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Addis Ababa University
College of Business and Economics
Department of Management

**INFLUENCE OF STRATEGIC MANAGEMENT PRACTICES
ON FIRM PERFORMANCE: THE MEDIATING ROLE OF
KNOWLEDGE MANAGEMENT CAPABILITIES**

(The case study of commercial banks in Ethiopia)

A THESIS SUBMITTED IN PARTIAL FULFILMENT OF THE
REQUIREMENTS FOR AWARD OF MASTERS OF SCIENCE IN
INTERNATIONAL BUSINESS

By Eneyew Tarekegne

GSE/7703/11

Advisor: Dr. Yitbarek Takele (PhD)

October 2021

Addis Ababa, Ethiopia

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STATEMENT OF DECLARATION

I, Eneyew Tarekegne, hereby state that this research is my personal effort towards MSc in International Business, made ready with the guidance of Dr. Yitbarek Takele (PhD) and as to me it isn't formerly issued by somebody nor used for the prize of any other degree of the university. It is done for the award of the degree of Masters of Science in International Business from Addis Ababa University.

Name: Eneyew Tarekegne

Signature.....

Date of Submission.....

STATEMENT OF CERTIFICATION

This is to certify that Eneyew Tarekegne Alamirew has carried out his research work on the topic entitled "The Influence of Strategic Management Practice on Firm Performance: The Mediating Role of Knowledge Management Capability. The case study of Commercial Banks in Ethiopia." This work is original and suitable for the submission in partial fulfillment of the requirement for the award of Master's Degree in International Business.

Advisor Name: Dr. Yitbarek Takele (PhD)

Signature.....

Date.....

Addis Ababa University
College of Business and Economics
Department of Management

This is to certify that the thesis prepared by Eneyew Tarekegne, “Influence of Strategic Management Practices on Firm Performances: The Mediating Role of Knowledge Management Capability. The case study of Commercial Banks in Ethiopia.” and submitted in partial fulfillment of the requirement for the Degree of Master of Science in International Business compliance with the regulations of the university and meet the accepted standard with respect to originality and quality.

Approved by Board of Examiners

_____ Advisor	_____ Signature & Date
_____ External Examiner	_____ Signature & Date
_____ Internal Examiner	_____ Signature & Date

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LIST OF ACRONYMS AND ABBREVIATIONS

ANOVA: -	Analysis of variance
BIB: -	Buna International Bank
CBE: -	Commercial Bank of Ethiopia
CEO: -	Chief govt officer
CFA: -	Confirmatory component analysis
IMF: -	International Monetary fund
KMC-	Knowledge Management capabilities
LIB: -	Lion International Bank
NBE: -	National Bank of Ethiopia
OP: -	Organizational performance
ROA/I: -	Return on asset or investment
SCE: -	Strategy control and evaluation
SCMP: -	Strategic Change control practices
SCP: -	Strategic aggressive practices
SD: -	Standard deviation
SGP: -	Strategic governor practices
SMPs: -	Strategic Management Practices
SPP: -	Strategic making plans practices
SWOT: -	Strength, weakness, opportunity and personalities
WB: -	Wegagen Bank

ABSTRACT

This research aims to examine the influence of SMPs on Ethiopian commercial banks' performance; all the way through the existence of knowledge management capability. Among 48,726 targets population 385 samples were selected using random sampling methods. A pilot test was administered to purify the tool. The research has used both descriptive and explanatory survey design. The study has used SPSS Version 23 for descriptive analysis to check SMPs and Amos Version 26 for testing of SEM. Examination was performed by means of frequency counts, percentages, variance and the information generated are going to be obtainable in type of charts and tables. The study outcome demonstrate that the records fit the projected model fine, together with three second-order constructs; namely SMPs which contain five first-order constructs (competitive practice, strategic planning, corporate governance, strategic planning, change management and strategy control and evaluation), knowledge management capability which has three first-order constructs (knowledge manufacture, knowledge arrangement and organizational learning) and firm performance which has three first-order constructs(return on asset, net profit, sales growth and customer retention).

The model planned by the research and evidenced by goodness of fit of the model to the records, explained 95%of the variance in firm performance. The outcome of multivariate analysis gives three main results. Initially, SMPs has a positive impact on knowledge management capability; secondly, knowledge management capability has great influence on organizational performance; and finally, knowledge management capability partially mediates the influence of SMPs and firm performance (as revealed by bootstrapping analysis). The commercial banks have created different promoting factors that boot improve in quantity of customers and nurture in profitability, as a result banks are regulated by the NBE which facilitates to get higher corporate governance, the usage of technology has helped to lessen operational prices and lift cost-effectiveness. According to the study, commercial banks should keep their unique selling points and build them in such a way that they will be competitive in the market; always be open and accountable to the community and shareholders; focus on the client's dreams and increase customer-centric products; and business banks should incorporate greater updating.

Keywords: *CBE, WB, LIB, BIB, SMPs, Corporate governance, Strategic Planning, Change Management, Strategy Evaluation and Control, KMC and firm performance.*

CHAPTER ONE

INTRODUCTION

This topic condenses the complexity and approaches. The study's major goal is to look into the influence of *SMPs* on commercial bank performance in Ethiopia, as well as the role of KMC as a mediating factor.

It begins with a summary of the study and then moves on to the organization, problem statement, research questions, and study objectives, as well as the study's importance, study significance, study limitation and scope, study methodology, working definitions, and study framing.

1.1 Study Overview

According to David (2017) *SMPs* is called decisive practices for the motive that it presents an energetic effect on firms' achievement. Strategic management affirmatively affects cost-effectiveness of the firms. The significance of enterprise is regularly clarified through manner of method of viewing the association among *SMPs* and enterprise performance. Banks that had each a strategic pledge to format and added normal *SMPs* guidance display superior revenue. Strategies had higher been saved in its novel vicinity to relaxation the organizations from the shortage of self-guarantee that arises knockout or failure environment. ICT and extrude dominance are actually ever-changing the global outlooks now a days.

SMPs recognize firm's capacity of development and effectiveness relays on allocation of enough assets for the duty (Prince et al., 2016). There is requesting users' perception and varying of technology in the usage of *SMPs* in business. There is soliciting for users' belief and ranging of era with inside the utilization of *SMPs* in business. For a corporation lengthy residing and staying hold forward, a well-articulated method is a recessive factor. *SPMs* have participated in all firms designing of mission, vision and objectives in decision making procedure (Bryson, et al., 2016).

SMPs are practical actions and a group of executives' judgments that govern long lasting performs. According to Johnson, Schools and Whittington (2013) *SMPs* provides a firm the track and range that fund advantage both in working competences and monetary goals.

Conferring to Whelan & Hunger (2016), *SMPs* in every firm is administered by the strategy devising, execution, assessment and regulator. It is segmented into four sections: Environmental Scanning, Strategy Formulation, Strategy Implementation, and Evaluation and Control.

1.2 Ethiopian Commercial Banks Outlook

Although less in-depth and pervasive, all African banks are as competitive as other similar banks in diverging places in terms of greater revenues. Beck (2011) indicates huge growth in asset excellence and value banking in Africa.

In 1905, a British businessman from Egypt establishes the Bank of Abyssinia in Ethiopia.

Proclamation No. 84/1994 authorizes non-governmental organizations to engage in banking activities in Ethiopia. Following that, sixteen non-public and two government-owned banks have grown. According to the NBE (2019) report, in 2018/19, the ratio of bank outlet offices to population reached 1:18,000. Individual banks have increased their share of the entire outlet network to 70%. The banking industry's average wealth was 102 billion Birr.

At the end, the commercial banks currently the commercial banks currently operating in Ethiopia are: Commercial Bank of Ethiopia(1942), Awash Banks (1994),Dashen Bank (1995), Bank of Abyssinia (1996),Wegagen Bank (1997), United Bank (1998),Nib International Bank (1999), Cooperative Bank of Oromiya (2004), Lion International Bank (2006), Zemen Bank (2008),Oromiya International Bank (2008), Birhan International Bank (2009), Bunna International Bank (2009), Abay Bank (2010), Addis International Bank (2011), Dehub Global Bank (2012), and Enat Bank (2012) (NBE, 2019/20).

1.3 Statement of the Problem

The NBE report (2019/20) states that the issues faced by banks were more competition, the improvement of the synthesis items, interest limited, rising charge factor, the rate consistent with the unit of instability and the international economic disaster.

Despite the fact that most study focuses on technique rather than *SMPs*, no studies have been done to look into the supposed link between *SMPs* and company performance via the mediating role of KMC.

SMPs ensure that an organization's performance is high even if the results of several researches are insufficient and contradictory (Lyles et al., 2016). Other studies in the same field, according to Gibson & Caesar (2014), have yielded negative results. There are a contextual and methodological research gaps in previous studies.

Contextual gaps: most of the studies were done in non-Ethiopian context and a systematic and large scale studies have not been conducted so far in Ethiopia with respect to *SMPs* (Eve Barbara Wakesho and Lucy Gichinga, 2019).

Methodological gaps: several studies conducted so far were used quantitative method or qualitative to examine the problem (Addise, 2015; Dinberu 2016; and Wubshet, 2018).

As a result, there is still a need to emphasize the impact of *SMPs* on performance via the mediating function of KMC on Ethiopian commercial banks.

1.4 Basic Research Questions

The investigation predicted to reply the preceding queries:

1. What are the *SMPs* (*competitive practice, corporate governance, strategic planning, change management, and strategic control and evaluation*) of banks in Ethiopia?
2. What are the impacts of *SMPs* (*competitive practice, corporate governance, strategic planning, change management, and strategic control and evaluation*) on firm performance (net profit, return on asset, sales growth and customer retention) at commercial banks in Ethiopia through existence of knowledge management capabilities (knowledge manufacture, knowledge arrangement, and organizational learning)?
3. What are the link among *SMPs* (*competitive practice, corporate governance, strategic planning, change management, and strategic control and evaluation*), knowledge management capability (knowledge manufacture, knowledge arrangement, and organizational learning) and firm performance (net profit, return on asset, sales growth and customer retention)?

1.5 Objective of the Study

1.5.1 General Objective

The research's main objective is to investigate the impact of *SMPs* and their measurements on firm performance, specifically competitive practice, strategic planning practice, strategic corporate governors, change management, and strategic control and evaluation, as well as the mediating role of KMCs and their measurements on such an effect.

1.5.2 Specific Objective

The research leads with the preceding particular objectives:

- To examine the *SMPs* at commercial banks in Ethiopia.
- To check significant influence of *SMPs* on firm performance through the existence of knowledge management capabilities at commercial banks in Ethiopia.
- To examine the connection among *SMPs*, knowledge management capability and firm performance at commercial banks in Ethiopia

1.6 Operational Definitions

A bank is a company that has received NBE approval to do banking operations (Proc. No. 592/2008). Crossable instruments, drafts, and argument flyers are examples of banking business deeds, as are the purchase and trade of gold, silver, and currency conversion; the handover of moneys to local and international individuals; the expenditure of moneys for credits or investments; the acceptance of moneys from the community, and any other activity recognized as banking business.

1.7 Delimitation/Scope of the Study

The study is delimited by a number of constraints, including: the study is only concerned with describing *SMPs*; the study focuses on all branches, districts, and head offices of CBE, WB, LIB, and BIB that operate only in Addis Ababa; information for the study is only obtained from members of managerial and non-managerial firms who are directly involved in *SMPs*; and a lack of cooperation to provide comprehensive information about *SMPs*.

1.8 Significance of the Study

There are currently no research papers available in Ethiopia on the impact of strategic management methods on bank performance via the mediating role of knowledge management capabilities.

The investigation contributes to scholastic and administrative methods in both hypothetical and realistic ways. These are the following: It will benefit the academy by encouraging the start of new research projects, and the findings of this study will help to improve the understanding of *SMPs* and the overall performance of organizations in terms of CBE, LIB, BIB, and WB.

