ADDIS ABABA UNIVERSITY
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FACTORS AFFECTING STRATEGY IMPLEMENTATION IN THE CASE OF ETHIOPIAN AIRLINES

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Factors Affecting Strategy Implementation In the Case of Ethiopian Airlines

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STATEMENT OF DECLARATION

I, the under signee declare that this thesis is my original work, prepared under the guidance of Yohannis Workaferahu (PhD). All source of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been summited either in part or in full to any other higher learning institution for the purpose of earning any degree.

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STATEMENT OF CERTIFICATION

This is to certify that Mihret Tesfaye has carried out his research work on the topic entitled "**Factors Affecting Strategy Implementation In the case of Ethiopian Airlines**". As a university advisor, I certify that this work is original and suitable for the partial fulfillment of the requirement for the award of Masters of Business Administration (MBA) in Management.

Yohannes Workaferahu (PhD) ___________________________

Addis Ababa University Signature

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ACRONYMS AND ABBREVIATIONS

AFRAA	African Airlines Association
ANOVA	Analysis of Variance
BSC	Balanced Score Card
HRM	Human Resource Management
MRO	Maintenance, Repair and Overhaul
SPSS	Statistical Package for Social Sciences

ABSTRACT

Studies have shown that strategy implementation is still a challenge for today's organizations due to several factors influencing the success of strategy implementation. The purpose of this study is to assess the factors affecting strategy implementation at Ethiopian Airlines by analyzing the relationship between elements of the Eight "S" model that affect strategic implementation and the strategic performance achieved by the airline. The research question, to which the researcher sought an answer, was to assess whether there was a relationship between the seven elements in the Eight 'S' mode and the strategic performance of the airline. The study used a survey to gather the quantitative primary data from 265 managers and team leaders of Ethiopian Airlines. The data was then studied using descriptive, correlational and regression analysis on SPSS (version 20). The findings of the study generally agree with earlier studies on strategy implementation. The seven factors considered in the study (the strategy, organizational structure, systems and processes, leadership, human resource/staff, resources, and organization culture) are all found to have a positive correlation with the strategic performance of the airline. Testing of the research hypotheses further has shown that the factors defined as organization culture, leadership, and strategy are found to have a high impact on the strategic performance of the airline. Factors defined as resource and human resource have a relatively lower impact while the impact of systems and processes and organizational structure is found to be insignificant. Based on the findings, to achieve success in strategy implementation, the study recommended giving more emphasis to those factors with a high impact on the success of strategy implementation.

Keywords: ***Ethiopian Airlines, Strategy, Strategy Implementation, Strategic Performance, Factors affecting Strategy Implementation***

CHAPTER 1 : INTRODUCTION

1.1 Background of the Study

Strategic management is becoming increasingly important to achieve a long-term competitive advantage in the current dynamic and competitive environment. Strategic management is a set of managerial decisions and actions that determines the long-term performance of organizations. Several models are introduced to understand strategic management. The most widely known strategic management process mainly involves environmental scanning, strategy formulation, strategy implementation, evaluation and control (Wheelen & Hunger, 2017). These elements are interrelated and continuous. Strategy management is helping many organizations to improve performance and to achieve a competitive advantage over their competitors. According to Said, Rhys, & Raili (2016), organizations engaging in strategic management are generally outperforming those that do not. Similarly, Hrebiniak (2006) opined that effective strategy implementation leads to business success. Mbogo (2019) has also found a positive association between strategy implementation and financial performance in commercial Banks in Kenya.

Despite its benefits, strategic implementation is challenging for many organizations (Hrebiniak, 2006). Formulating a sound strategy does not guarantee success unless properly implemented. The best-formulated strategies may fail to produce superior performance for the firm if they are not successfully implemented, as noted in (Noble, 1999). Studies indicated that organizational success depends on the ability of the organization to implement its strategies (Schaap, 2006; Hrebiniak, 2006; Engert, & Baumgartner, 2016). Thus successful strategy implementation is a key component of strategic management.

As reviewed in Li, Guohui, & Eppler (2008), there is no universally accepted definition for strategy implementation which is also termed as strategy execution. Taking prior definitions and considerations into account, Li et al. (2008) defined strategy implementation as a dynamic, iterative, and complex process, which is comprised of a series of decisions and activities by managers and employees to turn strategic plans into reality in order to achieve strategic objectives. Strategy implementation is usually affected by a number of interrelated internal and external factors. Strategy implementation is defined in Wheelen and Hunger (2017) as a process by which strategies and policies are put into action through the development of programs, budgets, and procedures. It is the concrete actions that translate strategic intent into actions that produce results. This process might involve changes within the overall structure, culture and/or management system of the entire organization. This process involves changes within the overall structure, culture and/or management system of the entire organization. Many researchers have noted that strategy implementation is a complex organizational process and a key challenge for organizations. As noted in Hrebiniak, (2006), formulating a consistent strategy is a difficult task for any management team, and making that strategy work is a much more difficult task for organizations. The best-formulated strategies may fail to produce superior performance for the firm if they are not successfully implemented, as noted in (Noble, 1999).

Strategy implementation is usually influenced by a number of factors. Hrebiniak (2006) identified a number of bottlenecks for effective strategy implementation. Studies on strategy implementation showed that many factors influence the success of strategy implementation, ranging from the people in the organization to the organizational structures and system (Li et al., 2008). According to Li et al. (2008) two types of studies on strategy implementation: those highlighting the importance of individual factors for strategy implementation and those that emphasize the holistic approach on how such factors interrelate and form a strategic implementation environment. Researches highlighting individual factors have identified a number of recurring, individual factors that influence strategy implementation which includes strategy, strategy executors (management and employees), organizational structure, communication, commitment for the strategy, consensus regarding the strategy, the relationships among different units and strategy levels, implementation tactics, and administrative systems in place Li et al. (2008). The holistic approach argues that it is the combination of all variables working together which makes the implementation process possible (Noble, 1999; Okumus, 2001; Huggins, 2005; Tawse and Tabesh, 2020). The idea of the holistic approach is helpful to categorization and study of the factors using a framework, however, the results are still fragmented and researchers have continued to come up with a single dominant and empirically tested model.

The lack of comprehensive implementation frameworks is particularly raised by a number of scholars (Noble, 1999; Li et al., 2008). Having identified this gap, a number of studies were undertaken and different frameworks were proposed. Noble (1999) identified structural views and interpersonal process perspectives as a general dimension of strategy implementation. Okumus (2001) proposed an implementation framework that includes four parts: content, context, process and outcome each have an impact on the other. Higgins (2005) derived an Eight ‘S’ framework of strategy implementation which includes seven major factors that need to be aligned for successful strategy implementation. The seven factors in the model are:

strategy and purposes, structure, resources, shared values, leadership style, staff, systems and processes, and strategic performance. The overriding assumption among all the frameworks is that there must be an alignment among the variables if the implementation process is to be successful.

Empirical results related to how the variables influence the whole implementation process and outcome is limited. This indicates that conducting empirical studies is worth an effort to test the frameworks and model. Based on a critical review of previous frameworks, the nine key variables identified are strategy formulation, organizational structure, leadership, staff /employees, communication, culture, operational planning, resource allocation and outcome (Okumus,2000; Li et al., 2008). The Eight ‘S’ framework by Higgins (2005) considered most of the major variables. Therefore, the effect of the seven elements of the Eight ‘S’ framework should be analyzed in detail. However, empirical studies on the Eight ‘S’ model is limited. The researcher found only one study that has studied the impact of all the seven factors on strategy implementation Radomska (2014). Thus, empirical study on this typical framework is worth an effort as it reveals additional findings on how the seven major factors impact the success of strategy implementation. Generally, it is noted that most of the studies on factors affecting strategy implementation are conducted in developed and emerging economies. There are limited studies conducted on organizations from developing economies and studies conducted on local organization is almost none. Thus the researcher found it interesting to study the effect of the seven factors on the success of strategy implementation in the case of Ethiopian Airlines, an organization operating in a developing economy. The success of strategy implementation is the dependent variable that is represented and measured as strategic performance achieved by the organization.

1.2 Background of the organization

Despite its large population, African airlines carry the fewest global passengers and have the lowest number of aircraft departures, they collectively carried 91.99 million passengers in 2018, representing a market share of 2.1% (AFRAA, 2019). The African air transport market is different compared to any other air transport market in the world. African airlines have been left out of the worldwide trend of major alliance formation and consolidation. Despite such challenges, Ethiopian Airlines has attained fast and profitable growth since it started implementing its strategies framed in the name of vision 2010 and later changed to vision 2025. Established in 1945, Ethiopian Airlines was a publicly owned company. Gradually, it started to provide domestic and nearby international flights to cities such as Cairo, Djibouti, and Aden (Al-Kwifi, Frankwick, & Zafar, 2019; Selamta, 2016). During the last ten years, the average growth of Ethiopian Airlines has been double-digit making it the fastest growing and the most profitable airline in Africa (Costantinos, 2018, Ethiopian Airlines, n.d.). Ethiopian Airlines started strategic management using well-formulated strategies in 2005. This strategy assisted in defining the strategic initiatives and goals that are essential to accelerate global activities and compete internationally. The strategic objectives that were formulated in 2005 in its five-year strategy termed as “Vision 2010” were achieved. In 2010, the airline formulated a fifteen-year strategy named “Vision 2025”. As of 2020 most of the objectives set in “vision 2025” are already achieved well ahead of time. It was thus essential to study strategy implementation efforts of such an airline as it helps to get reliable findings from more than a decade strategy implementation journey of the airline. This study assessed which factors identified in the Eight ‘S’ model significantly impacted the strategic performance of the airline. Studying the impact of the factors affecting the strategy implementation of Ethiopian Airlines provides valuable insight for the management and other African airlines and organizations that operating in a similar environment.

In Ethiopian Airline’s 75-year history, the first 60 years were similar with steady growth, while the last 15 years is a spectacular journey for the airline with fast and profitable growth and it is the time the airline enjoyed a strategic turnaround (Oqubay & Tesfachew, 2019). Since 2005, as a result of strategic analysis, the airline then developed its Vision 2010, which repositioned the airline driven by the objective of transforming turnover from $400-million in 2005 to $1-billion within five years. By 2010, the airline’s turnover and passenger transported exceeded initial projections. By then, its long-term plan termed as Vision 2025 was put in place which aspires to have 120 aircraft flying to 90 international and 20 domestic destinations, and generate revenue of $10- billion. The planning cycle has been divided into three five-year medium-term plans each further divided into a one-year short-term planning.

The airline strategy roadmap document, vision 2025, articulated the corporate, business, and functional levels strategies. The airline analyzed its external and internal environment and defined its vision, mission, values, strategic goals, and objectives and strategic initiatives at the corporate and functional levels. It has identified seven strategic business units which include International Passenger Airline, Domestic Airline, Cargo Services, MRO Services, Aviation Academy, Inflight Catering, and Ground Services. This corporate arrangement was complicated as the airline needed to be self-sufficient in African where there are no private-sector contractors to outsource some of the services. This means the airline has to train its pilots, cabin crew, technicians, and other staff, and it has to support technical services by the airline itself. In line with its business strategies, the airline has also identified core functional strategies which include HRM, Customer Service, Flight Operation, Finance, Strategic Planning, IT, Corporate Governance, and Internal Audit functions (Al-kwifi et al., 2019). The strategy road map has also identified the major strategic initiatives and projects. It can be agreed that vision 2025 is a well-articulated strategic roadmap that has helped the airline to achieve fast and profitable growth.

In the last decade, the airline successfully implemented most of its strategic initiatives stated in its vision 2025 and become the most profitable and fast-growing airline in Africa (AFRAA 2019). As of 2020, the airline implemented its strategy for the last ten years (two 5 year phases) and it has already achieved most of the strategic goals set in its vision 2025 in most parameters, such as the number of destinations, fleet size and others the airline even exceeded its projections. Despite the lack of an adequately trained workforce, as well as deficiencies in the required infrastructure, the airline built a dedicated training facility at its main hub in Addis Ababa to build the internal capabilities needed to compete at a global stage. By 2020, the airline had secured all facets of high standard aviation services, including: (1) cargo transport business (2) an aviation academy to train its pilots, technicians, cabin crew, and marketing agents (3) an advanced maintenance facility, (4) state-of-the-art airplanes, and (5) modern infrastructure such maintenance hangars and IT services. These developments enabled it to become a member of the Star Alliance, the world's biggest and most prestigious airline alliance (Al-kwifi et al., 2019). During the last ten years, the average growth of Ethiopian Airlines has been around double digits, making it the fastest-growing airline in Africa, as well as the most profitable (AFRAA, 2019). Ethiopian Airlines was voted the No. one airline in Africa for three consecutive years since 2017 and it was given a 4-star rating (SKYTRAX, 2019). This rating certifies that the airlines are providing the highest standard of airport and onboard services.

Like any other organization, the airline has experienced many challenges and it has also enjoyed driving factors in its effort to implement its vision 2025. Riwo-Abudho et.Al. (2013) identified structure, culture, strategic alliances, planning and forecasting, technology, marketing and branding and outsourcing as strategic factors that are Key Success Factors in the global airline industry in relation to the challenges that airlines face. The factors that contribute to or influence strategy implementation need to be studied and this study aims to explore the factors affecting strategy implementation at the airline taking other studies as a starting ground.

1.3 Statement of the Problem

The factors affecting strategy implementation are identified in different studies. However, it is noted that most of the studies on factors affecting strategy implementation are studied in developed and emerging economies. This leads to asking a question whether these factors influence organizations in developing economies similar to those organizations in developed economies. This is a valid question to be investigated due to the fact that businesses operating in developing economies deal with higher complexity in implementing strategy (Pellissier, 2014). Thus studying an organization operating in developing economies is a worthwhile effort as it produces empirical results that can be used for comparisons.

In addition to this, most studies considered a limited number of factors as reviewed in Li et al. (2008). Considering the major factors identified in Okumus (2001) and Li et al. (2008), the Eight ‘S’ model is found to include almost all the major factors identified in these critical reviews. Thus, it is a framework that helps us to study the effect of the major factors affecting strategy implementation on an organization operating in the developing economy. However, empirical results related to the Eight ‘S’ framework are limited, only Radomska (2014) is found to consider all of the seven factors identified in the Eight ‘S’ model. This justifies studying the Eight ‘S’ model in detail.

