarly, strategy implementation practice has a positive and statistically significant influence on organizational performance. Based on the regression coefficient results, all the three proposed hypotheses that stated practices of strategies of formulation, implementation and evaluation were accepted while all alternative hypotheses were rejected by the researcher. Finally, the expected sign of the model determined under model specification part of the study for strategy formulation, implementation and evaluation were positive signs. Based on the result obtained from the regression table the researcher accepts the signs of the model for the independent variables since the coefficients are positive.

5.3 Recommendation

This study has investigated the influence of strategic management practices on organizational performance in Ethiopian Airlines. Considering the findings and conclusions made above, the following possible recommendation is suggested as being valuable to the organization for improving strategic management practices to assure and improve the organizational performance. The practices of all strategic management components have to be enhanced at all point of the performance of the organization.

As there is a limited practice of strategic management issues first, Ethiopian Airlines should provide training for its managers about overall strategic management issues and methodologies to practice it very well. Second, all management staffs and employees should have to be involved actively in strategy formulation, implementation and evaluation to increase its profit, market share, provide satisfaction for customers and reduction of wastage in a better way. Different researchers and authors of strategic management said the more you engaged in strategic management practice, the more you increase your organization performance. Then, the management of Ethiopian Airlines should evaluate whether the practice of strategic management is in the expected way or not by requiring different documents related with strategic management.

5.4 Suggestions for Further Studies

This study focused on the influence of strategic management practice (strategy formulation, strategy implementation and strategy evaluation) on the organizational performance of Ethiopian Airlines. Therefore, the researcher used the triple strategic management stages as an independent variables and organizational performance as a dependent variable. The following are very important suggestions for future investigation to be conducted by other researchers.

- ❖ The study limits itself on the practices of strategic management of Ethiopian Airlines, and the conclusion and recommendation remains within the organization. In this regard, to make the conclusion and recommendation more wide and applicable for two or more organizations, future researches may focus in industry wide or nationwide by increasing the sample size.

- ❖ This study was limited by lack of adequate empirical literature on the relationship between strategic management practices and organizational performance in Ethiopia. This study therefore recommends that a repeat study to be done to confirm the results.
- ❖ This research employed only quantitative research method, future researchers may employ mixed approach (qualitative and quantitative) in their data type; by including document review.
- ❖ The study used primary data collected at one point in time and hence its accuracy could not be assured. The study therefore recommends that a similar study be done but using data collected over period of time or time series data should be used.
- ❖ As the researcher perceive the reason for lower adjusted R square was due to that performance of Ethiopian Airlines could be explained by other factors instead of strategic management practice. Therefore, research has to be conducted by adding other variables that can explain the organizational performance of the organization.
- ❖ This research has to be conducted on other large business organizations in Ethiopia to know the level of extent that strategic management practice influences their performance.
- ❖ Finally, as the results of the regression analysis indicated, the practices of strategic management components determine 57.0% of the organizational performance of the organization which indicates there are other factors which can explain the variability of the organizational performance of the organization. Hence, other researchers should consider such factors to find out them for the better practice of strategic management and organizational performance.

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APPENDIX I: Questionnaire

Questionnaire

ADDIS ABABA UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

MASTER OF BUSINESS ADMINISTRATION PROGRAM

Questionnaire to be filled by staffs of Ethiopian Airlines

Dear Participant,

I am a postgraduate student at Addis Ababa University college of Business and Economics, and I am conducting a study on **"The influence of strategic management practices on Ethiopian Airlines Performance".** The purpose of the questionnaire is to collect primary data to conduct the study for the partial fulfillment of Master of Business Administration. This is purely for academic purpose and the information you provide will be kept strictly confidential. Hence, I kindly request you to fill the questionnaire genuinely. Thanks in advance for your cooperation.

General Instruction

- Please do not write your name or address on the questionnaire.
- please put a tick (√) mark in the appropriate box of your answer
- Contact address: if you have any question please contact me through the following addresses:

Name: Thomas Gebrecherkos

Telephone: **09 13-605340**

Email: **thomastyz99@gmail.com**

Section A: General information

- ❖ There is no need of writing your name;
- ❖ Please put the mark (√) in the appropriate box; that indicates your response to the question.

1. The division that you are operating.

   □ Aviation Academy　　□ MRO services

   □ International services　　□ Cargo services and logistics

   □ Ethiopian Ground services　　□ Ethiopian Airports

   □ Ethiopian Express services

2. Work experience in this organization in general.

   □ From 1 to 5 years　　□ From 6 to 10 years

   □ From 11 to 15 years　　□ Above 15 years

3. Work experience in this division.

   □ From 1 to 5 years　　□ From 6 to 10 years

   □ From 11 to 15 years　　□ Above 15 years

4. Work experience in this position.

   □ From 1 to 5 years　　□ From 6 to 10 years

   □ From 11 to 15 years　　□ Above 15 years

5. Number of employees in this division.

   □ Up to 50 employees　　□ From 50 to 100 employees

   □ From 101 to 150 employees　　□ Above 150 employees

6. Your current position

   □ Managing Director　　□ Manager

   □ Director

Section B:

I. Assessment of Environmental Scanning

The following are descriptive statements about external and internal environment analysis. Please indicate the extent to which each statement applies in your company. Use the scale below to tick as appropriate.