1.9 Organization of the Research Report

The study is divided into five chapters, the first of which covers the background, problem statement, research question, aims, significance, and research delimitation. The review of literature will be further upon in the sequence. In chapter three, you'll find about research design and methods. The research's fourth chapter is dedicated to the presentation and discussion of data.

1.10 Chapter Summary

As a result, it is unblemished that plans are a firm's track and possibilities for the future, securing benefits in changing the environment through its resources and capabilities. Despite the fact that previous research has focused on a single corporation rather than an industry, which is what this study is designed to cover.

The main goal of this study is to see how *SMPs* affect firm performance in Ethiopian commercial banks with mediating role of KMC. The whole research report is divided into five chapters: an introduction, theoretical background, review of previous studies, study design and methods, discussion of findings and analysis, and finally conclusion and recommendation.

CHAPTER TWO

REVIEW OF LITERATURE

This section of the study evaluates document work by scholars that is relevant to *SMPs* practices and firm performance through knowledge management skills.

2.1 Theoretical Framework

2.1.1 Competitive Advantage Theory

According to Smith (2013), there are worth and diversity types of competitor benefit: one is fee benefit that's transferable of equivalent benefit with cheap fee, and also the various differentiation benefits that are accomplishing a product that exceeded amongst competitors. Competitive profit is that getting of sales via method of means of a corporation that past its standard limits.

In line with Thompson, Strickland, Gamble, and Jain (2016), Banks have to be compelled to adopt a customary competitive technique to beautify their performance. Barney and Westerly (2015) argue that financial organization manager's needs to grasp concerning risk of recent entrants, risk of chance products, the dialogue power of buyers, competitive rivalry, and also the bargaining power of carriers that facilitate them in articulating competitive ways of a firm.

2.1.2 Resource Dependency Theory

Resource dependency theory could be an important to firm development and existence and through that firm's legality, liberalism and effectiveness is increased by forming link, associations and coalition, unification and acquirement.

A tactic, to realize the logistic help of reassess of restriction to stumble upon better self-reliance and decrease uncertainty a number of the circulation of needed sources from the surroundings, is reserve reliance principle's number one outline therein companies administer their provide reliance's. The method that attaining access to unwarranted possessions that essential for his or her own realization and existence is claimed to be trust among a firm.

According to Hilmanet. Al., (2015) In order to fulfill their scarcity with monetary, technology and legal matters firms need to form dependency with collogues. Prospective value creates through merging business resources along is that the foremost plan for building strategic affiliation. A big considers to every deliberate and advance technology administrations of any business enterprise admitting outdoors funds.

2.1.3 Organizational Growth Theory

The firm's stage of developments is brought up through creativity, brought up through direction, brought up through delegation, brought up through collaboration and brought up through coordination (Greener, 2016). Though the critical causes behind the expansion process and its technicalities stay diverse, his model only advocates how firms grow.

According to Schinke (2015), to make life consistent and ensure advancement firms are in struggle for solving such hindering factors. Ansoff and McDonald (2015) framed that the boom and the growth in useful resource attainment competencies of a company normally keeps until the company get matured. When groups had been given great beneficial resource, it has an inclination to draw more budget used to inject for growing, to market manipulate, and to generate better income.

2.2 Review of Variables

2.2.1 Strategic Competitive Practices

Competitive strategy is the transfer of business power to competitors in the best possible way to properly shape the work and decisions of management and employees (Omar, 2016). Diversity, price guidance and focus approaches are strategies that designate at which firms being competitive in whole market range (Porter, 2014).

According to Lynch (2014) the concept of price control is that labor costs must be minimized to regulate profits, and a company's minimum labor costs are to reinvest. According to Porter (2015) companies use a variety of competing methods to hijack vending machines and services, such as upgrading competing packages and services. Easily help with attributes like superiority, advancement, and a variety of technologies.

Commercial banks shall use an approach of using suitable resources to hit its own desirable targets. Make sure the market is big enough, profitable enough and strong enough. Continuously diversified or incremental (Pearson, 2015).

2.2.2 Strategic Corporate Governance Practices

The way banking institutions' doings and trades accomplished by bosses, administration and board of directors which touches how the bank brings out its plans, guidelines and goals giving attention to the creation of economic yields for the investors, daily administration and safety of the deeds is the main concern of corporate governance (Nambiro,2017).

These tools are honest and require institutions to cooperate with governance. This is because it is managed and adjusted to increase investor prices and improve the efficiency of long-term business operations (Adjaoud, Zeghal, and Andaleeb, 2016).

According to Bairathi(2015), importance of success which really well worth corporation governance performs is what currently alternate institutions have recognized. Hence, Kenya commercial enterprise banks recently faced corporation governance tests, the banks need as previously saying an inspiring enhance from the financial instability and political crumble in the stylish years that formed new thought-scary atmosphere.

2.2.3 Strategic Planning Practices

According to Hangar and Parnell (2016), the seven critical measurements of strategic formation are encompassing indoors orientation, outside orientation, sensible integration, essential people participation, utilization of methodical strategies in scheduling, inventiveness in making plans and control.

Greenly (1986) referred to that strategic making plans have potential advantages and intrinsic values eventually translate into improved firm performance. They deliver into being that those organizations retained the pleasant lively highlighting on seven strategic planning dimensions conveyed improved enterprise average overall performance than individuals who didn't.

2.2.4 Strategic Change Management practices

Change in strategy can be challenging to manage while maintaining a company's business form and environment, according to Kotter (2016), because a company's total success is determined by its relationships with its external environment.

The management of strategic change depends on increased ecological fluctuations (Trina and O'Connor, 2014). Clearly, the monetary market understands a useful model understanding treaty to change the situation. The seemingly inevitable increase in trade is abundant in this strategic transformation.

The fundamental behavior of financial institutions operating in the market, according to Murray and Anderson (2016), is changing. As the banking market evolves and changes, banks must maintain clean and balanced margins, rethink the way they allocate their financial base, survive, stay humble and increase their profits. Our banks also gradually become larger markets to enhance the daily efficiency of our strategic export-control sports business, including recycling plans, methods and practices.

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2.2.5 Strategy Evaluation and Control practices

Strategy evaluation takes in launching regulator approaches to continuously checked, watching and grant response about the implemented strategies to recognize if the desired effects achieved, such useful movements perchance will additionally be taken if wanted. Ondera (2013) illustrated the Practice of SMP, and the medical institution has, by using the Strategic Execution method for

all the sanatorium workers, quantified and calculate the motion proposal to reinforce the administrative cash allocations.

According to Pearce and Robinson (2008) the process has been thoroughly tested and appears to be set up to detect issues and deviations. Changes have also been made to allow better strategic management to continue the process. The appraisal of once-a-month, three-monthly and yearly information is one with the whole potential of control exercising that manage and assess a technique.

Winning Limit should be selected as a sample transaction under Valuation. Profit margins should be exploited, alternative methods should be used to lose money, and useful resources should be organized to assist you in achieving true technical success. Nonprofits achieved reasonable overall performance every day, according to Papas et al. (2007), despite the impact of regulatory regulations and market volatility on good plans.

H1: *Strategic management practices* have a positive influence on *organizational performance*.

2.2.6 Organizational Performance

According to Krueger (2007) Access to consistent and compelling performance measurement tools poses significant challenges throughout the performance of organizations. Non-monetary aspects of investing can include market share, client holdings, and investment growth.

Sales growth: the quantity a firm derives from sales related to an earlier, matching period of your time within which the latter sales overdo the previous. Sales growth takes into account positive for a firm's endurance and profitability.

Net Profit: is the tangible revenue after operational expenses not incorporated in the computation of total revenue have been rewarded.

According to Gateman and Sutter (2012) Profitability is generally accepted as the scale of performance. If a well-defined entrepreneurial spirit is the result of invention, then a well-defined lease is the usual reward of competition, and above all, advantageous procedures are attractive.

Return on Asset: ROA is a gauge of in what manner cost-effective an enterprise is relative to its whole possessions.

Customer Retention: denotes to the capacity of an enterprise or merchandise to grasp its clients over certain period of time. Great consumer holding means clients of the merchandise or business is likely to return, remain to purchase or in certain other way not flaw to another merchandise or business, or to non-use totally.

2.2.7 Knowledge Management Capabilities

Knowledge management functions fall into three categories: information generation, records planning, and institutional intelligence. Furthermore, the document covers a series of intriguing questions that almost give the possibility of knowledge management, as well as some practical considerations.

According to Hague (2019) In fact, as a personal belief, the data is a valid opinion of a person who intends to amplify walking as a useful and important daily activity. Orderly information management function. Developed over a long period of time and proven to be a great source of information, it hits the mark for companies. The ability to manage knowledge is always accurately maintained for specific factors and many strategies.

H₂: *knowledge management capability* meaningfully forecasts *organizational performance*.

H₃: *knowledge management capability* mediates the influence of *strategic management practices* on *organizational performance*.

2.3 Empirical Evidence on Strategic Management Practices

The research focuses on the relationship between strategic management and the dynamics of a particular organization and its overall performance. The results found out that there is a relationship between *SMPs* and firm overall operations (Mohamed et al., 2015).

According to Addisie (2015), the aim of her study is to compare training systems and strategic plots with the situation of NGOs with developing behaviors. This result confirms the limited interoperability of growth stocks and is consistent with the strategic satire of representative shareholders. Explore and collaborate on strategic structures with stakeholders. Trust and identify the right reasons why parts are interested in the system. It is of a technical nature and need to be characterized with the aid of using the improvement of employees' skills.

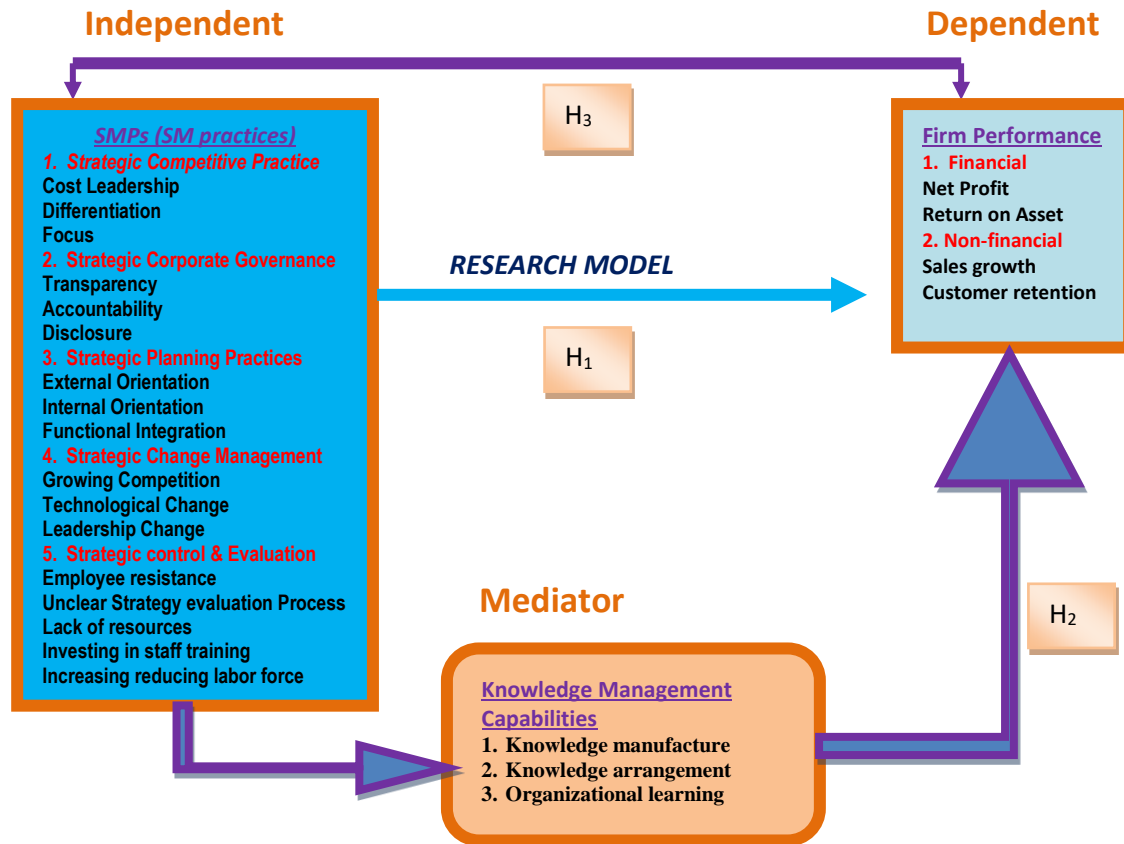
According to Wubshet (2018), based on their records, his research on private banking *SMPs* shows that policy and procedural practices are limited. He suggested that banks should focus on pricing approaches, technology implementation, marketing, good communication, and solving known strategic flaws.