According to Li et al. (2008), differences regarding strategy implementation in the different types of organizations are not known as there have been no studies comparing similarities and differences of strategy implementation. In line with this direction, which of the seven factors in the Eight ‘S’ model is the most influencing in the aviation sector is not studied. Thus the researcher found it interesting to study the effect of the seven factors in the case of Ethiopian Airlines that is operating in a developing economy. The Eight “S” model is based on the concept introduced by Peters and Waterman (1982). This model was later supplemented by Higgins (2005) by adding an eighth element that is Strategic Performance, which draws managers’ attention to the results achieved. The basic assumption for this model is that the execution of different strategies requires various types of organizational structures, systems, management styles, staff, resources and shared values. Therefore, the effect of these seven elements described above on the strategic performance of an organization should be analyzed in detail. This study produces an empirical result that shows the impact of the seven factors in the Eight ‘S’ model on the strategic performance of an organization from the aviation sector operating in a developing economy.

There are limited studies on strategic management practices of organizations in Africa; however, most of these studies didn't assess all the major factors identified different frameworks such as Okumus (2001), Huggins (2005). There are some studies that assessed factors affecting strategy implementation of banks, government organizations, and NGOs in Kenya. However, the factors considered in those studies are limited to organization structure, leadership, and organization culture. Local studies on strategy implementation are limited, only Mekedas (2019) studied the challenges of implementing strategic management in the commercial bank of Ethiopia. The study considered only four out of the seven major factors identified in the Eight 'S' model. Thus this study assesses all seven major factors affecting the strategy implementation of Ethiopian Airlines operating in a developing economy. The result of this study gives additional empirical results, and it can be used in comparative studies that examine strategy implementation in various types of organizations operating in different economies.

1.4 Research Objectives

1.4.1 General Objective

The general objective of this study is to assess factors affecting strategy implementation at Ethiopian Airlines.

1.4.2 Specific Objectives

The specific objectives of the study are listed below which helps in achieving the general objective.

1. Identify major factors affecting strategy implementation at Ethiopian Airlines.
2. Identify the extent that the seven factors identified in the Eight 'S' model affects strategy implementation at Ethiopian.
3. Describe the relationship between the seven factors in the Eight 'S' model and strategic performance of Ethiopian Airlines.
4. Describe a multiple linear regression model that shows how the factors contribute to the strategic performance of the airline.

1.5 Research Hypothesis

Based on the problem statement described in the above section, this research aims at testing the following hypothesis which are a central focus of the study.

H1: There is a relationship between the clarity, relevance and consistency of the strategy and the strategic performance achieved by the organization.

H2: There is a relationship between appropriateness and effectiveness of organizational structure and the strategic performance achieved by the organization.

H3: There is a relationship between appropriateness and effectiveness of systems and process and the strategic performance achieved by the organization.

H4: There is a relationship between the competency, commitment and style of the leadership and the strategic performance achieved by the organization.

H5: There is a relationship between capability, competency and commitment of the human resource and the strategic performance achieved by the organization.

H6: There is a relationship between resource capability and allocation and the strategic performance achieved by the organization.

H7: There is a relationship between organization culture and the strategic performance achieved by the organization.

1.6 Significance of the Study

Empirical data on how the seven factors identified in the Eight 'S' framework influence strategy implementation of organization is quite limited. The impact of these seven major factors affecting strategic implementations is not studied on aviation organization operating in a developing economy. Thus this study will therefore contribute to the frontier of knowledge as it will provide an empirical result on how the seven factors identified in the Eight 'S' framework influence strategy implementation of Ethiopian Airlines an aviation organization operating in developing economy. Other researchers could also use the study for reference and further empirical research and comparisons. The results of this study help the top management of the airline to recognize and leverage their effort on those critical factors to ensure its strategy implementation effectiveness. It will certainly provide similar insight to other airlines and organization operating in a similar environment.

1.7 Scope and Limitation of the Study

1.7.1 Scope of the Study

This study focuses on assessing factors that are contributing to strategy implementation at Ethiopian Airlines at the corporate level. Only the effects of seven factors identified in the Eight 'S's model is included in this study. The study is undertaken using primary data from managers, supervisors and their successors.

1.7.2 Limitation of the Study

The study may have certain limitation due to the sampling technique that is implemented in the study. It is very challenging to apply true random sampling methods due to the fact that employees are mostly unreachable as most of them are engaged in demanding and time-sensitive operations of the airline. Conducting the study using a random sample from all levels of the employees of the airline is very costly; however, it may improve the reliability of the result.

1.8 Organization of the Study

This study assessed seven factors affecting the implementation of a strategy which are the strategy, organizational structure, systems and processes, leadership, staff, resources and organizational culture. This paper is organized and classified into five chapters. The first chapter deals with the introduction part which contains the background, the statement of the problem, objectives of the study, research hypothesis, significance of the study, Scope of the study, limitation of the study and organization of the study. The second chapter is dedicated to the review of literature. Empirical evidence and theoretical framework regarding with factors affecting strategy implementation are reviewed. The third chapter deals with the research design and methodology of the study; it covered the approach used in this study, research design, data source, sampling design, data collection, and method of data analysis. Chapter four is about discussion and interpretation of the results. Finally; the chapter five gives a conclusion for study and recommendation based on the finding of the study.

CHAPTER 2 : LITERATURE REVIEW

This chapter reviews literature related to the factors affecting strategy implementation. It provides theoretical review and explores the seven major factors affecting strategy implementation of organizations. The chapter also presents the conceptual framework and operationalization of the study variables.

2.1 Theoretical Review

Strategy implementation lends itself to a multitude of theories that could also be employed in an interdisciplinary manner (Li et al. 2008). The different theoretical bases emphasize different issues regarding strategy implementation and help to enrich understanding of this complex phenomenon. Studies used a variety of theories including contingency theory, management theory, resource based view theory, organization theory, institutional theory, expectancy theory, agency theory and others.

These theories provide surprising and useful additional insights regarding strategy implementation, however it is important to note that any one of these theories can independently help to explain or understand all the strategy implementation issues or problems. Thus none of these theories are discussed here.

2.1.1 Challenges of Strategy Implementation

Strategy implementation is a challenge for today's organizations. Hrebiniak (2006) indicated that effective strategy implementation is a more difficult task than strategy formulation. Hrebiniak (2006) indicated that the road to successful strategy implementation is full of problems and the study identified overarching issues that impede strategy execution. The study argued that one basic problem is that managers know more about strategy formulation than implementation. Thus the successful execution of strategy becomes less likely and more problematic as putting strategy into effect requires a different set of managerial skills. The other problem is claimed to the attitude of some top management who believe strategy implementation should be left to lower-level employees (Li et al., 2008). In most cases, the implementation of a strategy is typically conducted by middle and lower-level managers; however if close follow up and review by top management is highly required for success of strategy implementation. Moreover, strategy implementation is more challenging as planning and execution are interdependent, implementation is a process that takes longer and involves more people than formulation (Engert, & Baumgartner, 2016). Hrebiniak (2006) studied obstacles that makes strategy implementation more challenging and it is found out that the top five obstacles to strategy implementation are: inability to manage change effectively, Poor or vague strategy, not having a model to guide implementation, poor or inadequate information sharing and unclear responsibility and accountability and working against the power structure. Failure to recognize and handle the obstacles would surely lead to a failure of implementation. Hrebiniak (2006) suggested that the first step in confronting the implementation obstacles is to develop guidelines to lead and support the implementation process.

The success of strategy implementation is represented by the actual organization performance which matches or exceeds the targets set in the strategic plan (Huggins, 2005). Performance gaps signify weak strategy, weak implementation or both. Studies revealed that there is a positive connection between strategy implementation and firm performance (Ibrahim, Sulaiman, Kahtani, & Abu-Jarad, 2012). The organizational performance includes tangible and non-tangible outcomes (Okumus, 2001) and thus researchers perform such evaluations by considering both financial and non-financial outcomes. The second type of metrics is more closely associated with strategic initiatives, although it is more difficult to measure. On the other hand, the use of measurable tools, such as balanced scorecard, eliminates some of the problems and improves the strategy implementation process. With BSC targets and indicators, the strategic performance of a company can be analyzed from four different perspectives: financial, customer, internal business, and learning and growth.

Financial performance indicators usually show the short-term success of an organization. Most financial performance indicators used in airline businesses are similar to the indicators in other sectors. The most commonly used financial indicators growth and profitability. Revenue growth, asset growth and net profit growth are the most widely used indicators (Erdoğan, & Kaya, 2014). Customer perspective indicators are related to service quality and customer satisfaction. In the airline industry, these include the number of customers, customer complaint rates, market share, service efficiency, the quality of cabin and onboard catering services, and the effectiveness of customer loyalty programs (Erdoğan, & Kaya, 2014). The internal process perspective is related to the operational process for airline businesses which includes ground services, passenger services, network planning, schedule planning and maintenance (Erdoğan, & Kaya, 2014). These processes are related and run together to ensure operational excellence and efficiency that are key indicators in the internal process perspective. The learning and growth perspective is related to performance indicators regarding human resources, innovation, safety, environment, airline co-operations and sub-contractors (Erdoğan, & Kaya, 2014). The most essential indicators in this perspective include talent development, employee productivity, employee satisfaction and engagement. As reviewed in Erdoğan, and Kaya, (2014), better trained and better qualified personnel can better meet the demands of customers and can offer better quality service. Thus this study uses the major indicators discussed here to measure the strategic performance of the airline. It is believed that the measurement applied here is adequate and balanced as it includes the four major dimensions.

2.1.2 Factors Affecting Strategy Implementation

Studies have shown that strategies frequently fail because of poor strategic implementation. A well-formulated strategy may fail to produce superior performance for the firm if it is not successfully implemented. Hrebiniak (2006) found that there are a number of challenges to strategy implementation. According to this study, leadership, a system for implementation, communication, and organization structure are some of the factors that affect strategy implementation. Li et al., (2008) reviewed the most common factors that influence the success of strategy implementation and found out two types of strategy implementation studies: those highlighting the importance of individual factors for strategy implementation and those that emphasize a holistic approach. The holistic approach follows either simple categorization of various factors into groups or by relating them in a framework.

Researches highlighting individual factors have identified nine recurring individual factors that influence strategy implementation. They are the strategy formulation, the executors, the organizational structure, communication, commitment for the strategy, consensus regarding the strategy, the relationships among different units/departments, the implementation tactics, and the administrative system. According to Li et al., (2008), there is major research challenge on better understanding the relationships among several of the nine reviewed factors. There are, for example, major disagreements about the relationship between the variables of communication, commitment and consensus. Li et al., (2008) reviewed studies showing that consensus and commitment can be achieved with the help of proper implementation tactics and communication activities. Several researchers just point out that communication is an important factor, but there are no in-depth analyses about how exactly communication influences strategy implementation. Thus

Studies emphasizing a holistic approach analyzed multiple factors together within a single framework or a model. Noble (1999) identified structural views and interpersonal process perspectives as general dimensions of strategy implementation. Researches taking a structural perspective studied the effects of the formal organizational structure and control mechanisms on implementation processes and outcomes. This categorization has shown that the control function is a key aspect of the implementation process. The interpersonal process perspectives consider strategic consensus, autonomous strategic behaviors, the effects of leadership styles, and communication processes. Noble and Mokwa (1999) added a third view which is the individual-level processes view, emphasizing cognition, organizational roles, and commitment besides the structural and interpersonal process views. Okumus (2001) adopts the framework from earlier studies but adds three new variables. The revised implementation framework includes four parts: content (strategic decision, multiple project implementations), context (internal and external context), process (operational planning, resources allocation, people, communication, monitoring) and outcome (tangible and intangible outcomes). Revising the original McKinsey '7S' model, Higgins (2005) sets up an Eight 'S' framework of strategy implementation which includes seven major factors that need to be aligned for successful strategy implementation.

Looking in to similar studies, it can be observed that there is a trend of developing more frameworks and model-based approaches to strategy implementation. As it is reviewed above, Noble & Mokwa (1999) put forward three dimensions including a structural view, an interpersonal process view and an individual-level processes view. Okumus (2001) also adds new variables to previous studies. Li et al. (2008) argued that these frameworks do not yet add a lot of value and this for two reasons: first, they do not sufficiently profit from previous empirical research on strategy implementation, and secondly they do not relate the variables to each other in a sufficiently informative way. The empirical research on these models is limited and for example the researcher here found only a single empirical research that assessed the impact of all the factors included in the Eight 'S' framework. As recommended Li et al. (2008), it is worth an effort to conduct an empirical research on the Eight 'S' model and make research results accessible in a clearly understandable manner.

2.1.3 The Eight 'S' Framework

Higgins (2005) sets up an Eight 'S' framework of strategy implementation which includes seven major factors that need to be aligned for successful strategy implementation. The seven factors in the framework are: strategy and purposes, structure, resources, shared values, leadership style, staff, systems and processes, and strategic performance. It is a revision of the original McKinsey '7S' model. Higgins has deleted skills from the McKinsey framework and he has added resources. He also added strategic performance in order to help focus on the strategy execution process. If there isn't a good match or alignment among these factors, performance in strategy implementation suffers. According to Higgins (2005), much of strategy execution revolves around aligning key organizational functions/factors with the chosen strategy. Executives must align the cross-functional factors with the new strategy so that the strategy opted can succeed. Higgins (2005) says that all the factors falling in the Contextual Seven S's must be aligned to achieve the best possible strategic performance. Studies on testing the Eight 'S's model is limited and Radomska (2014) revealed that the factors defined as resources and shared values have a minor impact on the strategy implementation. Will the result be similar if studied in the case of an aviation organization operating in a developing economy? This study assesses the effect of these seven factors on strategy implementation at Ethiopian Airlines an aviation organization operating in a developing economy. The empirical results provide an insight on how each factor in the Eight 'S's framework influences strategic performance of an airline.