Key: 1 (**NA**) – Not At All; 2 (**SE**) – Small Extent; 3 (**ME**) – Moderate Extent; 4 (**LE**) – Large Extent; and 5 (**VLE**) – Very Large Extent

No.	**Items**	**1 (NA)**	**2 (SE)**	**3 (ME)**	**4 (LE)**	**5 (VLE)**
1.	**In our company external environment analysis was done by:**					
1.1	Studying political factors	1	2	3	4	5
1.2	Studying economic factors	1	2	3	4	5
1.3	Studying social factors	1	2	3	4	5
1.4	Studying technological factors	1	2	3	4	5
1.5	Analyzing competitors	1	2	3	4	5
1.6	Analyzing customers	1	2	3	4	5
1.7	Analyzing suppliers	1	2	3	4	5
2.	**In our company internal environment analysis was done by:**					
2.1	Identifying competencies	1	2	3	4	5
2.2	Identifying resources required	1	2	3	4	5
2.3	Identifying primary and supportive activities	1	2	3	4	5
2.4	Analyzing past performance	1	2	3	4	5
2.5	Analyzing the existing strategy	1	2	3	4	5
2.6	Analyzing employees skill and knowledge	1	2	3	4	5
3.	**Our company use:**					
3.1	Strength, Weakness, Opportunity and Threats analysis as planning tool	1	2	3	4	5
3.2	Political, Economic, Social and Technological analysis as planning tool	1	2	3	4	5
3.3	Value chain analysis as planning tool	1	2	3	4	5
3.4	Porter five force analysis as planning tool	1	2	3	4	5

II. Assessment of Strategy Formulation

1. Who is going to formulate strategy in you division?

   □ Higher Managers　　　□ Middle Level Managers

   □ All Staffs　　　□ Outside Stakeholders

The following are descriptive statements about strategy formulation. Please indicate the extent to which each statement applies in your company. Use the scale below to tick as appropriate.

Key: 1 (**NA**) – Not At All; 2 (**SE**) – Small Extent; 3 (**ME**) – Moderate Extent; 4 (**LE**) – Large Extent; and 5 (**VLE**) – Very Large Extent

No.	**Items**	**1 (NA)**	**2 (SE)**	**3 (ME)**	**4 (LE)**	**5 (VLE)**
1.	**Our company formulate its strategy by:**					
1.1	Developing a vision and a mission statements	1	2	3	4	5
1.2	Identifying external opportunities and threat	1	2	3	4	5
1.3	Determining internal strength and weaknesses	1	2	3	4	5
1.4	Establishing long-term objectives	1	2	3	4	5
1.5	Generating alternative strategies	1	2	3	4	5
1.6	Choosing particular strategies to pursue	1	2	3	4	5
2.	**Our division adopt corporate strategies, like:**					
2.1	Expansion	1	2	3	4	5
2.2	Diversification	1	2	3	4	5
2.3	Merger and acquisition	1	2	3	4	5
2.4	Joint venture	1	2	3	4	5
3.	**Our division adopt business level strategies, like:**					
3.1	Cost leadership strategies or low cost	1	2	3	4	5
3.2	Differentiation strategy	1	2	3	4	5
3.3	Integrated strategy	1	2	3	4	5
3.4	Focus strategy	1	2	3	4	5

III. Assessment of Strategy Implementation

1. Who doses implement strategy in your department?

□ Higher Managers □ Middle Level Managers

□ All Staffs □ Outside Stakeholders

The following are descriptive statements about strategy implementation. Please indicate the extent to which each statement applies in your company. Use the scale below to tick as appropriate.

Key: 1 (**NA**) – Not At All; 2 (**SE**) – Small Extent; 3 (**ME**) – Moderate Extent; 4 (**LE**) – Large Extent; and 5 (**VLE**) – Very Large Extent

No.	**Items**	**1 (NA)**	**2 (SE)**	**3 (ME)**	**4 (LE)**	**5 (VLE)**
1.	**Our company strategy was implemented by:**					
1.1	Adequately and comprehensively communicating to members of the staff	1	2	3	4	5
1.2	Formulating programs, policies and procedures	1	2	3	4	5
1.3	Designing appropriate motivational and reward system	1	2	3	4	5
1.4	Adequately allocating resource	1	2	3	4	5
1.5	Matching organizational strategy is to organizational structure	1	2	3	4	5
1.6	Basing objective and expected performance	1	2	3	4	5

IV. Assessment of Strategy Evaluation

The following are descriptive statements about strategy evaluation. Please indicate the extent to which each statement applies in your company. Use the scale below to tick as appropriate.

Key: 1 (**NA**) – Not At All; 2 (**SE**) – Small Extent; 3 (**ME**) – Moderate Extent; 4 (**LE**) – Large Extent; and 5 (**VLE**) – Very Large Extent

No.	Items	1 (NA)	2 (SE)	3 (ME)	4 (LE)	5 (VLE)
1.	**Our company evaluate its strategy by:**					
1.1	Measuring performance	1	2	3	4	5
1.2	Comparing performance with objectives or standards	1	2	3	4	5
1.3	Recognizing the difference	1	2	3	4	5
1.4	Identifying the reason for deviation	1	2	3	4	5
1.5	Taking corrective action if it is necessary	1	2	3	4	5

Section C: Assessment of the influence of strategic management practice on organizational performance

The following are descriptive statements about the influence of strategic management practice on the performance of your company. Please indicate the extent to which each statement applies in your company. Use the scale below to tick as appropriate.

Key: 1 (**NA**) – Not At All; 2 (**SE**) – Small Extent; 3 (**ME**) – Moderate Extent; 4 (**LE**) – Large Extent; and 5 (**VLE**) – Very Large Extent

No.	Items	1 (NA)	2 (SE)	3 (ME)	4 (LE)	5 (VLE)
1.	**In our company, strategic management practice:**					
1.1	Increases market share	1	2	3	4	5
1.2	Brings innovation	1	2	3	4	5
1.3	Increases customer satisfaction	1	2	3	4	5
1.4	Increases output	1	2	3	4	5
1.5	Reduces waste	1	2	3	4	5