Research via Dinberu (2016) His research based on oral discussion and physical observation to determine the ultimate effect of *SMPs* in NIB. He found that there are unfavorable results for the tasks and overall performance but this has nothing to do with *SMPs*.

2.4 Conceptual Framework

The following conceptual frame work illustrates the mediating role of knowledge management capability among the factors of *SPMs* and firm performances.

Figure 1. Research Model



Source: Partially adopted from Daifallah Olaimat, University Utara, Malaysia.

2.5 Chapter Summary

SPMs are growing increasingly popular today, in addition to the techniques utilized by business owners. The presentation of the company's structure, management system, and people is the most important understanding of strategic management methods in an organization.

A number of topics, such as resource management, organizational structures, and acceptable media, are prioritized in the strategy description.

Wheelen and Hunger, as well as Daifallah Olaimat, are often balanced and unrestricted in their strategically managed variants. A descriptive research approach is used in many strategic management studies to communicate findings. Many empirical studies of strategic management practices have been carried out all over the world, with the majority of them being validated in developed countries. Companies in developing countries, such as Ethiopia, must use strategic management approaches that are effective.

CHAPTER THREE

RESEARCH METHODOLOGY

The strategies for acquiring and analyzing data to address the research questions posed in the introductory chapter are described in this chapter.

3.1 Research Method and Design

The study used a mixed research method since it uses both quantitative and qualitative method to investigate the problem under examination. The study also adopted explanatory and descriptive research design, as suggested by Sekaran and Bougie (2009), because the explanatory and descriptive research design allows the study to quantitatively test the hypothesis.

In addition, the use of multiple search designs aims to classify search results by providing results strength, as supported by Saunders, Lewis, and Thorn Hill (2009).

Descriptive design helps researchers understand population characteristics and study variables under normal circumstances. Explanatory design is used to clarify the relationship between two groups (Burns & Grove, 2007).

3.2 Sources of Data

The researcher used both primary and secondary data for this particular study. Organized inquiry form used to gather primary data from respondents. Whereas the secondary sources were from printed documents that have certain circumstantial info about the subjects. Official papers like magazines, books, journals, research papers, published and unpublished materials and annual abstracts were inspected.

3.3 Target Population

The population reflects the entire set of instances for which samples are taken, as well as the largest group of people who are chosen to take part in the study. Heads, directors, department heads, process managers, and non-managerial workers with more than five years of banking experience are among those on the list.

Other workers couldn't participate since they couldn't be reached. Concierge, messaging, security, and office assistants who do not providing professional services are not considered as team members.

This poll's current topic is an Ethiopian commercial bank employee. To continue the survey, we rated the banks by year of establishment, arbitrarily selected the top first and four banks by systematic random sampling from a total of seventeen commercial banks in Ethiopia. The

following banks have been chosen: Wegagen Bank, Lion International Bank, and Beech International Bank.

Table 1. List of commercial Banks with staff strength and year of establishment

<i>S.N</i>	<i>List of Commercial Banks</i>	<i>No of Staffs</i>	<i>Year of Est</i>	<i>Target Population</i>
1	Commercial Bank of Ethiopia	37,894	1943	Commercial Bank of Ethiopia 37,894
2	Awash Bank	10,066	1994	
3	Dashen Bank	10,080	1995	
4	Bank of Abyssinia	10,000	1996	
5	Wegagen Bank	4,524	1997	Wegagen Bank 4,524
6	United Bank	5,435	1998	
7	Nib International Bank	5,083	1999	
8	Cooperative bank of Oromia	5,400	2004	
9	Lion International Bank	4,599	2006	Lion International Bank 4,599
10	Oromia International Bank	6,323	2008	
11	Zemen Bank	4,680	2008	
12	Berhan Internal Bank	5,000	2009	
13	Buna international Bank	1,709	2009	Buna International Bank 1,709
14	Abay Bank	2,069	2010	
15	Addis International Bank	757	2011	
16	Debub Global Bank	749	2012	
17	Enat Bank	760	2012	
Total				48,726

Source: own data survey (2021)

3.4 Sample Size and Sample Techniques

Designed for this specific study so as to fix the sample size, this research has used the formula settled by Slovin (1960),

$$n = N / (1 + Ne^2)$$

Where:

n = Amount of sample size

N = Amount of total population

e = Error Tolerance Level ($e = 0.05$ or 5%)

Finally, with a total population of 48,726, a 95% confidence level, a 5% error, an expected prevalence of 20%, and a 5% precession, the sample size is sampled according to the formula. However, due to the large population, there are an estimated 385 respondents based on the Cochran's sample calculation method. Consequently, we used the proportional sampling technique to select respondents from a variety of subgroups that show significant differences in size. Therefore, the number of participants in each subgroup is determined Compared to the general population.

A total of ten directors, one CEO, twelve branch managers, twenty line managers and seventeen non managerial employees were included as a respondent to respond interview by using

purposive sampling techniques due to their positions and their high attachments with the case under investigation.

Table 2. Sample size Determination

S.N	Sample Commercial Banks List	Total Number of Staff	Percentage proportion	Sample
1	Commercial Bank of Ethiopia	37,894	77.94	299
2	Wegagen Bank	4,524	09.25	36
3	Lion International Bank	4,599	09.37	25
4	Buna International Bank	1,709	03.44	15
Total		48,726	100	385

Source: own data survey (2021)

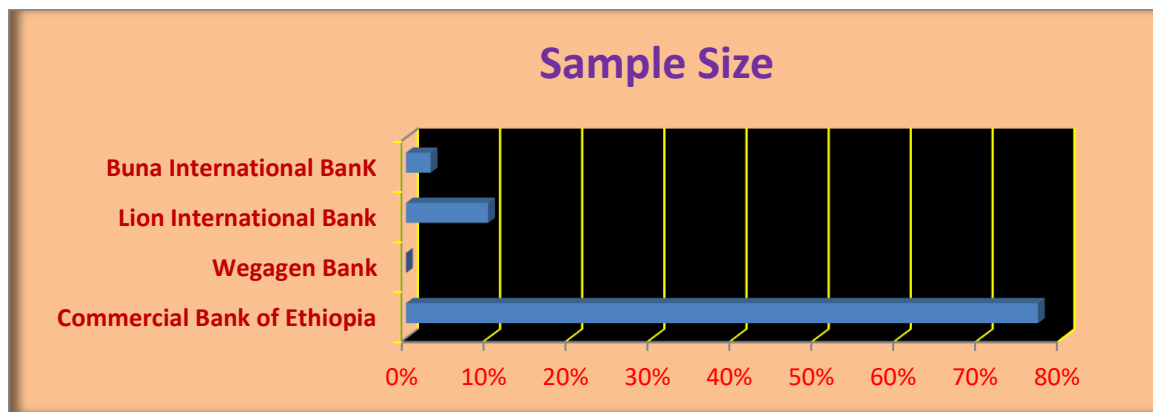


Figure 2. Sample size determination

Source own data survey output (2021)

3.5 Instrument of Data Collection

This study collects primary and secondary data. Primary data is obtained by a multiplicity of data collection methods, including surveys and interviews. The survey was designed to be closed, and the interviews were conducted in a semi-structured format. Dr. Lucy Gichinga and Eve Barbara Wakesho (2019), Jomo Kenyatta University of Agriculture and Technology, developed the questionnaire.

It was improved before it was used to collect data to ensure that the questions were understandable and fruitful to respondents. To help decrease the source constraint on both time and price, twenty employees were selected for the pilot study from the investigator's present organization, which was similar to a commercial bank near the target population.

The instrument was divided into eight parts: the first part asked about respondents' demographic characteristics, the second part asked about competitive practices in organizations, the third part measured bank corporate governance practices, the fourth part asked about strategic planning

practices, the six-part asked about the strategic control and evaluation practices, the seventh part asked about the knowledge management capabilities, and the eighth part asked about the firm performance. A five-point Likert scale was used by the questioner.

3.6 Procedures of Data Collection

The questionnaires were distributed to the respondents, and a sufficient amount of time was set up for them to complete the survey and return it within the time frame. Data was obtained via questionnaire and examined in a follow-up interview to ensure data reliability. For the interview portion of the investigation, informants were chosen using convenience sampling.

The informants were approached one-on-one and requested to participate in the study. Interviews took place in person at their respective workplaces. All interviews were conducted at a time that was convenient for the informant. Prior to the interviews, the interviewees were given enough opportunity to preview the questions and consent information.

During the interviews, a professional but relaxed atmosphere was maintained. The obtained and organized data was then evaluated, presented, and interpreted statistically and qualitatively. Finally, the research is summarized and finished, followed by comments and recommendations.

3.7 Data Analysis Methods

Its goal is to glean knowledge from a variety of records created through various methods. All enquiry forms were gathered in one location and reviewed for completeness and accuracy. The ones that were deemed unsuitable were discarded. Both content and narrative analysis will be utilized to analyze records created using a qualitative method.

First-hand records were input into Ms Excel and exported to the SPSS program and Amos software, as described in the preceding section. The results of both the questionnaire and the interview would be coded and statistically analyzed using SPSS V. 23 and Amos V. 26.

To guarantee that data was analyzed in a cool and timely manner, tables and charts were used. All data was analyzed using descriptive statistics, which included frequencies, percentages, means, and standard deviations. Furthermore, CFA and structural equation modeling is used to investigate the effects relationship between the dependent, independent and mediating variables. Finally, the data analysis and interpretation resulted in conclusions and recommendations.

3.8 Ethical Consideration

Moral problems are extensively considered in this work. As a result, by informing respondents about the study's history, as well as the value of the data collected from them, and themes of confidentiality, respondents can be assured that all information collected in this study would be utilized purely for academic purposes.

3.9 Reliability Test

The constancy and trustworthiness of a calculating system is referred to as reliability. The Cronbach alpha coefficient, one of the internal consistency techniques of determining reliability, was used to see if the results of the questionnaires could be relied on. The stability of an instrument is measured by this coefficient.

It assesses how well objects in a set are linked together. Coefficients of 0.7 or above are almost typically considered acceptable. The reliability score for the surveys in this situation is 0.773.

As a result, we may state that the items are more internally consistent, and it consistently assesses the required factors.