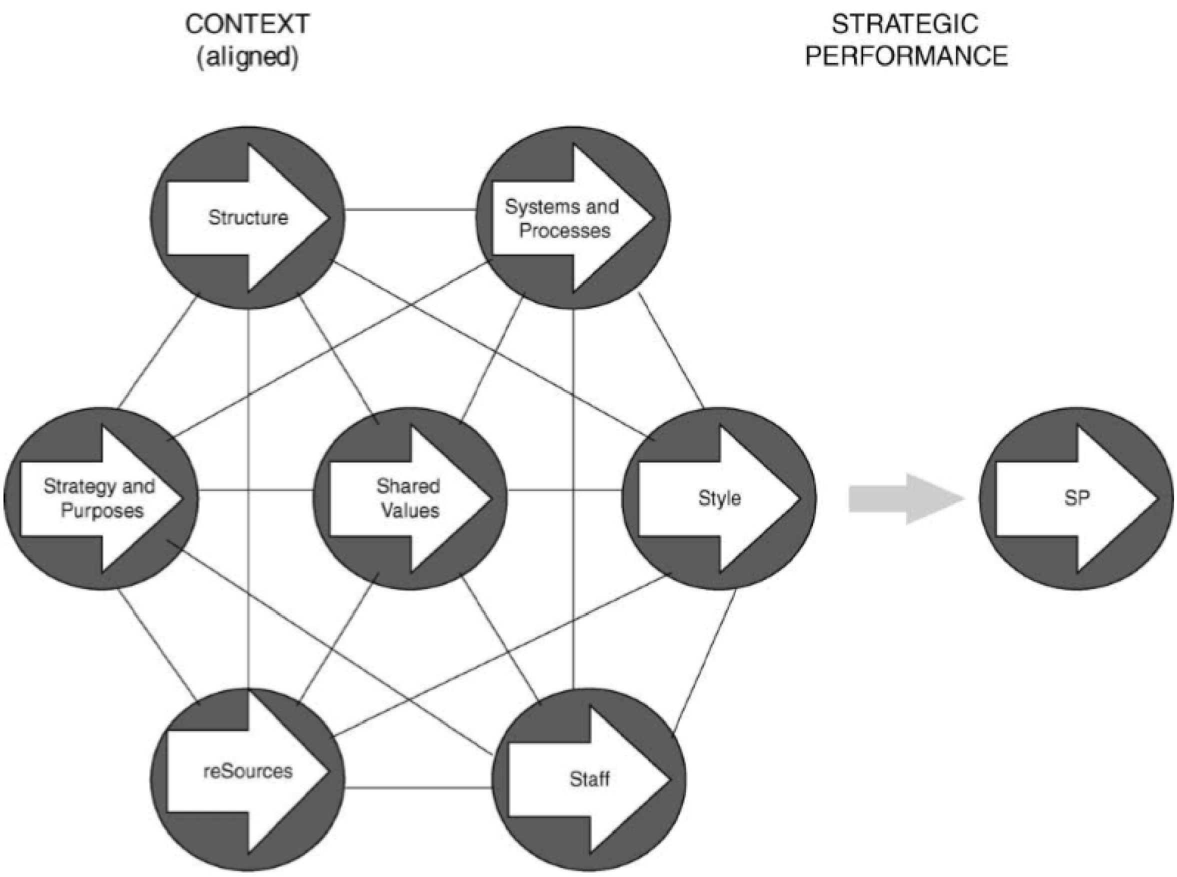

Figure 2.1: The Eight 'S's Model (Higgins, 2005)

1. **Strategy and Purpose**: Higgins (2005) indicated that strategies are formulated to achieve an organizational purpose which includes strategic intent, vision, focus, mission, goals, and strategic objectives. Changes in strategic purposes lead to changes in strategy. Higgins (2005) identified four types of strategies recognized; corporate, business, functional and operational level strategies that should be clear and aligned to achieve strategic objectives. According to Beer, and Eisenstat, (2000), unclear strategy and conflicting priorities are identified as a silent killer of strategy

implementation. Mankins and Steele (2005) suggested making strategy simple, understandable and concrete with clear priorities. The clarity, relevance and consistency of the strategy affect the success of strategy implementation.

2. **Structure**: When executing a strategy, decisions are to be made regarding how an organization is structured. The fact that the structure affects the effectiveness of strategy implementation is studied in many studies. Higgins (2005) affirms that organizational structure consists of five parts: jobs, the authority to do those jobs, the grouping of jobs, the managers' span of control, and the mechanism of coordination. Hrebiniak (2006) revealed that limitations related to the organizational structure are the most critical implementation barrier. Ibrahim et al. (2012) showed that the structure of formality has a moderating effect on the relationship between strategy implementation and the performance of manufacturing firms. The study conducted by Olson et al. (2005) has found substantial evidence that shows the organizational structure and which behaviors are emphasized strongly influence performance. This finding showed that organizations that match structure and behavior to strategy are better than those that do not. To support strategy implementation, organizational structure should be appropriate and aligned with the strategy (Sull et al., 2015; Nwachukwu, Hieu, Chládková,& Fadeyi, 2019).
3. **Systems and Processes**: Higgins (2005) described systems and processes as a means that enable an organization to execute daily activities. Hence, this element is about the formal and informal procedures used in an organization to manage information systems, planning systems, budgeting and quality control systems, and reward systems. According to Aaltonen & Ikavalko (2002) found out that linking organizational goal-setting systems and compensation systems to strategy is essential. Okumus (2001) argues that aligning processes with strategy content and organizational context is essential to achieve the expected outcomes. A system of continuous monitoring and appropriate rewarding systems are indicated in Mankins and Steele (2005) as essential factors to close the gap between strategy and performance.
4. **Leadership Style**: According to Higgins (2005), leadership style refers to the consistent pattern of behavior exhibited by leaders/managers when relating to subordinates and other employees. Leadership style is about how management treats their colleagues and other employees and what and how they focus their attention on. Studies show that leadership competency, commitment, and support are key elements that affect the strategy implementation of organizations (Mbogo 2019, Timothy 2015). Ali & Hadi (2012) found out that the top management and leadership behavior

affect the success of implementing of strategy. Managers' inadequate understanding of company strategies as well as inadequate attention and support of managers are identified as two factors with the most role in preventing the implementation of the strategy.

5. **Staff:** This factor is related to the number and types of employees the organization requires to meet its strategic purposes (Higgins 2005). Implementing a successful strategy requires the support of disciplined, hardworking, motivated employees. After defining the company's strategic purpose, management must settle as to how many employees are needed and what are the required backgrounds and skills essential to achieve the strategic purpose. This also covers aspects such as motivation, training and career development of employees. Alamsjah (2011) found out that employees' competency and commitment correlated with the success of strategy implementation. The availability of capable, competent and committed human resource contributes to the implementation of strategic initiatives (Nwachukwu et al., 2019).
6. **ReSources**: Higgins (2005) affirms that management must ensure access to sufficient resources to support successful strategy execution. The most critical resources include people (staff), finance and technology, and other management systems. Nwachukwu et al. (2019) revealed a positive relationship between financial resources and the strategic performance of telecommunication firms. The major concern here is the extent to which the organization leverages its resources. Resource capability and allocation affect the success of strategy implementation. The staff as a unique resource is considered as a separate factor in the Eight 'S's model.
7. **Shared Values**: The values shared by members of the organization that make it different from other organizations (Higgins 2005). Shared values, on the whole, relate to organizational culture. This concept is a crucial ingredient that influences an organization towards accomplishing its strategic purposes. Aligning shared values and organization culture is critical to successful implementation of strategic initiatives. According to Sull (2015), a culture that supports execution must recognize and reward things other than past performance as well, such as agility and teamwork.
8. **Strategic Performance**: Higgins (2005) states that strategic performance is a derivative of the other seven 'S's. Strategic performance is possessed by an organization as a total, or for profit-based part of the whole. Performance can be measured at any level. Financial performance measurements are critical indicators of strategic performance. However, it is indicated that an expanded balanced scorecard approach is a better indicator. With BSC targets and indicators, the performance of a

company can be analyzed from four different perspectives: financial, customer, internal business, and learning and growth.

2.2 Empirical Evidence on Factors Affecting Strategy Implementation

This sub-section assesses empirical evidence related to the factors identified in the theoretical review. The study assessed the effect of the seven factors in the Eight 'S's model on strategy implementation at Ethiopian Airlines. Thus empirical evidence for each factor is reviewed to identify the gaps in the literature that the current study sought to fill.

(1) Strategy and Strategy Implementation

Several studies mentioned that the clarity, relevance and consistency of strategy and the strategy formulation process influence strategy implementation. In a survey conducted by Hrebiniak (2006), a poor or vague strategy is found to be one of the top five obstacles to strategy implementation. According to the survey, clarity and relevance of the strategy affect strategy implementation. This empirical result is also supported by Alamsjah (2011) who revealed that clear strategy is correlated to successful strategy execution.

Radomska (2014), in a survey made on 200 of the best-ranked Polish companies, found out existence of a weak statistical relationship (0.294) between the revenue growth rate and the internal inconsistency of the strategy implemented. The study has also found the highest value of dependence (0.414) for the relationship between the inclusion of a large group of employees in the strategy development stage and the results achieved by the company. This result is supported by Köseoglu, Barca, & Karayormuk (2009) which claims that the reasons behind the failure of the strategies mostly come from the formulation process.

Mekedas (2019) assessed the challenges of implementing strategy management at Commercial Bank of Ethiopia and identified unachievable strategy as one of the major challenges in the process of implementing strategy management at the bank. Releavance of the strategy is one essential factor for success of strategy implementation. The empirical studies reviewed here studied the effect of clarity, relevance and consistency of the strategy on the success of strategy implementation and found positive relationships between the two that ranges from weak to strong correlations. This indicates that the relationship needs further empirical studies and thus this study is conducted to supplement empirical results from an aviation organization operating in a developing economy.

(2) Organizational Structure and Strategy Implementation

According a survey by Hrebiniak (2006), factors relating to the organizational structure are the most critical implementation barrier. It is shown that trying to execute a strategy that conflicts with the existing power structure and unclear responsibility for implementation decisions or actions are ranked as the top five bottlenecks for strategy execution. Alamsjah (2011) revealed that organizational structure is highly correlated to successful strategy execution. This empirical result supports the theory that says structure - strategy alignment is essential for successful strategy implementation. However the survey by Radomska (2014) indicates the existence of dependence (0,321) between the organizational structure not matched to the requirements associated with the strategy implemented and the revenue growth rate.

Mukhalasie (2014) has also conducted a similar study in his thesis which is conducted using primary data from 313 respondents from Kenya Commercial Bank and it is found that organizational structure influence strategy implementation to a great extent in Kenya Commercial Bank. The study revealed that organization structure is strongly correlated (0.793) with strategy implementation and it claims that organization structure contributes to the success of strategy implementation next to organizational culture.

Mbogo (2019), in his MBA thesis on financial institutions in Kenya., showed that there is a positive but weak correlation (0.205) between organization structure and the financial performance of Kenyan commercial banks. The multiple regression results indicated a similar outcome that is a statistically significant positive effect of organization structure on bank performance. This result is almost same correlation as that of Radomska (2014) but it is weaker compared to Mukhalasie (2014). Thus empirical studies showed positive but varying degree of relationship between organization structure and success of strategy implementation.

(3) Systems and Process and Strategy Implementation

Radomska (2014), in a survey conducted on 200 of the best-ranked Polish companies, found a positive but weak relationship (0.297) between the use of formal systems for strategy implementation and the outcomes achieved by the companies. This survey showed that the use of formal systems was declared by 69.7% of the companies, and an increase in revenue was recorded in 77.9% of the companies that use formal systems in budgeting and scheduling. An increase in revenue is registered in 81.6% of the companies that use incentive systems to support strategy implementation.

Mukhalasie (2014) in his thesis which is conducted using primary data from 313 respondents from Kenya Commercial Banks (KCB) found out that organization processes is positively correlated (0.606) with strategy implementation in Kenya Commercial Bank. The data shows that the majority of the respondents (56.5%) indicated that organizational processes influence strategy implementation to a great extent. This is also supported by a regression results.

Radomska (2016) study has proved existence of a positive relationship between comprehensiveness of strategy execution process and effectiveness of the strategy execution. The studies were carried out across 69 corporate headquarters. The comprehensiveness was defined by means of three areas: procedures and processes, cohesion of corporate values, and implementation tools, whereas the effectiveness of strategy implementation was expressed through the effectiveness of strategic objectives realization, as well as eliminating internal and external implementation barriers.

Similar to the other factors, the empirical results show positive relationship between systems and processes and strategy implementation. However the results are vary in the strength of correlation.

(4) Leadership and Strategy Implementation

Radomska (2014) showed that there is a moderate relationship (0.36) leadership as a form of transfer of responsibility for implementation activities to leaders at various levels of the organizational structure and the results achieved by the company. Moreover, this was confirmed by positive answers received from 139 companies, which constitutes a significant percentage (71%). At the same time, 82.7% of them reported an increase in revenues and therefore this hypothesis can be verified positively.

Bett (2018) revealed a moderate the relationship (0.584) between leadership styles and strategy implementation in G4S Kenya Limited and it also revealed that most respondents (85.4%) believe leadership style has a significant impact on strategy implementation. The regression results from this study showed that leadership style had a great impact on strategy implementation. The effectiveness of the leadership team is partly responsible for the successful strategy implementation process.

Al-kwifi et al. (2019) studied strategies employed by Ethiopian Airlines to overcome the challenges related to its operating environment and to achieve rapid internationalization. The study indicated that the implementation of a special management structure was instrumental for supporting effective decision making, guiding airline operations, building effective customer-oriented service, and quickly expanding to a global network. The leadership style has helped the airline to successfully implement its strategies and achieve the fast and profitable growth witness in the past decade. Mekedas (2019) assessed the challenges of implementing strategy management at Commercial Bank of Ethiopia and identified ineffective leadership as one of the major challenges in the process of implementing strategy management. Like the above three factors, the empirical results show positive relationship between leadership and strategy implementation, however the results have significant difference on the strength of correlation.

(5) Human Resource and Strategy Implementation

Nwachukwu et al. (2019) used a census survey method to collect data from managers who are responsible for executing a strategy and strategic decision making in four mobile telecommunication firms in Nigeria. The result shows positive relationship (0.299) between human resources and employee commitment with the strategic performance of telecommunication firms. The study has found employee commitment is moderately correlated (0.380) with strategic performance. The result supports the idea that implementing successful strategy requires the support of disciplined, hardworking, motivated managers and employees.

Radomska (2014) studied the relationship between the identification of employees with the strategy implemented and the results achieved by the company. However, the result is not statistically significant even at 0.05 level. This result shows that further is study is essential to test the relationship between availability and selection human resources and the success in strategy implementation.

Selamawit (2012) conducted a study on the success of Ethiopian Airlines and identified a number of strategic factors contributing to the success of the Airlines. The finding identified human capital as one of the major determinants for the success of Ethiopian Airlines. However the contribution of the human resource to the strategic performance achieved by the airline is not studied.

(6) Resources and Strategy Implementation

Nwachukwu et al. (2019), on a survey in four mobile telecommunication firms in Nigeria, revealed a positive relationship (0.415) between financial resources and the strategic performance of telecommunication firms. According to this study the firms that build and optimize its financial resources capabilities support their strategy implementation initiatives.

In his MBA thesis, Mbogo (2019) studied the effect of organization structure, resource capability, and management competency on the returns from financial institutions in Kenya. The study found a significant correlation (0.491) between resource capability and the financial performance (return on equity) of Kenyan commercial banks. This indicated that resource capacity positively affected bank performance. This result supports the result reported by Nwachukwu et al. (2019), however Radomska (2014) showed that the existence of a relationship between the allocation of adequate funds for the strategy implementation and the results achieved by the company not evidenced. The study concluded that the factors defined as Resources have a minor or insignificant impact on the strategy implementation. This shows that further empirical results are required to understand the impact of resources capability and allocation on the success of strategy implementation.

(7) Organization Culture and Strategy Implementation

A study conducted by Mukhalasie (2014), using primary data from 313 respondents from Kenya Commercial Bank, indicated that organization culture influences strategy implementation to a great extent in KCB. Most of the respondents (66%) indicated that organizational culture influences strategy implementation to a great extent. The study showed that organizational culture is strongly correlated (0.852) with strategy implementation and it also shown as the most contributing factor. Bett (2018) reported a result similar to Mukhalasie (2014). It has showed that organizational culture is related (0.621) to strategy implementation and its impact is the highest from those included in the study (leadership and structure).

Alamsjah (2011) has reported that corporate culture is moderately correlated (0.383) to successful strategy execution. The findings of this research suggest that middle-level managers can execute strategy more successfully when corporate culture supports them. This result silightly differ from the above two in the extent of relation and impact organization culture has on strategy implementation.

Summary of the empirical evidences

None of the studies reviewed has considered the seven factors specified in Huggins Eight ‘S’s framework except Radomska (2014). The factors that are commonly considered in most studies are organizational structure, leadership, and resource capability and organization culture. The empirical results reported above shows varying degree of relationship between the different factors and strategy implementation. This shows that additional empirical studies help to ratify or rectify these differences. Thus this study considered the relationship between all the seven factors in the Eight ‘S’ model and the success of strategy implementation.

2.3 Theoretical Framework

The conceptual framework depicts how the variables of the study are related. It is developed based on the literature review focusing on the Eight ‘S’ framework from Huggins (2005). The independent variable of the study is factors affecting strategy implementation which includes strategy, organization structure, systems and processes, leadership, human resource/staff, resources, and organization culture, while the dependent variable for the study is the Strategic performance representing the success of the strategy implementation.

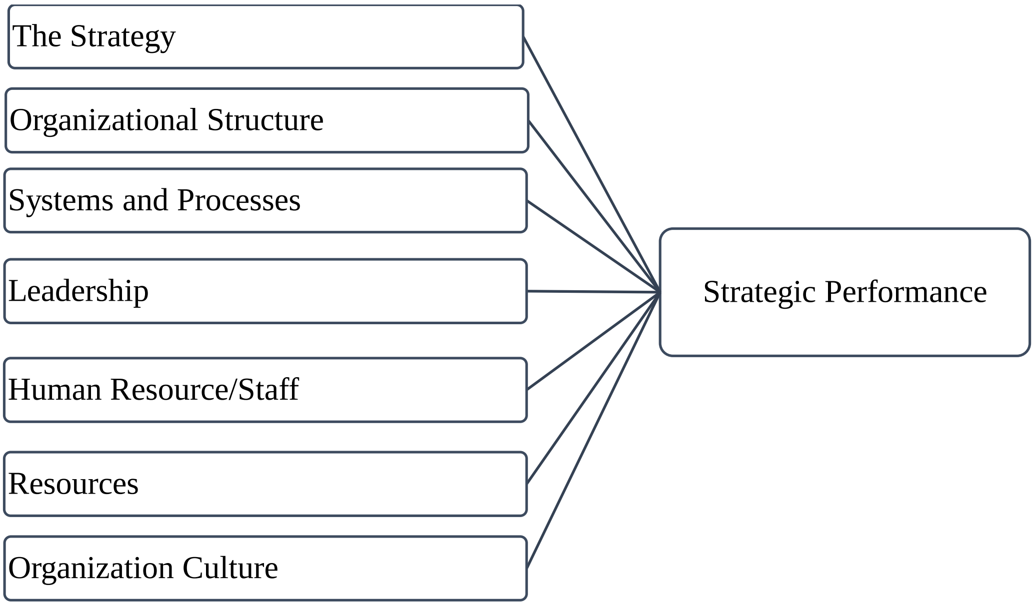

Figure 2.2 Conceptual Framework

The table below describes the operationalization of the variables. This operationalization is developed based on the literature review and it is developed to assess the degree of agreement or disagreement of employees on each variable in relation to the success of strategy implementation.

Table 2.1 Operationalization of Variables

Objective	Variable	Sources
To assess the relationship between a strategy itself and success of strategy implementation	**Strategy** • Clarity, relevance and consistency of strategic goals and objectives. • Clarity, relevance and consistency of the intended strategy and strategic initiatives.	Huggins (2005), Hrebiniak (2006), Alamsjah (2011), Beer and Eisenstat (2000), Mankins and Steele (2005)
To assess the relationship between organizational structure and success of strategy implementation	**Organizational Structure** • Existence of clear, appropriate and effective organizational structure • Alignment of organization structure with the strategy of the organization. • Maintaining a policy manual that enhances decision making, coordination and communication	Huggins (2005), Hrebiniak (2006), Ibrahim et al. (2012), Alamsjah (2011), Sull et al., (2015)

Objective	Variable	Sources
To assess the relationship between systems/processes and success of strategy implementation	**Systems and Processes** • Existence of appropriate and effective systems and processes to support strategy implementation. • Monitoring and updating of systems and processes in-line with strategic implementation. • Maintaining procedure manual as a guidance	Huggins (2005), Aaltonen & Ikavalko (2002), Okumus (2001), Mankins and Steele (2005)
To assess the relationship between leadership and success of strategy implementation	**Leadership/Management Style** • Appropriateness of leadership style for implementing strategy initiatives. • Leadership commitment and follow-up to the strategy implementation. • Competency of management for implementing strategy initiatives. • Communicating strategic plans and its implementation across the organization.	Huggins (2005), Ali & Hadi (2012) Alamsjah (2011), Hrebiniak (2006) Beer, and Eisenstat, (2000), Mbogo 2019, Timothy 2015
To assess the relationship between human resource and success of strategy implementation	**Human Resource/Staff** • Availability of capable human resource to implement strategic initiatives. • Competency of employees to implement strategic initiatives. • Commitment and participation of employees in implementing strategic initiatives. • Motivation of employees to support strategy implementation	Huggins (2005) Enos et al. (2019) Nwachukwu et al. (2019) Alamsjah (2011)
To assess the relationship between resource capability and success of strategy implementation.	**Resources** • Availability of sufficient resources (financial and physical) to implement strategic initiatives • Appropriateness of the resource planning, allocation and utilization to support the implementation of strategic initiatives.	Huggins (2005) Nwachukwu et al. (2019)
To assess the relationship between Organization Culture and success of strategy implementation	**Organization Culture** • Alignment between the values set by the organization with the vision, mission and strategic goals. • Alignment between Organization Culture and the vision, values and strategy. • Appropriateness of the organization culture for employees.	Huggins (2005), Alamsjah (2011), Sull (2015), Okumus (2001)
To assess the success of strategy implementation	**Strategic Performance** • Financial: revenue and profit growth • Customer: service quality and customer satisfaction • Internal: operational excellence and efficiency • Learning and Growth: employee development and satisfaction, building competitive advantage through continuous improvement	Huggins (2005), Erdoğan & Kaya (2014), Okumus (2001)

CHAPTER 3 : RESEARCH METHODOLOGY

This chapter presents the methodology used to examine the research problem. It describes the research design, target population, sampling design, data collection instrument and procedure, and data analysis methods.

3.1 Research Design

A research design is the arrangement of conditions for collection and analysis of data. It constitutes the blueprint for the collection, measurement and analysis of data Kothari (2004). This study is a survey that is aimed at describing the extent to which the seven factors identified in the Eight 'S' model influence the success of strategy implementation at Ethiopian Airlines. A survey is selected for the study as the nature of the study requires assessing and describing the state of the issue as it exists at present (Kothari 2004). The research paradigm that is followed in this study is positivism which claims that a truth is out there to be discovered independent of the researcher (Kothari 2004). The methodology is designed to collect sufficient quantitative data for description of the issues under consideration. The researcher has no control over the variables; it simply report what has happened or what is happening. It is cross-sectional in the sense that relevant data were collected at one point in time.

The study used a survey using a structured questionnaire as it allowed the researcher to collect large amounts of quantitative data in a highly economical way Kothari (2004). The structured questionnaires are designed to collect quantitative data. The research is designed to collect primary data from managers and team leaders of the airline. Managers and Team Leaders are selected as a primary target population since they are the appropriate employees to daily observe which factors are contributing or influencing strategy implementation at the airline. Company annual reports and other related literature are used as secondary data to guide the theoretical foundation of the study. Reports and related documents are reviewed to get supporting information related to the strategy implementation of the airline.

The quantitative data is analyzed using descriptive and inferential (correlational, and regression) analysis to investigate how the factors are affecting effective strategy implementation of the airline. The descriptive analysis is included to simply show % of respondents' saying that the individual factor influence strategy implementation. The correlation analysis is required to show the relationship between each factor and success of strategy implementation, while the regression analysis shows the contribution of each factor to the success of strategy implementation.

3.2 Target Population and Sampling Design

3.2.1 Target Population

All items in any field of inquiry constitute a Population Kothari (2004). In case of large population, considerations of time and cost almost invariably lead to a selection of respondents that is selection of only a few items. The selected respondents constitute what is technically called a sample and the selection process is called sampling technique. The survey so conducted is known as sample survey.

The target population of the study is managers and supervisors (Team Leaders) of the airline. The target population is limited to lower-level management based on the assumption that these employees have strong participation in strategy implementation and they have a better chance to detect the influence of the factors affecting strategy implementation at the airline. Successors are also expected to participate in this study representing team leaders as they usually work assuming the position in the absence of their respective team leader.

The airline has an estimate of 750 managers and supervisors in its’ headquarter at Addis Ababa Bole International Airport that can participate in this study. These target population is found in different business units of the airline and in its’ functional departments such as Human Resource, IT and Finance.

3.2.2 Sampling Design

A sample design is a definite plan for obtaining a sample from a given population Kothari (2004). It refers to the technique or the procedure the researcher would adopt in selecting items for the sample. Based on Yamane (1967) simplified sample size calculation formula, from a total of 750 managers, and supervisors, the calculated sample size is 261, at 95% confidence level and 0.05 precision levels.

The formula below is used to determine the sample size:

$$n = \frac{N}{1 + N(e^2)}$$

Where n = no is the sample size

N= is the population size, and

e = is the level of precision or sampling error

Due to the fact that the questionnaire is administered online, the sampling technique was mixed sampling design in the sense that the questionnaire is sent via email to the total population of managers, team leaders and successors. The researcher waited until sufficient number responses are received and started the analysis once 265 responses are received from random respondents. Thus sampling has provided equal probability as the questionnaire is send to the total population. It has also some a nature of convenience sampling as those respondents who have responded faster are the included in the study. Any of the random sampling is not used in this research because the acquisition, selection, and administration of the survey are very difficult and time taking due to the environment at the airline which engages these employees in time-sensitive operations. Accessing a randomly selected respondent is very difficult and administering the online questionnaire using a randomly selected respondent was also difficult as the response rate was very low. Thus the most practical and time saving techniques was used which requires sending the questionnaire to the total population and receiving responses until the required number is met.

3.3 Data Collection

The primary data for the study was collected using a self-administered online structured questionnaire that contains closed-ended questions with a five-point Likert scale. Quantitative data is considered for this study as it allows the researcher to collect data at a relatively low cost Kothari (2004). The questionnaire is designed based on the research hypothesis and the theoretical framework presented in the literature review.

The questionnaire has two sections: Part A that collected demographic information and Part B deals with the assessment of the factors affecting strategy implementation. The strategic performance of the airline is assessed to test the relationship between the factors and the success of the strategy implementation. The study measured the degree of agreement or disagreement of the respondent on each question in relation to the strategy implementation at the airline. The questions are developed based on the literature review and they are adopted from similar studies. For example, the questions about organizational structure, leadership, human resources, and resource capabilities are mainly adopted from Nwachukwu et al. (2019). Similarly, most of the questions about systems and processes, and Organization Culture are taken from Mukhalasie (2014) and Timothy (2015). The questions for strategic performance are derived from Erdoğan, and Kaya, (2014).

3.4 Validity and Reliability Tests

For a questionnaire to be regarded as acceptable, it must possess validity and reliability. Validity measures the degree to which the results from the questionnaire agree with the real world, while reliability measures the consistency of the questionnaire. A pilot study is carried out to pretest the reliability and validity of the questionnaire. According to Sheatsley (1983), it takes no more than 12–25 cases to reveal the major difficulties and weaknesses in a pretest questionnaire. Thus the pre-test is conducted using 25 respondents selected from the target population who are selected based on convenience.