Table 3. Reliability Test Result

Questionnaires List of items	No of Items	Cronbach's Alpha
Competitive Practices	5	0.795
Corporate Governance	6	0.822
Strategic Planning Practices	6	0.754
Change Management	6	0.701
Control and Evaluation	5	0.810
Knowledge Management Capabilities	2	0.750
Organizational Performance	5	0.782
Reliability test result	35	0.773

Source: own data survey (2021)

3.10 Chapter Summary

To summarize, data was acquired through questionnaires and interviews with four selected commercial banks in Ethiopia, out of a total of seventeen that operate in Addis Ababa, with a sample size of 385 personnel. Inferential statistics including coefficient of correlation, coefficient of determination, ANOVAs, SEM-descriptions, and factor analysis are examined using SPSS version 23 and Amos 26. All ethical guidelines, as well as the requirement of confidentiality, are scrupulously adhered to.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

The demographic features of the respondents, as well as the measuring instrument's reliability and validity, are discussed in this topic. Data from a variety of sources is also presented, analyzed, and interpreted.

4.1 Characteristics of Respondents

The first part of the questionnaires distributed to both managerial staff and non-managerial staff consist of demographic information of the respondents. Limited information pertaining to position held, total number of years of experience and number of years served in the current position was posed to respondents and is summarized in the following table.

Table 4. Demography of the respondents

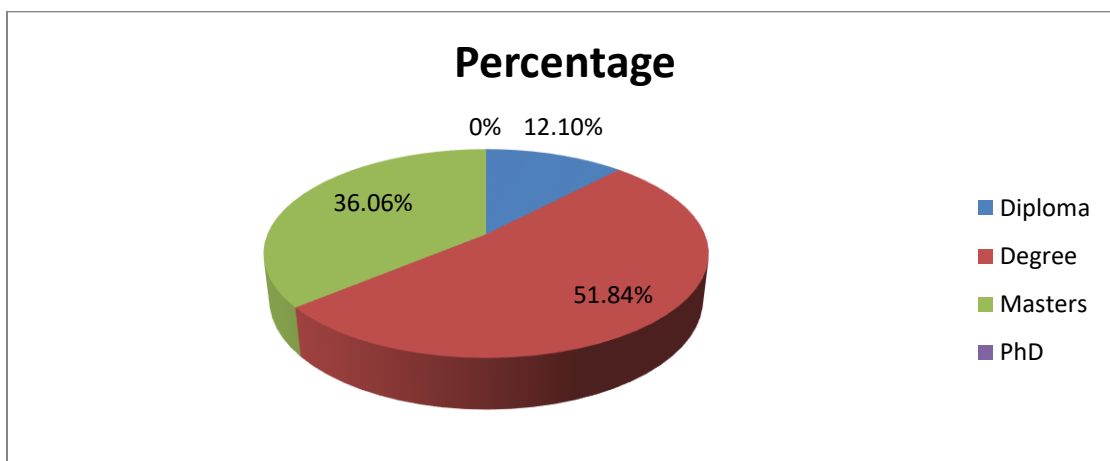
S.N	Variable	Description	Frequency	Percent (%)
1	Given name of their bank	Commercial Bank of Ethiopia	300	77.94
		Wegagen Bank	36	09.25
		Lion International Bank	37	09.37
		Buna International Bank	14	03.44
		Total	385	100
2	Sex	Male	202	52.55
		Female	183	47.45
		Total	385	100
3	Age in years	18 up to 30	191	49.58
		31 up to 40	152	39.51
		41 up to 50	42	10.91
		Total	385	100
4	Educational Qualification	Diploma	48	12.10
		Degree	199	51.84
		Masters	138	36.06
		PHD	-	-
		Total	385	100
5	Experience year at their bank	0 to 5 years	165	42.94
		6 to 10 years	133	34.64
		11 to 15 years	36	09.25
		>16 years	51	13.17
		Total	385	100
6	Present position at their bank	Top management	14	03.68
		Middle management	199	51.60
		Lower Management	54	14.00
		Clerical and non-managerial	118	30.72
		Non clerical	-	-
		Total	385	100

Source: own survey (2021)

The demographic distributions of respondents were shown in table 4. The study showed that out of the 385 sampled respondents, 30.72% were clerical employees of their banks, 14% were lower level managements of their bank, and 51% were Middle level managements and the remaining

3.68% were Top level managements of their banks. Respondents' years of experience showed that 42.94% of respondents have only been employed for periods not exceeding 5 years. 34.64% of respondents have worked with the sampled companies for periods between 5-10 years, 9.25% have worked for between 11-15 years, and 13.17% have worked for more than 16 years. Age distributions of respondents showed that 49.58% of sampled respondents were aged between 18-30 years, 39.51% were aged between the age brackets of 31-40 years and the remaining 10.91% were aged between 41-50 years.

According to the gender distribution of respondents, 47.45 % are female bank employees, while 52.55 % are male bank employees. Bank distribution of respondents showed that 77.94% from CBE workers, 9.37% from LIB workers, 9.25% from WB workers, and 3.44% from AIB workers.



Source: own data survey (2021)

Figure 3. Distribution of Sampled Education qualifications

Four graduates are represented in the sampled education qualifications. The bulk of them have a bachelor's degree (51.84%), followed by a master's degree (36.06%), a diploma graduate (12.10%), and no PhD holders. As a result, the degree owner is the most common educational qualification among employees at Ethiopian commercial banks (CBE, WB, LIB, and BIB).

4.2 Strategic Management Practices at Commercial Banks in Ethiopia

4.2.1 Competitive Practices

The descriptive outcome in terms of mean scores and standard deviations on strategic competitive practices of commercial banks in Ethiopia is presented in table 5. Questioners'

scores with a mean value of less than 3.0 require considerable adjustments, whereas those with a mean value more than 3.0 don't.

Table 5. Competitive Practices Data Presentation

Variable Descriptions	Mean	Std. Deviation
Has the bank doesn't maintained lower operational cost so that the profitability and knowledge management capabilities are improved?	3.40	0.49
Has the bank increased capacity utilization to enhance organizational performance and knowledge management capabilities?	2.37	0.49
Has the bank differentiated their products to enhance increased market share and knowledge management capabilities?	2.30	0.46
Is the bank more focused on the customer's need?	4.23	0.84
Has the bank developed a unique selling point that helps them to counter competition?	4.20	0.87
Group Mean of Competitive Practices	3.10	0.63

Source: own data survey

First, the running price was a medium score of 3.4 and a standard deviation of 0.49. This indicates that banks have reasonably decent prices to improve profitability and KMC. These are recognized by price leadership, which focuses on reducing as much as possible operating expenses to maximize profitability.

The respondents were then asked about their company's capability exploitation, which obtained a lower mean score of 2.37 and a standard deviation of 0.49. Banks are experiencing problems improving capacity utilization in order to increase performance and KMC, according to the data. In contrast, the daily declines in expenditure and the increased handling of different resources are necessary to monitor companies (Sadoulet, 2015).

The respondents felt that their organization does not use enough distinct things, with a mean of 2.3 and standard deviation of 0.46. This demonstrates how banks must differentiate their offerings in order to gain market share and create KMCs. The concept of variety technology also contrasts this, which requires manufacturing goods with vital characteristics to generate decent profit (Ljuba, 2016).

The respondents then respond with a mean score of 4.23 and a standard deviation of 0.84, indicating that their bank conducts a more detailed examination of their clients' demands, allowing them to pinpoint their special strengths. The capacity of a corporation to meet client needs is a theoretical guarantee of success (Porter, 2015).

Finally, the participants firmly believe that the Bank has established a single sales point to enable them to compete with a mean score of 4.2, and a standard deviation of 0.87.

The interviewee reports that the fair competition has taken place inside the financial system, so that existing clients may be maintained, new clients purchased, and customers connected for future transfers, each bank creates its own niche on the market.

4.2.2 Corporate Governor Practices

The descriptive outcomes in terms of mean scores and standard deviations towards strategic corporate governance practices of commercial banks in Ethiopia are shown below, in table 6.

Table 6. Corporate Governor Practices Data Presentation

Variable Descriptions	Mean	Std. Deviation
Has the bank adopted mechanisms that safeguard the interests of the stakeholders to actualize organizational performance and knowledge management capabilities?	2.43	0.50
Is the bank good corporate governance helps in rebuilding confidence with customers to achieve organizational performance and knowledge management capabilities?	2.54	0.50
Has the bank created corporate codes of conduct as governance strategies for growth initiatives and knowledge management capabilities?	2.53	0.50
Has the bank created financial reporting practices as governance strategies for growth initiatives and strategic flexibility?	3.67	1.04
Has the bank created company units dealing with business ethics as governance strategies?	3.73	0.63
Has the bank created stakeholder complaint channels as governance strategies?	3.47	1.06
Group Mean of Corporate Governor Practices	3.06	0.71

Source: own data survey (2021)

For evaluation, six subdivision investigations have been submitted which have had the best possible opinion on the role of the model respondents, including the instrument, the Corporate Code of Conduct, financial reporting, business ethology and channels of complaint, as well as the following results.

There is no doubt that the instruments employed to defend stakeholders' interests in the field of up-to-date work performance and knowledge management are an area that must be enhanced, since their mean score is below 3 or 2.43 and standard deviation 0.50. This is in contrast with, corporate governance, according to Adjaoud, Zeghal, and Andaleeb (2016), is a device that ensures firm performance.

Similarly, the mean value for good corporate governance in banks is 2.54 and the standard deviation value is 0.5, indicating that the bank lacks noble corporate governance that contributes in recovering customer confidence and obtaining strong organizational performance and beautiful KMC.

The bank adopted a corporate code of conduct as part of its governance preparations for expansion projects and KMC. At 2.53 and 0.50, respectively, the mean and standard deviation values are less than what is required for adjustment. Commercial banks developed financial

reporting standards as governance strategies for growth initiatives and KMCs, with a mean score of 3.67 and standard deviation 1.06. This is typically reasonably reinforced by the fact that companies that recognize the importance of competent corporate governance often achieve superior results (Bharathi, 2015). With a mean of 3.73 and standard deviation of 0.63, the relevance of the bank developing corporate units to handle business ethical activities as governance measures was also agreed upon.

Finally, banks have a valid role to play in offering stockholder complaint channels as governance techniques, as seen by the moderate mean value of 3.47 and standard deviation of 1.07.

The Interviewees replied that, with only a few exceptions, most business banks followed corporate governance.

4.2.3 Strategic Planning Practices

The descriptive outcomes in terms of mean scores and standard deviations on strategic planning practices of commercial banks in Ethiopia are shown in table 7 below.

Table 7. Strategic Planning Practices Data Presentation

Variable Descriptions	Mean	Std. Deviation
Is strategic planning efforts guide necessary activities to adapt to the environmental issues to actualize organizational growth and knowledge management capabilities?	3.5	0.50
Is systematic monitoring of environmental conditions facilitated through the use of techniques to actualize organizational growth and knowledge management capabilities?	3.3	0.53
Is analysis of internal stakeholders' issues helps us to develop insight into the practices necessary to demonstrate responsible care of employees?	3.37	0.66
Is involvement of our employees in strategic conversations helps us to develop practices that demonstrate increased social responsibility towards internal stakeholders?	2.87	0.34
Are various functional areas coordinating their activities to enhance the quality of customer experience resulting in demonstrable organizational performance and KMC?	3.27	0.51
Is functional integration providing the necessary knowledge for developing activities that demonstrate organizational performance initiative to stakeholders?	3.43	0.5
Group Mean of Strategic Planning Practices	3.29	0.51

Source: own data survey (2021)

The results show that the bank's strategic planning initiatives lead to actualized organizational performance and knowledge management capabilities, with a mean score of 3.50 and SD of 0.5. This indicates that there is good strategic planning practice. With a mean score of 3.3 and SD of 0.53, the inquiry obtained a worthy practice of systematic monitoring of environmental circumstances aided through the application of analytical approaches to realize organizational growth and knowledge management capabilities. This ensures nice strategic planning practices. With a mean value of 3.37 and SD of 0.66, an analysis of internal stockholders' issues aids them in developing insight into the practices required to exhibit responsible employee care. This clearly shows more or less a good practice in employees' participation.