3.4.2 Validity Tests

The validity of the questionnaire in this study is established by conducting both face validity, content validity and construct validity. Though the items in the questionnaire are adopted from similar studies, it is rechecked by the researcher and respondents of the pilot test to ensure clarity and to avoid confusing questions. It is also rechecked for internal consistency during the pilot study. Content and construct validity of the questionnaire is tested through the opinions of experts in the field including the researcher's supervisor to ensure that the questionnaire has captured all aspects of the topics under investigation. Each question or item on the questionnaire is checked and found logically linked with objectives. The coverage of issues are adequate and balanced.

3.4.3 Reliability Tests

The pre-test data is used to check the reliability of the questionnaire. Reliability is a measure of internal consistency and it is measured using Cronbach's alpha correlation which ranges between 0 and 1 (Kothari, 2004). The higher the value of the alpha coefficient the more reliable the data collection instruments and all coefficients above 0.7 are considered acceptable. Only constructs with a cutoff of 0.7 and greater are considered for further analysis in the study.
The results of the analysis indicated that the research constructs had all attained internal consistency as indicated by the Cronbach Alpha scores of above 0.7 as indicated below. Hence, they were utilized in the main research.

Table 3.1. Reliability Statistics

Constructs	*Cronbach's Alpha*	*No. of Items*
Strategy	0.820	4
Organizational Structure	0.861	5
Systems & Processes	0.791	4
Leadership	0.866	4
Human Resource	0.801	4
Resources	0.807	4
Organization Culture	0.861	6
Strategic Performance	0.873	6
Overall	0.937	7

3.5 Data Analysis

The study used descriptive analysis, inferential (correlation and regression) analysis for analyzing the data. The analysis is run using IBM Statistical Package for Social Science (SPSS). The data is entered into IBM SPSS and data cleaning is conducted throughout the variables. The statistical reliability of items on the questionnaire is checked using Cronbach-alpha.

The descriptive analysis has two parts. The first part summarizes percentage of respondents with regard to the extent the factors affect the strategy implementation of the airline. Key responses are also analyzed in percentages. The other part of the descriptive statistics shows the score the airline has got on each item included in the study. Descriptive analysis is used to describe the mean and standard deviation of each item.

A Pearson correlation is used to assess the relationship between the independent variables (factors) and the dependent variable which is strategy performance of the airline. The Pearson correlation coefficient is used as a measure of the relationship between the variables.

Multiple regression analysis is used to show the impact and significance of independent variables on the dependent variable. It also shows the magnitude of the relationship between factors (independent variables) and the strategic performance of the airlines (the dependent variable).The regression model was given by:

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \beta_6X_6 + \beta_7X_7 + \varepsilon$$

Where Y= Strategic Performance

X1= Strategy, X2=Organizational Structure, X3=Systems/Processes,

X4=Leadership, X5=Human Resource, X6= Resources

X7=Organizational Culture

3.6 Ethical Consideration

During data collection and interpretation avoiding bias and fulfilling research ethics is among the most important tasks in any research. This project followed both ethical and other regulations in order to maximize the reliability and validity of the research. Respondents' answers are kept anonymous and the personal view of the researchers is not included in the analysis.

Ethical considerations of confidentiality and privacy are addressed. A concerted and conscious effort is made at all times to uphold the promise. The researcher clearly informed the respondents the purpose of the study is for academic purposes. A guarantee is given to the respondents that their responses will not be used for any other purpose other than for the research. The researcher didn’t personalize any of the responses of the respondents during data presentations, analysis, and interpretation. Finally, all the materials that are used for this research are well acknowledged.

CHAPTER 4 : DISCUSSION, ANALYSIS AND INTERPRETATIONS

This chapter of the study deals with the presentation of the research results and findings. The purpose of this study was to assess the factors affecting strategy implementation at Ethiopian Airlines. The study relied on both descriptive and inferential analysis. The results and findings are presented in line with the research objectives. Finally, a summary of the chapter is presented.

4.1 General Information

The study established the background information of the respondents as presented below. These general data is included here only to show the profile of respondents participated in the study.

Table 4.1. Respondents' General Information

No	Item	Respondent Category	Frequency	Percentage
1	Gender	Female	75	28.3%
		Male	190	71.7%
2	Age	< 25 years	54	20.4%
		25 - 35 years	146	55.1%
		36 - 45 years	51	19.2%
		> 45 years	11	5.3%
3	Work Experience in the Organization	< 5 years	68	25.6%
		5 – 10 years	116	43.8%
		11 - 15 years	63	23.8%
		> 15 years	18	6.8%
4	Current Position	Manager	31	11.7%
		Team Leader	159	60%
		Successor	75	28.3%
5	Work Experience on the Current Position	< 3 years	139	52.3%
		3 – 5 years	103	38.9%
		6 - 10 years	21	7.9%
		> 10 years	2	0.8%
6	Education Level	College Diploma	2	0.8%
		First Degree	207	78.1%
		Masters and above	55	20.8%
		Others	1	0.4%

With regard to the gender of the respondents, close to three-fourth (71.7%) of managers and team leaders are male. Similarly three-fourth (75.5%) of the respondents is below 35 years old. This is due to the fact that the airline has employed many young employees in the past ten years to support its fast growth. The work experience data shows similar information, almost three-fourth (69.4%) of the respondents have a work experience of less 10 years. This indicates that the airline has a young workforce that has joined the airline in the past ten years. More than 88.3% of the respondents participated in the study are team leaders and their successors. Most of the respondents, 91.2% had worked on the current position for less than 5 years. Almost all (98.8%) of the respondents has a university degree. This shows that the airline has a staff with higher education qualifications and this could imply that they are able to identify the factors that influence strategy implementation at the airline and therefore are a useful resource to this study.

4.2 Descriptive Analysis

The research was conducted to assess the factors affecting strategy implementation at Ethiopian Airlines. Seven factors are included in this study: strategy, organization structure, systems and processes, leadership, human resource, resources, the organization culture. The study found the following descriptive data for the seven factors (independent variables) and strategic performance of the airline (the dependent variable in this study). The research data was coded and analyzed using frequencies, percentages, means and standard deviation as presented in the below.

4.2.1 The Extent the Factors Influencing Strategy Implementation

Respondents were asked to indicate the extent each factor influence strategy implementation of the airline. The results are as summarized in the Table 4.2.

Table 4.2. Response on the Extent the factors Influence Strategy Implementation

No	Item	Response Category	Frequency	Percentage
1	To what extent do you think the clarity, consistency and relevance of strategic initiatives affect strategy implementation at the airline?	To a very great extent	86	32.5%
		Great extent	166	62.6%
		Moderate extent	12	4.5%
		Little extent	0	0%
		Not at all	1	0.4%
2	To what extent do you think appropriateness and effectiveness of organizational structure affects strategy implementation at the airline?	To a very great extent	49	18.5%
		Great extent	195	73.6%
		Moderate extent	20	7.5%
		Little extent	1	0.4%
		Not at all	0	0%

No	Item	Response Category	Frequency	Percentage
3	To what extent do you think the appropriateness and effectiveness of systems and processes affect strategy implementation at the airline?	To a very great extent	49	18.5%
		Great extent	195	73.6%
		Moderate extent	20	7.5%
		Little extent	1	0.4%
		Not at all	0	0%
4	To what extent do you think the leadership style, competency and commitment affects strategy implementation at the airline?	To a very great extent	49	18.5%
		Great extent	195	73.6%
		Moderate extent	20	7.5%
		Little extent	1	0.4%
		Not at all	0	0%
5	To what extent do you think the capability, competency and commitment of human resource affect achievement of the strategic goals and objectives?	To a very great extent	35	13.2%
		Great extent	218	82.3%
		Moderate extent	9	3.4%
		Little extent	1	0.4%
		Not at all	2	0.8%
6	To what extent do you think the resource capability and allocation affects strategy implementation at the airline?	To a very great extent	33	12.5%
		Great extent	207	78.1%
		Moderate extent	23	8.7%
		Little extent	1	0.4%
		Not at all	1	0.4%
7	To what extent do you think the organization culture affects strategy implementation at the airline?	To a very great extent	67	25.3%
		Great extent	190	71.7%
		Moderate extent	6	2.3%
		Little extent	1	0.4%
		Not at all	1	0.4%

Almost all of the respondents (95.1%) showed that clarity, consistency and relevance of strategic initiatives affects success of strategy implementation to a great extent and to a very great extent. 92.1% of the respondents showed that appropriateness and effectiveness of organizational structure affect the success of strategy implementation to a great extent and to a very great extent. The result is similar to all the remaining factors. 77.7% of the respondents showed that appropriateness and effectiveness of systems and processes affect the success of strategy implementation to a great extent and to a very great extent. Leadership style, competency and commitment are indicated by 97.4% of the responders as a factor influencing the success of strategy implementation to a great extent and to a very great extent. The respondents showed that capability, competency and commitment of the human resources affect the success of strategy implementation as indicated by 95.5%. Similarly 90.6% of the respondents showed that resource capability and allocation influence strategy implementation to a great extent and to a very great extent while 97.0% of the respondents indicated that organizational culture influences strategy implementation to a great extent and to a very great extent. This results shows that managers and team leaders of the airline are affected by these seven factors while they implement strategy of the airline. Leadership followed by culture, human resource and strategy are considered by the respondents as the most influencing factors while systems and processes is considered to relatively lower effect. The descriptive statistics summarized in table 4.2 are more or less in agreement with results of similar studies such as Mukhalasie (2014), Timothy (2015), and Mbogo (2019).

4.2.2 Evaluation of the Factors and Strategic Performance of the Airline

The seven factors (independent variables) and the strategic performance (the dependent variable) are evaluated by the respondents and the results and findings are as presented below. Minimum score is 1 showing poor achievement and the maximum is 5 which show an excellent achievement in that area. An average achievement is 3 that show an average achievement on the item.

Table 4.3. Evaluation of the Airline Strategy

	Mean	Std. Dev.
The vision, mission and values of the airline are clearly articulated and they are inspiring and motivating.	4.61	.504
The strategic goals and objectives of the airline are clear, measurable, realistic and relevant to the airline vision and mission.	4.11	.539
The strategic goals and objectives of the airline provide clear and tangible guidance to employees.	3.65	.610
The strategic initiatives are clear, consistent and relevant to the mission, vision, values and goals of the airline.	3.98	.529
Group Average - Strategy of the airline	**4.08**	**0.442**

The research sought to investigate the clarity, consistency and relevance of the airline strategy to the vision, mission, values and goals of the airline. The results showed that the overall achievement is a very good one and majority of the respondents strongly agreed that the strategy is clear, consistent and relevant to the vision, mission, values and goals of the airline. The airline scored relatively lower in providing clear and tangible guidance to employees with regard to its strategic goals and objectives.

Table 4.4. Evaluation of the Organizational Structure at the Airline

	Mean	Std. Dev.
The organizational structure is appropriate for effective decision making.	3.95	.629
There are clear reporting lines in which responsibilities of key employees and the key tasks are clearly defined.	4.28	.543
The organizational structure adequately supports strategy implementation at the airline.	3.84	.597
The airline policy manual enhances effectiveness and efficiency.	3.85	.601
The organizational structure is suitable for free flow of information essential to strategy implementation.	3.48	.680
Group Average - Organizational structure of the airline	**3.88**	**.490**

The research sought to investigate the appropriateness and effectiveness of the organizational structure of the airline. The overall result is a good achievement and this means majority of the respondents agreed that the organizational structure of the airline is appropriate and effective. The airline scored relatively lower with regard to the suitability of its organizational structure for free flow of information.

Table 4.5. Evaluation of the Systems and Processes at the Airline

	Mean	Std. Dev.
There are appropriate and effective systems and processes at the airline are aligned to strategic initiatives and realities.	3.78	.577
Systems and processes at the airline are well organized, monitored and updated to support implementation of strategic initiatives.	3.49	.616
The airline maintains up-to-date procedure manuals to guide the day to day activities of all processes that impacts the strategy implementation.	3.72	.625
The organization has systems and process that ensures high performance and ethical behaviors.	3.61	.587
Group Average - Systems and processes of the airline	**3.65**	**.479**

The research sought to investigate the appropriateness and effectiveness of the systems and processes of the airline. The overall result is a bit above average. This means that majority of the respondents are neutral with regard to appropriateness and effectiveness of the systems and processes of the airline.

Table 4.6. Evaluation of the Leadership at the Airline

	Mean	Std. Dev.
The leadership style is appropriate and effective in implementing strategic initiatives.	3.63	.669
There is a strong commitment and continuous follow-up from the top management to the implementation of strategic initiatives.	4.39	.606
The top management communicates strategic plans effectively and provides adequate directions across the airline.	3.83	.737
The leaders are competent enough in managing organizational change and implementation of strategic initiatives.	3.92	.636
Group Average - Leadership of the airline	**3.94**	**.564**

The research sought to investigate the appropriateness and effectiveness of the leadership of the airline. The overall result is a good achievement. This means that majority of the respondents agreed that the leadership of the airline is appropriate and effective.

Table 4.7. Evaluation of the Human Resource at the Airline

	Mean	Std. Dev.
The airline human resource is capable to manage and implement the current strategic initiatives.	4.14	.492
The employees of the airline are well trained and competent to plan, manage and implement strategic initiatives.	3.53	.707
The employees have a strong commitment and active participation in developing and implementing the strategy.	4.00	.648
Employees are motivated towards the achievement of the airline strategic objectives.	3.43	.642
Group Average –Human Resource of the airline	**3.77**	**.497**

The research sought to investigate the capability, competency and commitment of the human resource of the airline. The overall result is above average. This means that majority of the respondents somehow agreed that the human resource at the airline is capable, competent and committed to the implement the strategic initiatives. Relatively the airline scored lower in employees' motivation towards the achievement of strategic objectives.

Table 4.8. Evaluation of the Resources of the Airline

	Mean	Std. Dev.
The airline has sufficient financial resources to execute strategic initiatives.	3.54	.583
The core competencies of the airline are aligned to execute strategic initiatives.	3.87	.570
The allocation of key resources is aligned with the strategy of the airline.	3.98	.603
The airline identifies and continuously develops its resources and capabilities to support implementation of its strategic initiatives.	3.51	.622
Group Average - Resource of the airline	**3.73**	**.480**

The research sought to investigate resource capability and allocation of the airline. The overall result is above average. This means that majority of the respondents somehow agreed that the resource capability and allocation is appropriate to the achievement of the airline's strategic objectives.