The lower mean 2.87 and by SD 0.34 is for their employees' involvement in increasing conversations, which helps them develop practices that demonstrate increased social responsibility towards internal stockholders. This indicates a gap between stockholder and employee communications.

With a mean score of 3.27 and SD of 0.51, the inquiry discovered a worthy practice of multiple functional areas coordinating their actions to improve the quality of the customer experience. These resulting in demonstrating better strategic planning to enhance better organizational performance.

With a mean score of 3.43 and an SD of 0.5, there is also a pleasant in functional integration, which gives the required knowledge for generating activities that demonstrate organizational performance initiative to stakeholders. Theoretically this in line with result of study of Kargar and Parnell (2016) which states of those firms that located the fines tough lighting on the seven magnitudes testified improved firm performance than publics who didn't.

According to the responses of the interviewers, the majority of commercial banks have established a five-year strategic plan. Because of the increased capitalization of Ethiopian commercial banks, the majority of them are preparing for mergers and acquisitions, such as the Construction Bank of Ethiopia, which is planned to be merged and eventually bought by the massive Commercial Bank of Ethiopia. Furthermore, they reveal that the majority of commercial banks have substantially completed their previous strategic plans and are now working on their second five-year plans.

4.2.4 Change Management Practices

Six investigations were assigned to the repliers in order to inspect the change management methods in relation to the performance of commercial banks. Following is a summary of the results:

Table 8. Change Management Practices Data Presentation

Variable Descriptions	Mean	Std. Deviation
Does the bank develop products that keep them ahead of competition?	2.45	0.5
Does the bank adopt updated technology in delivery of great customer experience?	2.37	0.49
Has the bank put in place lean leadership structure to increase organizational performance and knowledge management capabilities?	3.5	0.5
Has the bank moved many operational issues on technology applications?	3.43	0.5
Has the bank employed marketing and advertising on social media to increase their awareness and services?	3.27	0.57
Has the bank embraced online computerized system in their operations?	3.5	0.5
Group Mean of Change Management Practices	3.08	0.51

Source: own data survey (2021)

The respondents felt that the bank's development of products that keep them ahead of the competition is the area that most requires improvement, as seen by the lower mean score of 2.45 and SD of 0.5. This is in contrast to the fact that organizational success and competitive advantage are frequently derived from strategic changes in the manufacturing of high-quality items and the provision of comprehensive services (Kotter, 2016).

With a mean value of 0.03 and a SD of 0.18, there is also a lack of practice in banks utilizing updated technology in giving excellent customer service. Much effort has been done using technology applications and incorporating online computerized systems in their operations, as evidenced by mean values of 3.43 and 3.5, and with SDs of 0.5 and 0.5, respectively. Theoretically, it is also in line with the notion that strategic change management is likely to improve as a result of more severe environmental changes (Trinh and O'Connor 2014).

As markets for banking have fully-fledged and reconfigured, banks have been demanding to recognize the influences of the fresh environment and are below burden to reassess how they provide commercial facilities, catch approaches to endure, be modest and advance cost-effectiveness (Murray and Anderson 2016).

The bank established a lean leadership structure to improve organizational performance and knowledge management capabilities, according to the investigation, with a mean score of 3.5 and an SD of 0.5. This suggests that the organization is well-defined and that authority and duty are well established.

Similarly, the examination's findings show that the bank's use of social media marketing and promotion to raise awareness of their products and services is effective, with a mean score of 3.27 and an SD of 0.57. It shows that marketing efforts are undertaken as intended and result in high profitability for firm.

This is also supported by a theory that states that resources as a technique of evaluating a firm's capabilities and assets influences strategic decision-making (Bowman and Hurry, 2015).

According to the responses of interviewees, commercial banks have recently undergone considerable managerial changes. The majority have adopted technology and reduced the number of employees by not employing more people, while some have consolidated positions and given individuals more responsibilities, resulting in increased profitability.

4.2.5 Strategic Control and Evaluation Practices

Five requests were sent to the repliers in order to examine the strategic control and evaluation methods in relation to the performance of commercial banks. Following is a summary of the results:

Table 9. Control and Evaluation Practices Data Presentation

Variable Descriptions	Mean	Std. Deviation
Does your bank conduct an evaluation of its strategic plans?	2.21	0.88
In your opinion, does strategy evaluation influence performance?	3.3	0.46
Does your firm take corrective measures on its strategic plans, strategic implementation and evaluation processes?	2.27	0.77
In your opinion, does strategy control have influence on the performance of the bank?	3.27	0.44
How often does your organization review its strategic plans?	2.5	0.5
Group Mean of Control and Evaluation Practices	2.71	0.61

Source: own data survey (2021)

The results show that the mean score and SD are lower for the bank conducting a strategic control and evaluation, firms taking corrective measures on their strategic plan implementation and evaluation process, and the frequency with which their bank reviews its strategic plans, respectively, at 2.21 and 0.88, 2.27 and 0.77, and 2.5 and 0.5. These findings suggest that there has been a lack of assessment of intended ingenuities, as well as a lack of appropriate therapeutic measures to address the issues that have arisen. This contradicts the findings of Pappas et al. (2007), who looked at the impact of regulatory tactics and market instability on strategy effectiveness in sales-driven businesses. Personal, competent, task, and yield regulator techniques had varying sound effects on involvement in strategic doings, according to the results of a survey of sales-driven organizations.

Despite this, respondents said they want a better grasp of strategy control and strategy evaluation, with a mean score of 3.33 and a SD of 0.46, and mean score of 3.27 and SD 0.44, respectively. This also demonstrates that employers are aware that as strategic control and evaluation methods improve, business performance improves as well.

According to interviewee responses, banks do not evaluate their strategy plans or take corrective action on their strategic plans, strategic implementation, or assessment methods.

4.3 Influence of Strategic Management Practices on Performance at commercial banks in Ethiopia through the presence of knowledge management capabilities.

4.3.1 Knowledge Management Capabilities

Knowledge management capabilities are realized as the knowledge used in creating a commerce procedure by the firms to custom official information. It comprises of three sub-techniques: knowledge production, knowledge organization, and firm learning (Crowson 2019).

To see if knowledge management capabilities mediate between STM practice and firm performance, five enquiries were modeled to repliers. The following is a condensed version of the results.

Table 10. Knowledge Management Capabilities Data Presentation

Variable Descriptions	Mean	Std. Deviation
Do knowledge management capabilities influence both STM practice and organizational performances?	3.4	0.92
Do the bank STM practices influence firm performances through the presence of knowledge management capabilities?	3.5	0.5
Does knowledge management capabilities have always been handled with specialized on specific aspects and the great level of procedure?	3.0	0.41
Is it knowledge management capabilities consists of three sub procedures: knowledge manufacturing, knowledge arrangement, organizational learning?	4.0	0.23
Does your firm' efficient knowledge management capability are produced and demonstrated as a significant factor in achieving organizational goals?	5.0	0.33

Source: own data survey (2021)

With a mean score of 3.4 and SD of 0.92, the study discovered that knowledge management capabilities influence both STM practices and organizational performance. This is also reinforced theoretically as: suitable definition of knowledge has been discovered as a significant aspect in growing firm performance (Haque 2019). It is also mentioned that effective knowledge management capabilities are developed and proved as a major factor in meeting and exceeding company objectives. As a result, assessing and specifying the conditions will determine whether KMC succeeds or fails in the organizational structure. These are necessary for a successful attempt. In the organizational behavior literature, these criteria are referred to as accessible resources and capacities.

Similarly, the findings show that the banks' STM practices have a 3.5 mean score and an SD of 0.5 on firm performance when knowledge management capabilities are present. Following that, in the case of take care, sub procedure off, and assisting in reaching solid goals of knowledge management skill, the mean and SD scores were 3.0 and 0.41, 4.0 and 0.23, and 5.0 and 0.33, respectively. It is true as the Dafalah Olamait STM model suggests, there is a favorable association between STM practices, knowledge management capabilities, and organizational performance. According to the responses of interviewees, knowledge management can increase company performance by boosting sales, customer satisfaction, learning opportunities, motivation, and product and service quality.

4.3.2 Organizational Performance

The descriptive outcomes in respect to mean scores and standard deviations on strategic planning practices of commercial banks in Ethiopia are shown in table 11.

Table 11. Organizational Performance Data Presentation

Variable Descriptions	Mean	Std. Deviation
Are the bank performance initiatives concerned with an increased market share?	3.73	0.58
Are the bank performance initiatives linked to enhancement of its STM practice and knowledge management capabilities?	3.61	0.8
Are the bank performance initiatives related with efforts of maximizing firm's wealth?	3.5	0.5
Are the bank performance initiatives being more attractive in the eyes of investors?	3.84	0.52
Are the bank performance initiatives motivated by stronger customer loyalty which increases levels of repeat customers?	3.67	0.47

Source: own data survey (2021)

The bank performance measurement had a higher mean (4.01, 4.02, 3.50, 4.5 and 4.00) and by SD (0.83,0.84,0.51,0.51 and 0.00) for all factors assessed, among the respondents much believe that the bank does set key performance indicator to track success of the proposed strategic management practices For all factors assessed, the bank performance measurement had a higher mean (4.01, 4.02, 3.50, 4.5, and 4.00) and SD (0.83,0.84,0.51,0.51 and 0.00) among the respondents. Many respondents believe the bank does set key performance indicators to track the success of the proposed strategic management practices. . The respondent also believes that the bank set quantitative or measurable strategic marketing goals, as indicated in the above table, which supports the assumption that the bank's performance initiatives included providing quality service and ensuring customer happiness. This leads to the conclusion that the bank's purpose can be used to track whether the proposed approach is being implemented correctly or not. Similarly, it asserts that SMPs, knowledge management competencies, and organizational performance all have a favorable link.

This is also in line with Kaplan and Norton (2014), who developed a strategy for determining which aspects are destined to get-up-and-go performance, naming efficiency, worker inspiration, and value effectiveness as the fair dimensions of performance. On the other hand, Davenport and Harris (2015) advise that firms would determine the degree of performance based on the overall performance of the firm. They argue that the frontier for consuming data isn't just measurement, but also identifying the most cost-effective clients, defining the appropriate value, hastening the innovation of manufactured items, improving supply chains, and detecting the true drivers of financial performance.

According to interviewee responses, organizations are becoming increasingly aware that effective articulated performance key indicators are a critical source of profitability.

4.4 Relationship between Strategic Management Practices, Organizational Performance and Knowledge Management Capability

4.4.1 Inferential Statistics

In order to establish the relationship between the independent and dependent variables, the inquiry used connection analysis, which produced coefficients of correlation and coefficients of determination.

4.4.1.1 Coefficient of Correlation

According to Kothari & Gang (2014), to decide on the strength of the link between dependent and independent variables the correlation coefficient is used to be computed. According to the findings, the coefficient of correlation, r , is 0.714, 0.141, 0.291, 0.750, and 0.390 for competitive practices, corporate governance, strategic planning practices, change management, and strategy control and assessment, respectively This suggests an affirmative association between the independent variable, competitive practices, corporate governance, strategic planning practices, change management, and strategy control and assessment, and the dependent variable, organizational performance.

4.4.1.2 Coefficient of Determination

The model resolves 95% of the discrepancy on firm performance with an adjusted R square of 0.903. There are clearly other elements that can be used to determine financial sustainability in addition to the five indications offered in this approach. The model resolves 95% of the discrepancy on firm performance with an adjusted R square of 0.903.

There are clearly other elements that can be used to determine financial sustainability in addition to the five indications offered in this approach. Nevertheless, this is still a good model as Bryman and Bell, (2018) pointed out that as much as lesser value R square 0.01_1.00 is acceptable in community discipline research. This means that the identified five variables, namely competitive practices, corporate governance, strategic planning practices, change management, and strategy evaluation and control, account for 95% of the relationship.

Other determinants in company performance that were not explored in this study account for the remaining 5%.

Table 12. Coefficient of Determination Test Result

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.950 ^a	.903	.898	.18206

Source: Own data SPSS output (2021)

4.4.1.3 Analysis of Variance (ANOVA)

The inquiry used the ANOVA test to establish the significance of the regression model. If the p-values were equal to or less than 0.05, the arithmetical significance was judged significant. The regression model significance was 0.00, according to the p-value. This shows that the regression model is arithmetically significant in predicting monetary performance measures. The elaboration, based on a 95% confidence level, shows a high level of consistency in the outcomes obtained. $F = 188.509$, $p = 0.000$, according to the overall ANOVA results, the model was significant.

Table 13. ANOVA Test Results

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	112.466	18	6.248	188.509	.000 ^b
	Residual	12.131	366	.033		
	Total	124.597	384			

Source: own data SPSS output (2021)

4.4.1.4 Regression Coefficients

The five indicators were studied in this study.

The researcher used a multiple regression analysis to see if there was a link between SMP practices and commercial bank performance in Ethiopia.

The regression equation was:

$$Y = 1.131 + 0.214X_1 + 0.084X_2 + 0.475X_3 + 0.694X_4 + 0.153X_5$$

Where;

Y = the dependent variable (firm enactment)

X1 = Competitive Practices X2 = Corporate Governance

X3 = Strategic Planning Practice X4 = Change Management and X5 = Control and evaluation

Competitive practices, planning practices, corporate governance practices, change management practices, and control and evaluation practices all have a positive relationship with commercial

bank performance, with change management donating the most to the dependent variable and control and evaluation practices donating the least.

Table 14. Coefficient of Correlations Test result

Coefficients							
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
(Constant)	1.131	.191		5.920	.000	.755	1.507
CP	.214	.042	.233	5.071	.000	.131	.298
CG	.084	.047	-.084	-1.809	.071	-.176	.007
SP	.475	.073	.295	6.524	.000	.332	.618
CM	.694	.130	-.251	-5.339	.000	-.949	-.438
CE	.153	.042	.170	3.649	.000	.071	.235

Dependent Variable: OP

Source: Own SPSS output (2021)

4.4.2 Structural Modeling Analysis

4.4.2.1 Measurement of Model Assessment

As elaborated in table 15, all the goodness-of-fit indices surpassed their particular communal recognition points as advocated by former research, thus elaborating that the dimension model presented a legitimately good fit with the records gathered ($X^2/df = 10.409$, GFI = 0.985, RMSEA = 0.060, NFI = 0.921, TLI = 0.909, IFI = 0.953, PNFI = 0.378 and AGFI = 0.960). Nevertheless, in this investigation, CFI = 0.806 and PGFI = 0.375 don't fit. Accordingly, Sharma et al. (2005) endorses that these indices shouldn't be used as of the compassion and the datum that they have turn out to be fewer widespread in current centuries. Consequently, the possessions of the dimension model in relation to construct reliability, indicator reliability, convergent validity and discriminate validity were assessed as follows.

For the Construct reliability, this investigation verified the separate Cronbach's alpha coefficients to determine the consistency of each of the three constructs in the measurement prototypical. The outcomes indicate that all the separate Cronbach's alpha coefficients of the three constructs ranging from 0.750 to 0.782 were superior to the suggested extent of 0.7 (Kannan and Tan, 2005). Moreover, for analysis of construct reliability all the Composite Reliability (CR) amounts stretching from 0.945-0.992 were greater than 0.7 (Kline, 2010; Gefen et al., 2000) which sufficiently designates that the construct reliability is satisfied as revealed in table 14. For that

reason, the attained Cronbach's alpha and CR for entirely constructs were carefully be adequately error-free.

Factor loading was castoff to quiz pointer consistency. Great loadings on a construct designate that the related pointers look like to have much mutual which is taken by the construct (Hair et al., 2013). Factor loadings > 0.50 are recognized to be precise substantial (Hair el al., 2010). The loadings for whole items surpassed the suggested score of 0.5 as indicated in table 15. The loading for whole items in the model have satisfied all the necessities deprived of being eradicated from the measure.

Table 15. Goodness-of-fit indices for the measurement model

Fit index	Cited	Admissibility	Result	Fit(Yes/No)
X2			19.980	
Df			8.000	
P-value		> 0.5	0.015	No
X2/DF	Kline (2010)	1.00 – 5.00	10.409	Yes
RMSEA	Steiger (1990)	< 0.08	0.060	Yes
GFI	Joreskog and Sorbom (1993)	> 0.90	0.985	Yes
AGFI	Joreskog and Sorbom (1993)	> 0.80	0.960	Yes
NFI	Bentler and Bonnet (1980)	> 0.80	0.921	Yes
PNFI	Bentler and Bonnet (1980)	> 0.5	0.378	Yes
IFI	Bollen (1990)	> 0.90	0.946	Yes
ILI	Tucker and Lewis (1973)	> 0.90	0.953	Yes
CFI	Byrne (2010)	> 0.90	0.806	No
PGFI	Jamesetal (1982)	> 0.90	0.375	No

Note: X2 = Chi Square, DF =Degree of freedom, GFI = Goodness-of-fit, NFI =Normed fit index, IFI = the increment fit index, TLI =Tucker-Lewis coefficient Index, CFI = Comparative-fit-index, RMSEA = Root Mean Square Error of Approximation, PNFI = Parsimony Normed Fit Index, AGFI=Adjusted Goodness of Fit Index; *** the indexes in bold are recommended since they are frequently reported in literature (Awang, 2012).

Source: own data Amos output (2021)

Table 16. Loading, cronbach's alpha, CR and AVE

2 nd order construct	1 st order construct	Items	Loading(> 0.5)	α (> 0.7)	CR (> 0.7)	AVE (> 0.5)	
STM	CP	CP1	0.76	0.795	0.973	0.942	
		CP2			0.77		
		CP3			0.75		
		CP4			0.78		
		CP5			0.86		
	CG	CG1	0.82				
		CG2					0.74
		CG3					0.79
		CG4					0.68
		CG5					0.84
		CG6					0.83
	SP	SP1	0.74				
		SP2					0.64
		SP3					0.62
		SP4					0.67
		SP5					0.77
		SP6					0.81
	CM	CM1	0.78				
		CM2					0.75
		CM3					0.85
		CM4					0.88
		CM5					0.89
		CM6					0.83
	CE	CE1	0.73				
		CE2					0.72
CE3				0.79			
CE4				0.71			
CE5				0.87			
KMC	KM	KM1	0.88	0.750	0.945	0.853	
		KM2			0.76		
	KA	KA1					0.87
		KA2					0.85
	OL	OL1					0.72
		OL2					0.73
OP	NP	NP1	0.84	0.782	0.992	0.967	
	ROA	ROA1			0.68		
	SG	SG1			0.66		
	CR	CR1					0.74
		CR2					0.89

α = Cronbach's alpha; CR= Composite Reliability, AVE= Average Variance Extracted, $CR = (\sum K)^2 / (\sum K)^2 + (\sum 1 - K^2)$, $AVE = \sum K^2/n$; where K= factor loading of every item, n= number of item in a model; STM: strategy management practices, CP: competitive practice, CG: corporate governance, SP: strategic planning, CM: change management, CE: strategy control & evaluation, KMC: knowledge management capability, KM: knowledge manufacture, KA: knowledge arrangement, OL: organizational learning, OP: organizational performance, NP: net profit, ROA: return on asset, SG: sales growth, and CR: customer retention.

Source: own data Amos output (2021)

This investigation used the average variance extracted (AVE) to quiz convergent validity, which designated that whole AVE scores were greater than the suggested score of 0.50 (Hair et al., 2010), stretching from 0.924-0.967. The convergent validity for whole constructs was thus efficaciously satisfied and displayed satisfactory convergent validity as table 15 indicates.

The discriminant validity of the dimension model was tested by means of Fomell-Larcker standard (Fornell and Larcker, 1981). As given away in table 17, the associations between the indicators extending from 0.841-0.885 are lesser than the square root of the average variance extracted estimates which are in the cluster of 0.923 to 0.983. This designates that the constructs

are powerfully related with their particular indicators associated to other constructs of the model. Hence, the discriminate validity of the constructs is satisfied.

Table 17. Results of discriminate validity by Fomell-Larcker criterion for the model

Factors	1	2	3
	STM	KMC	OP
STM	0.961		
KMC	0.885	0.923	
OP	0.876	0.841	0.983

Diagonals represent the square root of the average variance extracted while the other entries represent the correlations; STM: strategy management practices, KMC: knowledge management capability, OP: organizational performance.

Source: own data Amos output (2021)

4.4.2.2 Structural Model Assessment

The goodness-of-fit of the structural model was like the earlier CFA dimension model. In this structural model, the scores are noted as $X^2 / df = 10.409$, $GFI = 0.985$ and $RAMSEA = 0.060$. These fit indices afford the proof of satisfactory fit among the hypothesized model and the perceived information (Byrne, 2010). Consequently, we could continue to see at the experimental coefficients of the structural model.

4.4.2.2.1 Mediation Assessment

According to Baron and Kenny's (1986), in order for mediation to be carried out: the effect of a variable to be directly influenced by a mediator is to be reduced by the addition of a mediator to the model; the mediator has a significant and unique impact on a variable direct; the mediator has a significant impact on the indirect variable and the indirect affects direct variable significantly when no mediator is present.

4.4.2.2.1.1 Structural Model Assessment with Mediating Variable

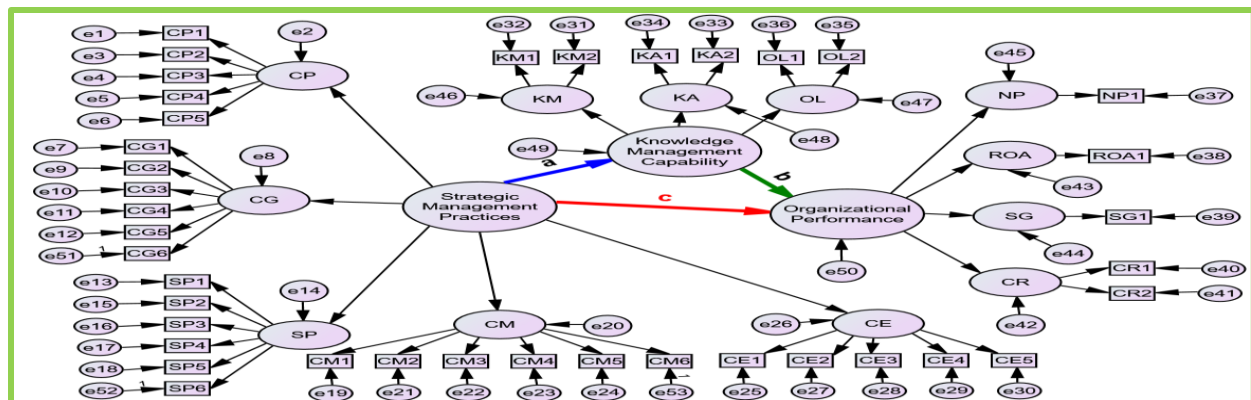


Figure 4. Structural Model with Mediator

Source: own data Amos output (2021)

Look into the following table how the mediating variable is assessed.