Table 4.9. Evaluation of the Organization culture at the Airline

	Mean	Std. Dev.
The values set by the airline are appropriate and aligned to the vision, mission and strategic initiatives.	4.30	.555
The Organization Culture is aligned with the vision, values and strategy.	3.63	.571
Employees of the airline understand the value system of the airline and they operate smoothly within it.	3.38	.585
The shared values help the airline to satisfy customers and create value for the airline.	3.63	.529
People in the airline feel respected and work with minimal supervision.	3.08	.724
The airline provides a great work experience to its staff and partners.	3.67	.598
Group Average –Organization Culture of the airline	**3.62**	**.458**

The research sought to investigate the appropriateness of the organizational culture of the airline. The overall result is a bit above average. This means that majority of the respondents are somehow neutral with regard to the organization culture is moderately appropriate to the achievement of the airline strategic objectives. The airline has scored relatively lower on making employees feel respected and work with minimal supervision. Employees showed that their understanding of the value system of the airlines is relatively lower and that is not helping them to operate smoothly.

Table 4.10. Evaluation of the Strategy Performance of the Airline

	Mean	Std. Dev.
The airline is successfully achieving its corporate strategic goals of becoming a leading and most competitive diversified aviation group in Africa.	4.46	.507
The airline is achieving its fast and profitable growth goals as planned in its strategy.	4.56	.513
The airline is becoming the most competitive airline in Africa delivering quality and customer focused service at a reasonable price as planned in its strategy.	4.15	.527
The airline is improving its operational excellence and efficiency goals through continuous improvement systems.	3.65	.560
The airline is improving employees' satisfaction and productivity through employee development programs.	3.30	.668
The airline is improving its competitive advantages through automation and continuous improvement process.	4.00	.606
Group Average –Strategic Performance of the airline	**4.02**	**.446**

The research sought to investigate the strategic performance of the airline. The overall result is a good achievement. This means that majority of the respondents strongly agreed that the airline has achieved its strategic goals and objectives. The airline has scored relatively a lower in improving employees' satisfaction and productivity through employee development programs.

4.2.3 Group Averages of the Factors and Strategic Performance

The study found the following means and standard deviation for the seven factors and the dependent variable- strategic performance of the airline. The lowest mean is that of systems and processes while the highest is that of the leadership. Looking into the evaluation resuts one can see that that the airline is doing well on most of the factors. The mean for its strategic performance is 4.01 which is quite above the average value 3.0, this indicates that the airline has achieved a very good results as a result of its strategy implementation. Huggins (2005) argues that alignment of the seven factors results in successful strategy implementation and the result below seems to agree with the argument in Huggins (2005).

Table 4.11. Summary of Group Averages

Variables	Mean	Std. Dev.
Group Average –Strategy of the airline	4.08	.442
Group Average –Structure of the airline	3.88	.490
Group Average –Systems and Processes of the airline	3.65	.479
Group Average –Leadership of the airline	3.94	.564
Group Average –Human resources of the airline	3.77	.497
Group Average –Resources of the airline	3.73	.480
Group Average –Culture of the airline	3.62	.458
Group Average –Strategic Performance of the airline	4.02	.446

The result shows that the airline has high scores on strategy, leadership followed by organizational structure. In comparison, the airline scored medium scores in human resources and its resource capability and allocation. Its scores are relatively lower for systems and organizational culture. This finding indicates that the airline has demonstrated strengths relatively in formulating clear, relevant and consistent strategy, on its leadership and in setting up its organizational structure. However, the airline needs to somehow work harder on other areas which include resource planning and allocation, developing and motivating its human resources, monitoring and up-dating its systems and processes, and more importantly, the organization culture needs strong attention from the airline management.

4.3 Inferential Analysis

Pearson's correlation analysis was used to assess the relationship between the variables while regression analysis was used to determine the predictive power of the variables on strategic performances of the airline.

4.3.1 Correlation Analysis

The main objectives of the study were to assess the test relationship between the seven factors considered in this study with the success of strategic implementation which is observed through the strategic performance of the airline. To determine the relationship between the independent variables (the factors) and the dependent variable (the strategic performance), the study adopted Pearson's correlation analysis which is conducted at 95% confidence interval and 5% confidence level 2-tailed. The table below indicates the correlation matrix between the seven factors and strategy implementation. The findings are as presented in the below table.

Table 4.12. Pearson's Correlation Coefficients

		Strategic Performance	Strategy	Structure	Systems & Processes	Leadership	Human Resource	Resources	Org. Culture
Strategic Performance	Pearson Correlation Sig. (2-tailed)	1	.677** .000	.765** .000	739** .000	795** .000	.725** .000	.728** .000	.774** .000
Strategy	Pearson Correlation Sig. (2-tailed)		1	.722** .000	.643** .000	.618** .000	.523** .000	.583** .000	.600** .000
Structure	Pearson Correlation Sig. (2-tailed)			1	.751** .000	.780** .000	.706** .000	.672** .000	.686** .000
Systems and Processes	Pearson Correlation Sig. (2-tailed)				1	.753** .000	.696** .000	.678** .000	.744** .000
Leadership	Pearson Correlation Sig. (2-tailed)					1	.714** .000	.689** .000	.694** .000
Human Resource	Pearson Correlation Sig. (2-tailed)						1	.699** .000	.677** .000
Resources	Pearson Correlation Sig. (2-tailed)							1	.704** .000
Org. Culture	Pearson Correlation Sig. (2-tailed)								1
**. Correlation is significant at the 0.01 level (2-tailed).									

According to Bruce (2009), correlation coefficient values between 0 and 0.3 indicate a weak linear relationship; values between 0.3 and 0.7 indicate a moderate linear relationship while values between 0.7 and 1.0 indicate a strong linear relationship.

The results of the correlation analysis revealed a positive correlation between the seven factors considered in the study and the strategic performance of the airline with leadership having the strongest followed by organizational culture and organizational structure. The correlation coefficient with regard to hypothesis H1 indicates that there is a positive relationship (0.677) between clarity, relevance and consistency of the strategy and the strategic performance of the airline. This correlation coefficient shows a moderate relationship and it is also supported by the descriptive statistics in this study that revealed 95.1% of respondents agreed that clarity, relevance and consistency of the strategy influence the success of strategy implementation to a great and very extent. This result is supported by Hrebiniak (2006) which has indicated that a poor or vague strategy is found to be one of the top five obstacles to strategy implementation. It is also supported by Alamsjah (2011) who revealed that clear strategy is correlated to successful strategy execution.

The results obtained with regard to H2 indicated existence of a strong positive relationship (0.765) between organizational structure and the strategic performance of the airline. A supportive result is also observed on the descriptive analysis of this study which has shown 92.1% of respondents indicated that organizational structure influences the successful implementation of a strategy to a great and very extent. This result is in agreement with the survey by Hrebiniak (2006) which has indicated that factors relating to the organizational structure are the most critical implementation barrier. This empirical result is also supported by Alamsjah (2011) and Mukhalasie (2014) who revealed that organizational structure is highly correlated to successful strategy execution.. Olson et al. (2005) has found substantial evidence that shows organizational structure strongly influences performance. There are studies reported weaker relationship between organizational structure and strategy implementation Radomska (2014) and Mbogo (2019).

The result obtained on hypothesis H3 indicates existence of a strong positive relationship (0.739) between appropriateness and effectiveness of systems and process, and the strategic performance of the airline. This result is also observed on the descriptive statistics that showed 77.7% of respondents indicated that systems and processes influence the successful implementation of a strategy to a great and very extent. This result is supported by Mukhalasie (2014) which has found out that organization process is positively correlated (0.606) with strategy implementation in Kenya Commercial Bank. However the result in Radomska (2014) showed a weak relationship between the use of formal systems for strategy implementation and the outcomes achieved by the companies.

The results obtained on hypothesis H4 revealed existence of a strong positive relationship (0.795) between the competency, commitment and style of the leadership and the strategic performance of the airline. This result is also observed on the descriptive statistics of this study that showed 97.4% of respondents indicated that leadership influences the successful implementation of a strategy to a great and very extent. Bett (2018) revealed that most respondents (85.4%) believe leadership style has a significant impact on strategy implementation. Radomska (2014) has also showed a moderate relationship (0.36) leadership and the results achieved by the company.

The results obtained for hypothesis H5 indicate the existence of a strong positive relationship (0.725) between the capability, competency and commitment of the human resource and the strategic performance of the airline. This result is also observed on the descriptive analysis that shows 95.5% of respondents indicated that human resource influence the successful implementation of the strategy to a great and very extent. Enos et al. (2019) identified human resource as one of the relevant factors affecting strategic performance for the airline industry in Kenya.

The results obtained when testing hypothesis H6 indicate existence of a strong positive relationship (0.728) between the resources capability and allocation and the strategic performance of the airline. This result is also observed on the descriptive analysis that shows 90.6% of respondents indicated that resources influence the successful implementation of a strategy to a great and very extent. Mbogo (2019) found a significant correlation between resource capability and the financial performance of Kenyan commercial banks. Selamawit (2012) revealed that physical capital accumulation is one of the major determinants for the success of Ethiopian Airlines.

The results obtained for testing hypothesis H7 indicate existence of a strong positive relationship (0.774) between the organizational culture and the strategic performance of the airline. This result is also observed on the descriptive analysis that shows 97.0% of respondents indicated that organizational culture influences the successful implementation of a strategy to a great and very extent. Mukhalasie (2014) indicated a similar result that showed organization culture influences strategy implementation to a great extent.

The Pearson correlation results have also revealed that there is a positive relationship between the seven factors themselves which ranges from 0.523 (moderate) to 0.780 (strong) positive relationships. It can be concluded that leadership, organizational structure and systems and processes were found to have a stronger relationship with each other. This is acceptable as the factors are related and affect one another.

4.3.2 Multiple Regression Analysis

The main aim of the study was to assess the relationship between the factors affecting strategy implementation and strategic performance of the airlines. The correlation analysis results showed a statistically significant relationship between all the seven factors and the strategic performance of the airline. In this section, the results from a multiple linear regression analysis are presented. It is conducted to determine the value of R Square which shows the significance of independent variables all together on the dependent variable. It also shows the magnitude of the relationship between factors (independent variables) and the strategic performance of the airlines (the dependent variable). The coefficients explain the extent to which changes in the dependent variable can be explained by the change in the independent variables or the percentage of variation in the dependent variable (strategy implementation) that is explained by all the independent variables.

Regression Results

Regression analysis was conducted to investigate the extent to which affects the strategy performance of the airline. The regression analysis is conducted on SPSS Version 20 and the results are presented below.

Table 4.13. Regression Model Summary

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.878[a]	.771	.765	.2163

a. Predictors: (Constant), Organization Culture, Strategy, Human Resource, Resources, Leadership, Systems and Processes, Organizational Structure

The seven independent variables that were studied, explain only 77.1% of the factors influencing strategy implementation at the airlines as represented by the R2. This means that other factors not studied in this research contribute to 22.9% of strategy implementation. Therefore, further research can be conducted to establish the factors contributing to the remaining 22.9%.

Table 4.14. ANOVA Results

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	40.457	7	5.780	123.559	.000[b]
	Residual	12.021	257	.047		
	Total	52.479	264			

a. Dependent Variable: Strategic Performance

b. Predictors: (Constant), Organization Culture, Strategy, Human Resource, Resources, Leadership, Systems and Processes, Organizational Structure

The significance value is 0.000 which is less than 0.01 thus the model is statistically significance in predicting how the seven factors all together influence the strategic performance of the airlines. The $F(7,265)$ critical at 1% level of significance is 2.64. Since F calculated (123.559) is greater than the F critical value, this shows that the overall model is significant.

Regression Model - Coefficients of Determination

The research further sought to examine the coefficients and the statistical significance of the effect of the variables on the strategic performance of the airline. Except for the coefficients of two factors (organizational structure and systems/Processes), all the other coefficients are statistically significant at 0.05 level. The coefficients of the strategy, leadership and organization culture are significant even at 0.01 level. The regression results showed that organizational culture is the most influencing factor with a coefficient of 0.251 followed by leadership (0.220) and the strategy itself (0.144).

Table 4.15. Regression Model - Coefficients

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.473	.134		3.545	.000		
	Strategy	.144	.045	.143	3.162	.002	.439	2.279
	Organizational Structure	.089	.053	.098	1.673	.096	.258	3.877
	Systems and Processes	.011	.051	.012	.218	.828	.294	3.397
	Leadership	.220	.044	.278	5.034	.000	.293	3.415
	Human Resource	.108	.045	.121	2.426	.016	.360	2.780
	Resources	.105	.045	.113	2.321	.021	.375	2.665
	Organization Culture	.251	.049	.258	5.089	.000	.347	2.885

a. Dependent Variable: Strategic Performance

As per the SPSS generated table above, the equation

$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \beta_6X_6 + \beta_7X_7 + \varepsilon$ becomes:

$$\boldsymbol{Y = 0.473 + 0.144X_1 + 0.089X_2 + 0.011X_3 + 0.220X_4 + 0.108X_5 + 0.105X_6 + 0.251X_7 + \varepsilon}$$

The regression equation above has established that taking all factors into account constant at zero, the result for strategy performance will be 0.473. The findings presented also shows that taking all other independent variables at zero, a unit increase in strategy will lead to a 0.144 increase in strategy performance while a unit increase in leadership will result in a 0.220

increase in strategy performance and a unit increase in organization culture will lead to a 0.251 increase in strategy performance. It can be interpreted for other factors similarly.