Table 18. Regression Weight of a model with a mediator

Variables Relationship	Estimate	S.E.	C.R.	P	Status
KMC ← STM	0.930	0.130	10.890	0.001	Significant
OP ← KMC	0.890	7.566	6.743	0.001	Significant
CP ← STM	3.157	0.757	4.167	***	Significant
CG ← STM	1.777	0.507	3.504	***	Significant
SP ← STM	1.983	0.507	3.911	***	Significant
CM ← STM	1.000				Can't be Estimated
CE ← STM	4.473	1.077	4.154	***	Significant
KM1 ← KMC	1.000				Can't be Estimated
KM2 ← KMC	0.061	0.093	0.657	0.511	Not Significant
KA1 ← KMC	0.585	0.069	8.485	0.585	Not Significant
KA2 ← KMC	0.323	0.160	2.023	0.043	Significant
OL1 ← KMC	0.274	0.123	2.232	0.026	Significant
OL2 ← KMC	0.329	0.078	4.221	***	Significant
NP ← OP	0.025	0.145	0.173	0.863	Not Significant
ROA ← OP	0.350	0.058	5.997	***	Significant
SG ← OP	0.275	0.127	2.165	0.030	Significant
CR1 ← OP	0.150	0.162	0.926	0.345	Not Significant
CR2 ← OP	1.000				Can't be Estimated

As it can be seen clearly in all cases except KMC → KM2, KMC → KA1, OP → NP and OP → CR1 the model and all the constrained variables are significant.

Source: own data Amos output (2021)

4.4.2.2.1.2 Structural Model Assessment without Mediating Variable

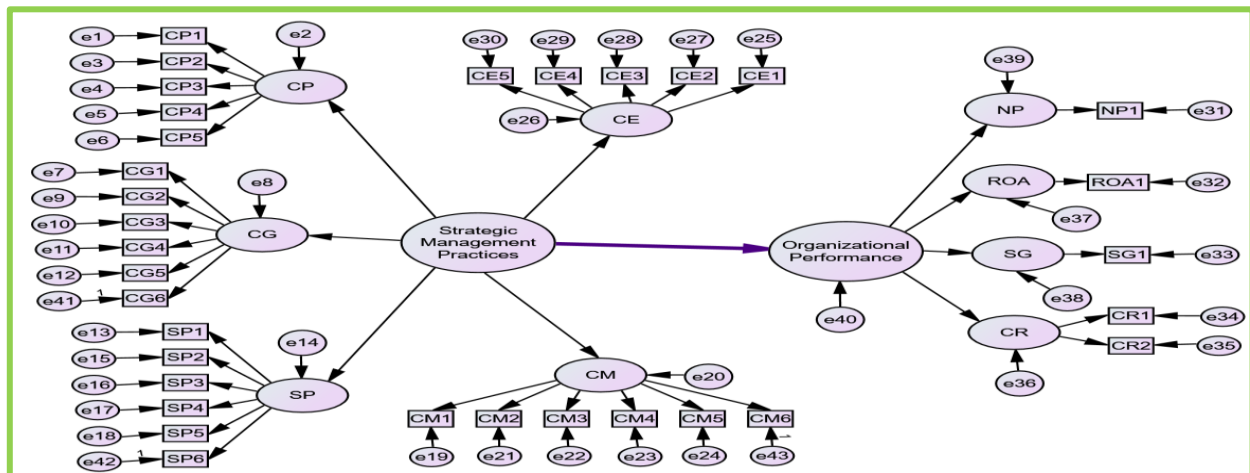


Figure 5. Structural Model without Mediator

Source: own data Amos output (2021)

Also let's take a look into the following table that shows how a model without a mediator is assessed.

Table 19. Regression Weight of a model without a mediator

Variables	Relationship		Estimate	S.E.	C.R.	P	Status
OP	←	STM	0.610	0.183	3.400	***	Significant
CP	←	STM	3.107	0.742	4.188	***	Significant
CG	←	STM	1.733	0.495	3.504	***	Significant
SP	←	STM	1.951	0.497	3.928	***	Significant
CM	←	STM	1.000				Can't be Estimated
CE	←	STM	2.467	0.628	3.928	***	Significant

Source: own data Amos output (2021)

As it can be seen clearly in all cases the model and all the constrained variables are significant.

4.4.2.2.2 Hypotheses Tests

The hypotheses of this investigation were verified using structural equation modeling as obtainable in earlier figure and the structural model valuation as shown in table 18 offers the sign of the hypotheses examinations. The outcomes of the three core hypotheses designate that strategic management practices significantly predict the knowledge management capability. Hence, H_1 is accepted ($\beta = 0.93$; $p < 0.001$). Knowledge management capability, likewise significantly predicts organizational performance, thereby supporting H_2 ($\beta = 0.89$; $p < 0.001$). Remember that the standardized path coefficient measures the strength of the relationships between the independent and dependent variables, so the direct effects of SMPs on KMC are much more difficult to measure than the direct effects of knowledge management capability on firm performance, as evidenced by the path coefficient scores. The R^2 score designates the quantity of variance of dependent variables which is described by the independent variables. Hence, a greater R^2 score raises the foretelling capability of the structural model. It is vital to confirm that the R^2 values should be high enough for the model to attain a minimum level of explanatory influence (Urbach and Ahlemann, 2010). Falk and Miller (1992) suggested that the R^2 values should be equivalent to or bigger than 0.10 so as for the clarified variance of a specific endogenous construct to be deemed satisfactory. Table 12 indicates the result of R^2 from the structural model, which indicates that all the R^2 values are high enough for the model to attain conventional level of explanatory power. Note that the maximum variance clarified in endogenous construct obtained in the knowledge management capability (87%) by exogenous construct strategy management practices and explained 95% of the variance in firm performance by knowledge management capability.

4.4.2.3 Variable Assessment

The exploration of direct and indirect interactions between the exogenous and endogenous latent variables is an alternate, essential assessment of a structural model. This subdivision quizzes the mediation Hypothesis (H3) as follows: KMC mediates the relationship between SMPs and firm performance.

Table 20. Structural path analysis result

Hypothesis	Dependent variables	Indep. Var.	Estimate	B (path coeffi.)	SE	C.R (t-value)	p-value	Decision
H1	KMC	STM	0.93	0.13	10.89	***	supported	
H2	OP	KMC	0.89	7.566	6.743	***	supported	

STM= Strategy management practices, KMC= Knowledge Management capability, OP= Organizational performance, ***, **, *p<0.001; 0.01; 0.05, SE= Standard Error, CR= Critical ratio

Source: own data Amos output (2021)

Table 21. Coefficient of determination result R²

Exogenous construct (2013)	Endogenous construct	R ²	Cohen (1988)	Chin (1998)	Hair et al.
STM	KMC	0.87	Substantial	Substantial	Substantial
KMC	OP	0.80	Substantial	Substantial	Substantial

STM: Strategy Management Practice, KMC: Knowledge Management Capability, OP: Organizational Performance

Source: own data Amos output (2021)

Table 22. Mediation effect of knowledge management capability

Variable	Parameters	Estimate B (Path coefficient)	SE	C.R (t-value)	p-value	Result
path C	OP<---STM	0.61	0.183	3.400	***	Significant
path a	KMC<---STM	0.93	0.130	10.890	***	Significant
path b	OP<---KMC	0.89	7.566	6.743	***	Significant
path c'	OP<---STM	0.87	0.126	6.968	***	Significant

STM: Strategy Management, KMC: Knowledge Management Capability, OP: Organizational Performance, ***p<.000; **p<.01; *p<.05, SE = Standard Error, CR= Critical Ratio

Source: own data Amos output (2021)

Table 23. Bootstrapping the indirect effect of knowledge management capability

Hypothesis	Relationship	Std. beta	SE	t-value	Decision
H ₃	STM--->KMC---> OP	0.828	0.143	5.790**	Supported

Preacher and Hayes 2004 (2008); SF: Strategy Formulation, SI: Strategy Implementation, OP: Organizational Performance

Source: own data Amos output (2021)

Agreeing to Field (2013) for this hypothesis to be true: strategic management practices must predict firm performance in the head place (path c); strategic management practices must predict knowledge management capability (path a); knowledge management capability must predict firm performance (path b) and the relationship between strategic management practices and firm performance should be smaller when strategy implementation is included in the model than when it isn't. We can differentiate between the direct effect of strategic management practices on firm performance, which is the relationship between them controlling for knowledge management

capability and the indirect effect, which is the effect of strategic management practices on firm performance through the knowledge management capability.

Table 22 spectacles the outcome of the direct path (c) in which the relationship between strategic management practices and firm performance is significant ($\beta=0.61$, $p<0.001$) proposing that the direct effect condition is gratified. Additionally, the path coefficients (a) in this model designate that strategic management practices is positively associated to knowledge management capability ($\beta=0.93$, $p<0.001$) while the path coefficients (b) designate that knowledge management capability is positively associated to firm performance ($\beta=0.89$, $p<0.001$). Finally, the findings show the direct (c') relationship between strategic management practices and firm performance ($\beta=0.87$, $p<0.001$), shrinks upon the addition of knowledge management capability to the model but is still significant, demonstrating that a mediation effect exists. "While the path coefficient score diminished, the R^2 value on firm performance enlarged from 0.61 (or 61%) to 0.87 (or 87%) when knowledge management capability was incorporated in the model.

The subsequent technique to check the mediation effect was grounded on the (Preacher and Hayes, 2004, 2008) method of bootstrapping the indirect effect. Table 22 indicates the outcomes of the bootstrapping analysis which shows that the indirect effect = 0.83 was significant with a t-value of 5.790. Preacher and Hayes (2008) designated that if a 0.83, 95% Boot CI: [LL = 0.755, UL = 1.505] does not overlap a 0 in between, it specifies there is mediation. Thus, this study concludes that the partial mediation effect of a knowledge management capability variable is statistically significant, demonstrating that H_3 was also sustained.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

This chapter provides a synthesis of the results of the analysis, the conclusions taken from the study and the recommendations to further research and enhance strategic management methods.

5.1 Summary of Findings

The study showed that the multiple factor elements used to review the SMPs exhibit consistency and are closely linked by the bank's organizational performance through knowledge management capacity in the commercial banks in Ethiopia. The respondents were strongly agreed with most of the factors. Individual ratings suggest that respondents who are managerial and non-administrative workers at the bank agree more or less, but less significantly disagree.

5.1.1 Assessments of strategic management practices at commercial banks in Ethiopia

The following categories of challenges are recognized that the strategic management practices need to be improved mainly.

- Production and efficiency of compact ways to commerce.
- Capacity development to increase corporate performance and knowledge management skills.
- To differentiate their yields to enhance their market share.
- Implement methods that advocate the social advantages of shareholders to achieve corporate performance and knowledge management.
- The development of noble corporate governance helps rebuild client autonomy to achieve firm achievement and knowledge management skills.
- Developing community codes of conduct as dominance policies for the development of creative thinking and knowledge management capacities.
- Creating things that keep them in front of the pack throughout a race.
- Using modernized technology in the distribution of a large amount of client participation.
- Evaluating its strategic gadgets.
- Take corrective action in areas where its strategic policies, strategy implementation, and evaluation methods are hampered.

5.1.2 The significant influences of strategic management practices on firm performance at commercial banks in Ethiopia through the presence of knowledge management capabilities.

It is obvious those SMPs have an impact on knowledge management capabilities, and that knowledge management capabilities have a favorable effect on company performance. SMPs have a significant impact on firm performance, as seen in the following lists. The information comes from the investigation's inspection and explanation.

- Strategic competitive practice has an effect on organizational performance of commercial banks in Ethiopia. Those commercial banks have developed a unique selling point that enhances increase in number of customers and increase in profitability.
- Corporate governance has an effect on organizational performance of commercial banks in Ethiopia. Those commercial banks are regulated by the NBE which helps to improve corporate governance. Those having good corporate governance help to boost the confidence of customers and this increases clients base and profitability of commercial banks. Good corporate governance helps to safeguard within the integrity of the banking system.
- Strategic planning practice has an effect on organizational performance of commercial banks in Ethiopia. Monitoring of strategic plan helps commercial banks to gauge progress of strategic plan implementations. Further, involvement of stakeholders within the planning process enriches the contents of the strategic plans.
- Change management practice has an effect on organizational performance of commercial banks in Ethiopia. Leadership structure in commercial banks has helped to make harmony between the varied stakeholders and therefore the customers' thus increasing profitability.
- Technology utilization has contributed to the reduction of operating costs and increased profitability. The computer-based online Internet system has changed the banking business, with many banking transactions on smartphones, tablets and the internet, which have enhanced financial inclusion and made banking facilities and services in Ethiopia more accessible.

5.1.3 Relationship exists between strategic management practices and organizational performance

As seen in the trend line below, there is a link between SMPs and knowledge management capabilities, as well as knowledge management capabilities and firm performance.

- There is an affirmative correlation and causative association between the independent variable SMPs and the dependent variable which is firm performance.
- Results indicated that strategic management practice has a significant and positive impact on organizational performances. This consequence is reliable with the outcome of a study carried out by Wushet Fikadu (2018) who found a significant positive effect to *SMPs* on firm performance.
- The outcomes showed that the KMC has a significant and positive influence on performance. This result supports by a research finding of Haque (2019) which concluded that KMC influences organizational performance positively.
- *SMPs* have an indirect impact on organizational performance through the KMC, according to the findings. These findings matched Nancy Brown's observations from 2006, in which she argued that the KMC process is a crucial link between *SMPs* and organizational performance. It rivals that KMC partially mediates between *SMPs* & KMCs.

5.2 Conclusion

Survey results show that all banks have corporate policies in place, and respondents believe these policies are important because they indicate that *SMPs* exists in their organization.

There is also a best practice on developing a distinctive selling point that boosts client acquisition and profitability, and respondents believe that firm arrangements are also appropriate for banks' current objectives.

The researcher also discovered that there is a lack of coordination between the strategic issues and the finished SWOT analysis. The banking sector *SMP* also faces issues that need to be addressed and improved. Up-to-date amendments to corporate articles, competent strategic inventiveness, application and assessments, a solution method for poor strategic inventiveness, possession of the creative faculties, and immediate communication of results and status of critical performance gauges are just a few of the challenges.

Furthermore, the importance of *SMPs* in today's dynamic and volatile corporate environment was highlighted in this study. Due to its rare, valuable and unique nature, *SMP* has established itself as one of the most important factors for maintaining competitive advantage. The *SMPs* has proven to be important in helping an organization operate efficiently and astoundingly, keeping in mind the strategic suitability of everyone in the workplace within the organization. It is vital to develop core manufacturing skills in people who play a significant role in business performance.

Due to the technologically complex nature of organizations and the obligations assigned to them, functioning in knowledge, particularly in the service industry, is a vital aspect for high-performing firms. In light of this, knowledge management competency has emerged as a critical factor among service industry firms/employees. Competitive advantage, corporate governance, planning practice, change management, control, and assessment are all SMPs that have been demonstrated to have a significant impact on perceived bank performance.

The link between SMPs and perceived bank performance has been *partially* mediated by KMC. As a result, our research unlocked KMC's, SMP, and organizational performance settlement. Other SMPs practices could be included in future study, as well as other dimensions of employee KMC as a mediator between SMPs and performance correlations.

The study concluded that SMPs have a significant and positive impact on KMC, that KMCs influences organizational performance significantly and positively, too, and that SMPs positively impact organizational performance through KMC.

5.3 Recommendations

On the basis of the review discussed, the following recommendations will help the bank to tighten its tasks.

- All employees should work to achieve the goals of the primary financial institution throughout the year.
- Banks should apply the strategic auditing. The strategic audit is one of the operative strategies for putting the strategic advanced reasoning practice into action. It has subject-specific standards that allow for a rigorous evaluation of a variety of business purposes and activities. It may also assist in determining why a single component is causing a conflict for a company and in developing a solution to the problem.
- Collaboration, once again, entails a variety of business assistances in order to make things easier and more accessible.
- Issues concerning leadership should be expressed to the Bank's administration and its personnel.
- The manager should perform his/her obligations to enable staff to understand, respect and remain focused on operations in the management system that is set up for bank processes and authorities.
- Communication between decision makers and employees should be improved so as to encourage continuous flow of information and smooth relationship.

- Banks should keep track of their unique selling characteristics and develop them in such a way that they remain competitive in the market.
- Banks must always stay open to the public and shareholders.
- Attention should be placed on customers wanting and on cultivating customer-friendly items.
- Building on lower fees and improving effectiveness, the banks should embrace technology.

5.4 Implication

5.4.1 Theoretical Implications

This investigation suggested a pursuit model for empirical studies to relationship of *SMPs* and firm performance through knowledge management capabilities. Educational literature has indicated a vigorous flow in *SMPs* research, but very less of that's obtained in banking industry that too in relevancy with knowledge management capabilities. It is obtained that a robust participation of knowledge management capability within the relationship of *SMPs* practices and supposed performance. The outcome illustrates both *SMPs* and knowledge management capability has affirmative impact on firm performance. Likewise, the research empirically supports the mediating effect of knowledge management capability within the relationship between *SMPs* and firm performance. The greatest support of this research is that knowledge management capability incorporates a mediating role in *SMPs* - Performance relationship. The study also supplements to body of literature that competitive practice, corporate governance practices, planning practice, change management practice, control and evaluation practice have substantial and affirmative role in banking sector. Knowledge management capability has tough influence on professed bank performance which once more enhances to the bulk of information and firm profitability.

5.4.2 Managerial Implication

This research has demonstrated the significance of *SMPs* and the way they're positively associated with both knowledge management capability and firm performance in banking system in Ethiopia. To boost knowledge management capability among firms and performance of banks, HR directors should implement effective *SMPs* specially change management and competitive advantage policies and practices of various levels of employees in banks. Henceforth, concentrate on change management and competitive practice will stimulates employee knowledge management capacity and better organizational performance.

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Appendices

Annex I: Bankers Survey Questions

Addis Ababa University
Faculty of Business and Economics
Department of Management

Dear respondent,

The goal of this assessment is to carry out a research entitled the *influence of SMPs on performance of commercial banks in Ethiopia and the mediating role of knowledge management capabilities*. You are guaranteed that any information you offer is exclusively intended for the academic purpose. I express my thanks for your cooperation in your response and feel free to contact me for any suggestions or comments you do have via my mobile phone (0909777740) or email address (eneyewtarekegne@gmail.com).

Thank you!

Eneyew Tarekegne

Demographic Information:

1. Name of Your bank

Commercial Bank of Ethiopia Lion International Bank

Wegagen Bank Buna International Bank

2. Sex: Male Female

3. Age: _____ yrs. of old.

4. Educational Qualification: Diploma Degree Masters PHD

5. Work Service: _____ years.

6. Present Placement:

Upper most Administration

Medium Administration

Bottommost Administration

Secretarial & Non-Administrative

Part One: Survey Questionnaires

The questionnaires are designed in close ended way and have a five point Likert scale.

Direction: Put “√” mark in the box against the choice appropriate to it according to your degree of agreement based on current status. Where 5- Excellent, 4- Very good, 3- Good, 2- Fair and 1- Poor items degree of response.

Sub Division One: STM Practices

No	Item	Degree of Response				
		E	V	G	F	P
1.	Competitive Practices					
	1.1 Has the bank doesn't maintained lower operational cost so that the profitability and knowledge management capabilities are improved?					
	1.2 Has the bank increased capacity utilization to enhance organizational performance and knowledge management capabilities?					
	1.3 Has the bank differentiated their products to enhance increased market share and knowledge management capabilities?					
	1.4 Is the bank more focused on the customer's need?					
	1.5 Has the bank developed a unique selling point that helps them to counter competition?					
2.	Corporate Governance Practices					
	2.1 Has the bank adopted mechanisms that safeguard the interests of the stakeholders to actualize organizational performance and knowledge management capabilities?					
	2.2 Is the bank good corporate governance helps in rebuilding confidence with customers to achieve organizational performance and knowledge management capabilities?					
	2.3 Has the bank created corporate codes of conduct as governance strategies for growth initiatives and knowledge management capabilities?					
	2.4 Has the bank created financial reporting practices as governance strategies for growth initiatives and strategic flexibility?					
	2.5 Has the bank created company units dealing with business ethics as governance strategies?					
	2.6 Has the bank created stakeholder complaint channels as governance strategies?					
3.	Strategic Planning Practices					
	3.1 Is strategic planning efforts guide necessary activities to adapt to the environmental issues to actualize organizational growth and knowledge management capabilities?					
	3.2 Is systematic monitoring of environmental conditions facilitated through the use of analytical techniques to actualize organizational growth and knowledge management capabilities?					
	3.3 Is analysis of internal stakeholders' issues helps us to develop insight into the practices necessary to demonstrate responsible care of employees?					
	3.4 Is involvement of our employees in strategic conversations helps us to develop practices that demonstrate increased social responsibility towards internal stakeholders?					
	3.5 Are various functional areas coordinating their activities to enhance the quality of customer experience resulting in demonstrable organizational performance and knowledge management capabilities?					
	3.6 Is functional integration provides the necessary knowledge for developing activities that demonstrate organizational performance initiative to stakeholders?					

4.	Change Management Practices					
	4.1 Does the bank develop products that keep them ahead of competition?					
	4.2 Does the bank adopt updated technology in delivery of great customer experience?					
	4.3 Has the bank put in place lean leadership structure to increase organizational performance and knowledge management capabilities?					
	4.4 Has the bank moved many operational issues on technology applications?					
	4.5 Has the bank employed marketing and advertising on social media to increase their awareness and services?					
	4.6 Has the bank embraced online computerized system in their operations?					
5.	Strategic Control and Evaluation Practices					
	5.1 Does your bank conduct an evaluation of its strategic plans?					
	5.2 In your opinion, does strategy evaluation influence performance?					
	5.3 Does your firm take corrective measures on its strategic plans, strategic implementation and evaluation processes?					
	5.4 Does strategy control have any influence on the performance of the bank?					
	5.5 How often does your organization review its strategic plans?					

Sub Division Two: Knowledge Management Capabilities

6.	Knowledge Management Capabilities					
	6.1 Do knowledge management capabilities influence both STM practice and organizational performances?					
	6.2 Do the bank STM practices influence firm performances through the presence of knowledge management capabilities?					
	6.3 Does knowledge management capabilities have always been handled with specialized on specific aspects and the great level of procedure?					
	6.4 Is it knowledge management capabilities consists of three sub procedures: knowledge manufacturing, knowledge arrangement, organizational learning?					
	6.5 Does your firm' efficient knowledge management capability are produced and demonstrated as a significant factor in achieving organizational goals?					

Sub Division Three: Organizational Performance

7.	Organizational Performance					
	7.1 Are the bank performance initiatives concerned with an increased market share?					
	7.2 Are the bank performance initiatives linked to enhancement of its STM practice and knowledge management capabilities?					
	7.3 Are the bank performance initiatives related with maximizing firm's wealth?					
	7.4 Are the bank performance initiatives being more attractive in the eyes of investors?					
	7.5 Are the bank performance initiatives motivated by stronger customer loyalty which increases levels of repeat customers?					

Annex II: Interview Questions

The interview is used semi structured methods.

1. What changes are you observed recently in the bank regarding its organizational performance due to the application of *SMPs* [*strategic management practices*] through knowledge management capabilities?
2. In your view, does the bank knowledge management capability play its own role between organizational performance and its *SMPs*? How?
3. What *SMPs* practices are good in the bank?
4. What are the major knowledge management capabilities and strategic management factors that affect the effectiveness of the bank performance?
5. What do you think solutions of problems maintained above?
6. What are some of the challenges does your bank face when evaluating strategic plans?
7. Indicate some of the strategy corrective measures initiated by your bank?
8. In your belief, which area of training is necessary for strategy and result department, managerial and non-managerial employees?
9. Does the bank respond to marketing, production and competitive uncertainties by adjusting its objectives with the support of its superior knowledge and capabilities? How?

Thank you!