Comparing the regression results with similar studies, we can say that the results agree with other studies with certain differences on some variables. For example similar to this study, organizational culture is found to be the most influencing factor in Mukhalasie (2014). Leadership is the second most contributing factor and this factor is found to be the most influencing factor in Mbogo (2019) which studied three factors (Management Competency, Resource Capability and Structure). The coefficient of resource in Mbogo (2019) is almost same as the result in this study. Similarly the results of the regression analysis somehow agrees with the limited studies found the area. The only result that is found not supported by similar studies is coefficients of organizational structure and systems/processes. These two factors are found to be significant in Mukhalasie (2014). Organizational structure is found to significant in Mbogo (2019). This shows that coefficients of the two factors (structure and systems/processes) are insignificant in this study as there are other variables strongly correlated with them and caused moderate multicollinearity problem.

4.4 Chapter Summary

This chapter presents the results and findings of the study. Findings are presented in descriptive statistics, correlation coefficients and regression results. The chapter presented the results aligned to the research objectives. It has described that the majority of the respondent indicated that the seven factors influence the strategy performance of the airline to a great extent. The correlation coefficients were found to be statistically significant and positive showing a moderate to a strong relationship between the seven factors and the strategic performance of the airline. Finally, the regression results are presented which showed the extent to which each factor affects the strategy performance of the airline. Organizational culture with a coefficient of 0.251 followed by leadership (0.220) and the strategy itself (0.144) are found to be the most influencing factor.

CHAPTER 5 : SUMMARY, CONCLUSION AND RECOMMENDATION

This chapter summarizes the key findings and presents the conclusion and recommendations based on the findings. The purpose of this study is to assess factors affecting strategy implementation at Ethiopian Airlines. The chapter is organized according to the research questions. The chapter begins by providing a summary of the findings presented in chapter four in a manner that answers the research questions and secondly compares these findings with the previous studies that are presented in chapter two of this study. Finally, it presents the major conclusions and recommendations for further studies.

5.1 Summary of Findings

The general objective of the study was to assess the factors that influence strategy implementation at Ethiopian Airlines. The research questions were developed to study the relationship between the seven factors identified in Eight 'S' models by Huggins (2005) and the success of the strategy implementation of the airline which is represented in terms of its strategic performance. The airline was considered in this study as it has been found to be the most profitable and fast-growing African airline which by implementing its fifteen-year strategy plan. This survey research was conducted using 265 managers and team leaders of the airlines that are selected from an estimate of 750 managers and team leaders working at the headquarters of the airlines. Primary data was collected using structured questionnaires that are administered online. Data were analyzed using descriptive analysis and inferential analysis as presented in chapter four. Descriptive analysis is characterized by frequency, mean, percentages and standard deviation. Pearson's Correlation and linear regression analysis are used in drawing inferences about the relationship between the factors and the strategic performance of the airline. The strategic performance represents the success of strategy implementation at the airline.

The findings of the study on the relationship between the seven factors and the strategic performance of the airline revealed that the majority of the respondents indicated that the factors influence the strategic performance to a great and very great extent. The result shows 95.1% of the respondents (mean 4.27, standard deviation 0.577) indicated that strategy itself influences strategic performance to a great and very great extent while it is 92.1% (mean 4.10 and standard deviation 0.516) for organizational structure and 77.7% (mean 3.82 and standard deviation 0.507) for systems and processes. The results showed that 97.4% of the respondents (mean 4.31 and standard deviation of 0.587) agreed that leadership influences strategic performance to a great and very great extent. This data is 95.5% (mean 4.07 and standard deviation of 0.495) for the influence of human resource while it is 90.6% (mean 4.02 and standard deviation of 0.511) for the influence of resource capability and allocation. About 97.0% indicated that organizational culture influences the strategic performance of the airline to a great and very great extent with a mean of 4.21 and standard deviation 0.530).

Respondents showed that the strategy is clear, relevant and consistent as indicated by a mean of 4.08 and standard deviation of 0.442. The organizational structure of the airline is considered to be appropriate and effective as indicated by a mean of 3.88 and a standard deviation of 0.490. The result with regard appropriateness and effectiveness of the systems and processes of the airline is found to be with a mean of 3.65 and a standard deviation of 0.479. Respondents agreed that the leadership of the airline is appropriate, committed and competent as indicated by a mean of 3.94 and a standard deviation of 0.564. The result shows that the human resource of the airline is somehow competent and committed as indicated by a mean of 3.77 and a standard deviation of 0.497. The resources capability and allocation of the airline are found to be appropriate and planned as indicated by a mean of 3.73 and standard deviation of 0.480. Results also showed that the organizational culture of the airline is somehow appropriate and aligned with the strategy as indicated by a mean of 3.62 and a standard deviation of 458. The result of this study shows that the airline has done well on formulating clear, relevant and consistent strategy, on its leadership and on structuring the organization. It has demonstrated lower results on creating an appropriate organizational culture and establishing appropriate systems and processes.

The results of the correlation analysis indicate a positive and statically significant correlation between all the factors and the strategic performance of the airline even at 0.01 level of confidence. The strategic performance is found to have a Pearson correlation coefficient of 0.677 with strategy, 0.765 with organizational structure, 0.739 with systems and processes, 0795 with leadership, 0.725 with human resource, 0.728 with resources planning and allocation, and 0.774 with organizational culture.

The linear regression analysis showed that the seven independent variables that were studied, explain 77.1% of the factors influencing the strategic performance of the airlines. The model is statistically significance even at a level of 0.01 with F value of 123.559 which above the critical value at 1% level of significance. All the coefficients except the two coefficients (that of the organization structure and that of the systems and processes) are statistically significant at 0.05% level of confidence. The moderate collinearity problem must have contributed for the insignificance of these two coefficients.

5.2 Conclusions

The study sought to determine the relationship between the seven factors identified in the Eight ‘S’ model by Huggins (2005) and strategic implementation at Ethiopian Airline. Based on the descriptive statistics, it is pertinent to conclude that all the seven factors considered in the study influence strategy implementation to a great extent. This is apparent as the majority of the respondents (77.7% to 97.4%) indicated that all the seven factors considered in the study influence strategy implementation to a great and very great extent. This result is in agreement with Hrebiniak (2006) which revealed that a poor or vague strategy as one of the top five obstacles to strategy implementation. The airline has done relatively well on formulating clear, relevant and consistent strategy, on its leadership and structuring the organization. It has demonstrated lower scores on creating an appropriate organizational culture and establishing appropriate systems and processes. The performance of the airline is moderate with regard to resource capability and allocation as well as its human resource capability and commitment.

The study aimed to determine the relationship between the seven factors identified in the Eight ‘S’ framework by Huggins (2005) and the success of strategy implementation at Ethiopian Airlines. To these objectives, the study concluded that all the seven factors considered in the study are related to the success of strategy implementation at the airline. This is evidenced by the Pearson correlation coefficients that showed a positive relationship between all the seven factors and the strategic performance of the airline. Leadership was found to have the strongest relationship with the strategic performance of the airline followed by organizational culture and organizational structure. The established a moderate and positive relationship (0.677) between the clarity, relevance and consistency of the strategy and the strategic performance of the airline. This is in agreement with Alamsjah (2011) that revealed clear strategy is highly correlated to successful strategy execution. This indicates that clarity, relevance and consistency of the strategy affect the success of the strategy implementation.

The study has established a strong and positive relationship (0.765) between organizational structure and the strategic performance of the airline. Thus the study concludes that organizational structure influences the success of strategy implementation. This supports the finding by Hrebiniak (2006) which has indicated that factors relating to the organizational structure are the most critical implementation barrier. Olson et al. (2005) has also found substantial evidence that shows organizational structure strongly influences performance.

The study concluded that the systems and processes of the organization are related to the success of strategy implementation. This is revealed by a strong and positive relationship (0.739) between the appropriateness and effectiveness of systems and processes, and the strategic performance of the airline. This result is supported by Radomska (2014) that showed a positive relationship between the use of formal systems for strategy implementation and the outcomes achieved by the companies. This result is also supported by Okumus (2001) who argues that aligning processes with strategy content and organizational context is essential to achieve the expected outcomes.

The study has established a strong and positive relationship (0.795) between the competency, commitment and style of the airline leadership and the strategic performance of the airline. Thus the study concludes that leadership strongly influences the success of strategy performance. Ali & Hadi (2012) supports this result as it has found out that the top management and leadership behavior affect the success of implementing of strategy. Bett (2018) has also revealed that most respondents (85.4%) believe leadership style has a significant impact on strategy implementation.

A strong and positive relationship (0.725) is found between the capability, competency and commitment of the human resource and the strategic performance of the airline. Based on this evidence, the study concluded that competency and commitment of the human resource influence success of strategy implementation. Results in Alamsjah (2011) found out that employees' competency and commitment correlated with the success of strategy implementation. Enos et al. (2019) has also identified human resource as one of the relevant factors affecting strategic performance for airlines industry in Kenya.

A strong and positive relationship (0.728) is revealed between resources and the strategic performance of the airline. This shows that resources influence the success of strategy implementation. Supporting this result is Mbogo (2019) who found a significant correlation between resource capability and the financial performance of Kenyan commercial banks. Nwachukwu et al. (2019) revealed a positive relationship between financial resources and the strategic performance of telecommunication firms. The result is also supported by Selamawit

(2012) who revealed that physical capital accumulation is one of the major determinants for the success of Ethiopian Airlines.

The study has also established a strong and positive relationship (0.774) between the organizational culture and the strategic performance of the airline. It is evident to conclude that organizational culture influences the success of strategy implementation. There are studies supporting this result. Alamsjah (2011) revealed that corporate culture is highly correlated to successful strategy execution. Mukhalasie (2014) indicated a similar result that showed organizational culture influences strategy implementation to a great extent.

The study conducted a multiple regression analysis that has fulfilled the assumptions. The model is found statistically significant even at 0.01 level. The regression results indicated that 77.1% ($R2=.771$) of the variations in the airline strategic performance are determined by the seven factors considered in this study. Thus the airlines should leverage their effort further on the seven factors considered in the study as they are found to determine 77.1% of the strategic performance of the airline. Except for the coefficients of two factors (organizational structure and systems/Processes), all the other coefficients are statistically significant at 0.05 level. Based on the regression result, organization culture is the most influencing factor with a coefficient of 0.251 followed by leadership (0.220) and the strategy (0.144). The airline would further improve its strategic performance by improving appropriateness and effectiveness of the seven factors considered in this study giving special emphasis on organization culture, leadership and strategy formulation, which are found to be the factors strongly affecting the strategic performance of the airline.

5.3 Recommendations

The management of the airline should continue giving the required attention to all the seven factors studied here as they are found highly related to the strategic performance of the airline. The findings showed that the airline has relatively lower scores with regard to the appropriateness and effectiveness of its systems and processes and also on the appropriateness of its organizational culture. Thus the airline needs to improve its effort in monitoring and up-dating its systems and processes, and more importantly, the organizational culture needs strong attention from the management. The airline has scored moderate results on two areas: availability and allocation of resources and management of its human resources and the researcher recommends certain changes to be made in these areas too. The airline has demonstrated relatively better strengths in formulating clear, relevant and consistent strategy, on its leadership and in setting up the appropriate organizational structure and the researcher recommends maintaining its strength in these three areas.

Base on the regression result, the airline would significantly improve and sustain its strategic performance if a special emphasis on improving its organizational culture, enhancing its leadership, and further improving clarity, relevance and consistency of its strategy as these are found to be the leading factors in affecting the strategic performance of the airline.

5.4 Implications and Future Research

This thesis covered seven factors affecting strategy implementation that are identified in the Eight ‘S’ framework by Huggins (2005). The study revealed that all the seven factors are related to the success of strategy implementation at the airline. According to the correlation analysis, all the seven factors are important to the success of strategy implementation. The regression results have also indicated that all the seven factors, except organizational structure and systems/processes, significantly contribute to the success of strategy implementation.

The findings of this study can be used to justify conducting further research on other organizations focusing on these seven factors affecting strategic implementation. Organization will have unique features and thus conducting a similar study on other organization will reveal additional empirical results.

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APPENDIX

Appendix 1. Survey Questionnaire

Addis Ababa University

College of Business and Economics

MBA Program

Dear respondent,

This questionnaire is prepared for the purpose of academic study that will be presented to College of Business and Economics, Addis Ababa University as a partial fulfillment to the requirements for the master of Business Administration (MBA). It is designed to assess factors affecting strategy implementation at Ethiopian Airlines.

Kindly request you to complete this questionnaire. Your honest opinion will be kept strictly confidential and it will be used for academic purpose only. I would like to appreciate your prompt response on the following questions.

Mihret Tesfaye

Student Researcher at Addis Ababa University, College of Business and Economics

Email address Mihret.tesfaye@aau.edu.et

SECTION A: BACKGROUND INFORMATION

1. Gender Male: ☐ Female: ☐
2. Kindly indicate your age bracket:

   ≤ 25 years ☐ 26 to 35 years ☐ 36 and 45 years ☐ >45 years ☐
3. How long have you worked at Ethiopian Airlines?

   < 5 years ☐ 5 to 10 years ☐ 11 to 15 years ☐ Above 15 years ☐
4. Which management level best describe your job level?

   Manager ☐ Team Leader ☐ Successor ☐ Other ☐
5. Work experience in your current position.

   < 3 years ☐ 3 to 5 years ☐ 6 to 10 years ☐ Above 10 years ☐
6. Your educational qualification

   High School ☐ College Diploma ☐

   First Degree ☐ Masters and above Others ☐

SECTION B: FACTORS AFFECTING STRATEGY IMPLEMENTATION

Kindly request you to tick your opinion appropriately for each question on a scale of 1 to 5.

1. The Strategy

To what extent do you agree with the following statements in relation to Strategy Implementation at Ethiopian Airlines.

1 = Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree and 5 = Strongly Agree

	1	2	3	4	5
The vision, mission and values of the airline are clearly articulated and they are inspiring and motivating.					
The strategic goals and objectives of the airline are clear, measurable, realistic and relevant to the airline vision and mission.					
The strategic goals and objectives of the airline provide clear and tangible guidance to employees.					
The strategic initiatives are clear, consistent and relevant to the mission, vision, values and goals of the airline.					

1= Not at all, 2= Little extent, 3= Moderate extent, 4= Great extent, 5= To a very great extent

	1	2	3	4	5
To what extent do you think the clarity, consistency and relevance of strategic initiatives affect strategy implementation at the airline?					

2. Organizational Structure

To what extent do you agree with the following statements in relation to Strategy Implementation at Ethiopian Airlines.

1 = Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree and 5 = Strongly Agree

	1	2	3	4	5
The organizational structure is appropriate for effective decision making.					
There are clear reporting lines in which responsibilities of key employees are clearly defined.					
The organizational structure adequately supports strategy implementation at the airline.					
The airline policy manual enhances effectiveness and efficiency.					
The organizational structure is suitable for free ow of information essential to strategy implementation.					

1= Not at all, 2= Little extent, 3= Moderate extent, 4= Great extent, 5= To a very great extent

	1	2	3	4	5
To what extent do you think appropriateness and effectiveness of organizational structure affects strategy implementation at the airline?					

3. Systems and Processes

To what extent do you agree with the following statements in relation to Strategy Implementation at Ethiopian Airlines.

1 = Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree and 5 = Strongly Agree

	1	2	3	4	5
There are appropriate and effective systems and processes at the airline that are aligned to strategic initiatives and realities					
Systems and processes at the airline are well organized, monitored and updated to support implementation of strategic initiatives.					
The airline maintains up-to-date procedure manuals to guide the day to day activities of all processes that impacts the strategy implementation					
The organization has systems and process that ensures high performance and ethical behaviors.					

1= Not at all, 2= Little extent, 3= Moderate extent, 4= Great extent, 5= To a very great extent

	1	2	3	4	5
To what extent do you think the appropriateness and effectiveness of systems and processes affect strategy implementation at the airline?					

4. Leadership

To what extent do you agree with the following statements in relation to Strategy Implementation at Ethiopian Airlines.

1 = Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree and 5 = Strongly Agree

	1	2	3	4	5
The leadership style is appropriate for effective implementation of the airline strategic initiatives.					
There is a strong commitment and continuous follow-up from the top management for implementation of strategic initiatives.					
The top management communicates strategic plans effectively and provides adequate directions across the airline.					
The leaders are competent enough in managing organizational change and implementation of strategic initiatives.					

1= Not at all, 2= Little extent, 3= Moderate extent, 4= Great extent, 5= To a very great extent

	1	2	3	4	5
To what extent do you think the leadership style, competency and commitment affects strategy implementation at the airline?					

5. Human Resources

To what extent do you agree with the following statements in relation to Strategy Implementation at Ethiopian Airlines.

1 = Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree and 5 = Strongly Agree

	1	**2**	**3**	**4**	**5**
The airline human resource is capable to manage and implement the current strategic initiatives.					
The employees of the airline are well trained and competent to plan, manage and implement strategic initiatives.					
The employees have a strong commitment and active participation in developing and implementing the strategy.					
Employees are motivated towards the achievement of the airline strategic objectives.					

1= Not at all, 2= Little extent, 3= Moderate extent, 4= Great extent, 5= To a very great extent

	1	**2**	**3**	**4**	**5**
To what extent do you think the capability, competency and commitment of human resource affect achievement of the strategic goals and objectives?					

6. Resources- Financial and other Resources

To what extent do you agree with the following statements in relation to Strategy Implementation at Ethiopian Airlines.

1 = Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree and 5 = Strongly Agree

	1	**2**	**3**	**4**	**5**
The airline has sufficient financial resource to execute strategic initiatives.					
The core competencies of the airline are aligned to execute strategic initiatives.					
Allocations of key resources are aligned with the strategy of the airline.					
The airline identifies and continuously develops its resources and capabilities to support implementation of its strategic initiatives.					

1= Not at all, 2= Little extent, 3= Moderate extent, 4= Great extent, 5= To a very great extent

	1	**2**	**3**	**4**	**5**
To what extent do you think the resource capability and allocation affects strategy implementation at the airline?					

7. Organization Culture (Shared Values)

To what extent do you agree with the following statements in relation to Strategy Implementation at Ethiopian Airlines.

1 = Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree and 5 = Strongly Agree

	1	2	3	4	5
The values set by the airline are appropriate and aligned to the vision, mission and strategic initiatives.					
The Organization Culture is aligned with the vision, values and strategy.					
Employee of the airline understand the value system of the airline and they operate smoothly within it.					
The shared values help the airline to satisfy customers and create value for the airline.					
People in the airline feel respected and work with minimal supervision.					
The airline provides a great work experience to its staff and partners.					

1= Not at all, 2= Little extent, 3= Moderate extent, 4= Great extent, 5= To a very great extent

	1	2	3	4	5
To what extent do you think the Organization Culture affects strategy implementation at the airline?					

8. Strategic Performance

To what extent do you agree with the following statements in relation to Strategy Implementation at Ethiopian Airlines.

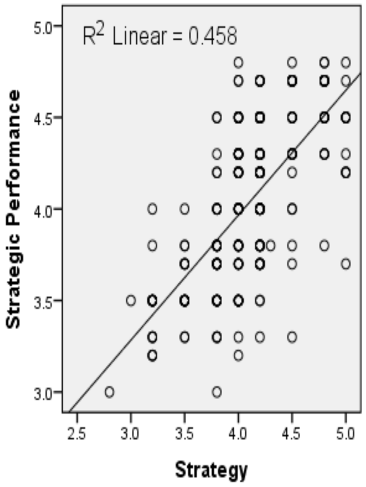
1 = Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree and 5 = Strongly Agree

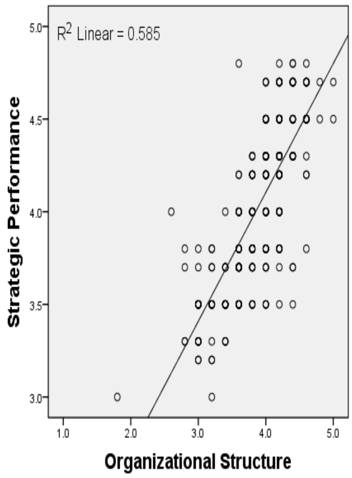
	1	2	3	4	5
The airline is successfully achieving its corporate strategic goals of becoming a leading and most competitive diversified aviation group in Africa.					
The airline is achieving its fast and profitable growth goals as planned in its strategy.					
The airline is becoming the most competitive airline in Africa delivering quality and customer focused service at a reasonable price as planned in its strategy.					
The airline is improving its operational excellence and efficiency goals through continuous improvement systems.					
The airline is improving employees' satisfaction and productivity through employee development programs.					
The airline is improving its competitive advantages through automation and continuous improvement process.					

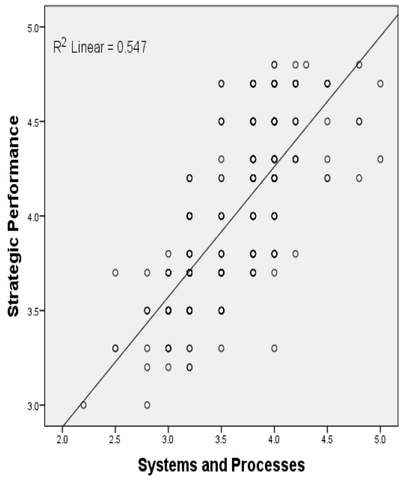
Appendix 2 : Multiple Regression Analysis –Assumption Tests

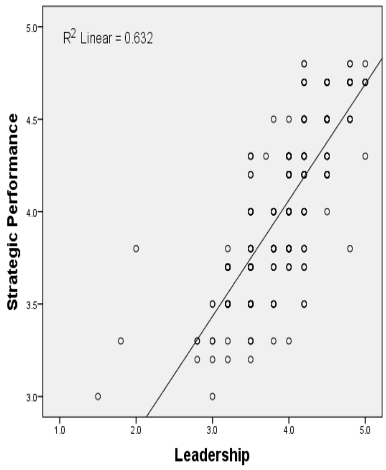
Linearity Test

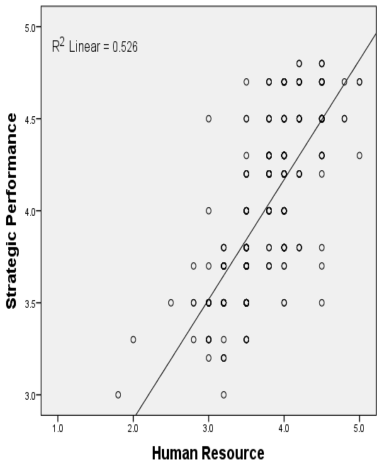
Linearity relationship between the independent variables and the dependent variables is tested on SPSS using a scatter plot and all the scatter plots showed that the relationship between each independent variable and the dependent variable can be modeled using a straight line showing that all relationships are linear.

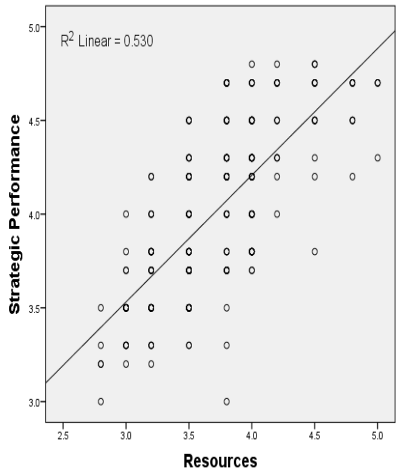


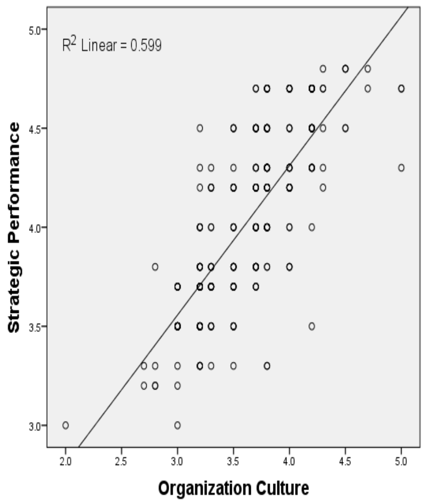












Multicollinearity Test

A multicollinearity test was conducted and the result shows the presence of acceptable collinearity problems between the independent variables as all the VIF values are less than 10. Variance Inflation Factor (VIF) shows how the variance of an estimator is inflated by the presence of multicollinearity. The larger the value of VIF, the more collinear the variable is. As a rule of thumb, if the VIF of a variable exceeds 10 that variable is said to be highly collinear Gujarati (2004). Multicollonearity problem is expected when a highly strong correlation (>0.8) is observed between the independent variables. Existence of a multicollinearity problem affects the stability and the statistical significance of the coefficients as well as statistical significance of the overall model.

Coefficients[a]

Model		Collinearity Statistics	
		Tolerance	VIF
1	Strategy	.439	2.279
	Organizational Structure	.258	3.877
	Systems and Processes	.294	3.397
	Leadership	.293	3.415
	Human Resource	.360	2.780
	Resources	.375	2.665
	Organization Culture	.347	2.885

a. Dependent Variable: Strategic Performance

Durbin-Watson Test

The Durbin-Watson test is used to check the assumption that our residuals are independent (or uncorrelated). Its value ranges from 0 to 4 while a value close to 2 shows that the residuals are independent or uncorrelated. Values between 1.5 and 2.5 are acceptable while values below 1 and above 3 are cause for concern and may render your analysis invalid. The Durbin-Watson value is 1.654 that shows the assumption is somehow met for the model.

Model Summary[b]

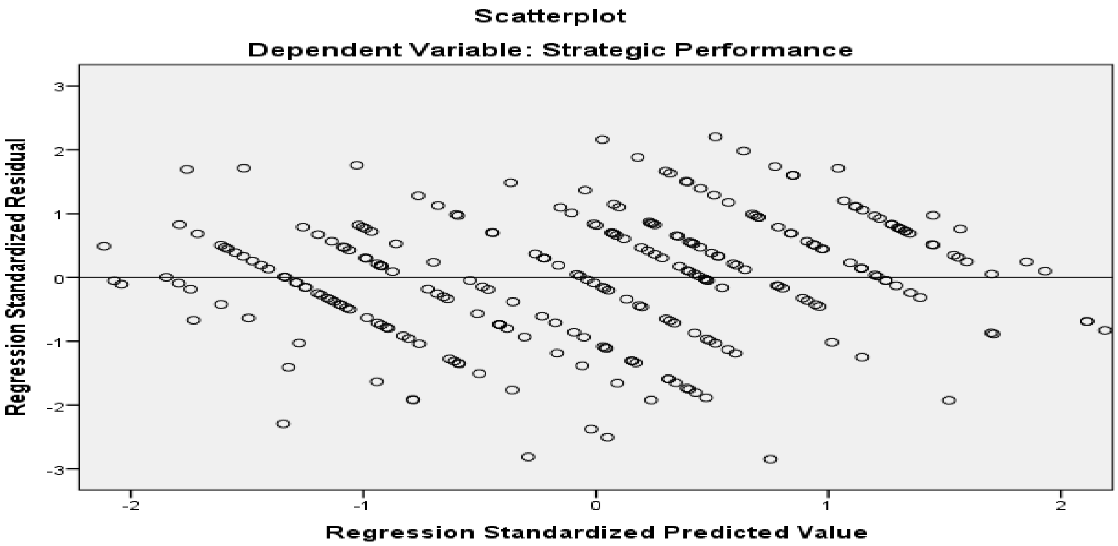
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.878[a]	.771	.765	.2163	1.654

a. Predictors: (Constant), Organization Culture, Strategy, Human Resource, Resources, Leadership, Systems and Processes, Organizational Structure

b. Dependent Variable: Strategic Performance

Homoscedasticity Test

The test of homoscedasticity assumption requires checking variance of the residuals which should be constant for the assumption to be met. The variation in the residuals (or amount of error in the model) is similar at each point of the model. The homoscedasticity assumption is tested in SPSS by plotting the standardized predicted values (along the X-axis) and the standardized residuals values on (along the y-axis). As the predicted values increase, the variation in the residuals should be roughly similar. The plot for the regression model is provided below and it is roughly similar, thus the model has met the assumption of homoscedasticity.



Normality of Residuals

This assumption can be tested by looking at the **P-P plot** for the model. The closer the dots lie to the diagonal line, the closer to normal the residuals are distributed. The residuals from the model are roughly closer to the diagonal line and the histogram also shows that the residuals are approximately normal.