



**ST. MARY'S UNIVERSITY**  
**SCHOOL OF GRADUATE STUDIES**

**FACTORS AFFECTING STRATEGY IMPLEMENTATION: THE  
CASE OF ARMAUER HANSEN RESEARCH INSTITUTE (AHRI)**

**BY**  
**KONJIT GEBREHANNA**

**JUNE, 2022**

**ADDIS ABABA, ETHIOPIA**

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**BY**

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**SUBMITTED TO ST. MARY'S UNIVERSITY, SCHOOL OF BUSINESS, IN PARTIAL  
FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF MBA IN  
GENERAL MANAGEMENT**

**JUNE, 2022**

**ADDIS ABABA, ETHIOPIA**

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**MBAPROGRAM**

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## **DECLARATION**

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

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## LETTER OF CERTIFICATION

This is to certify that Konjit Gebrehanna has carried out the research work entitle: - the effect of the 7-factors of eight 'S' model on strategic performance in the case of Armauer Hansen Research Institute (AHRI) under my guidance and supervision. Accordingly, I assure that his work is appropriate and standard enough for the submission in partial fulfillment of the requirement for the award of Masters of Business Administration.

Confirmed by: - Misganaw Solomon (PhD)    Signature -----Date-----

Research Advisor

## **Acknowledgement**

I would like to forward my appreciation and grateful thank to my advisor Misganaw Solomon (PhD) for his committed guidance and professional comments and unreserved intellectual and moral assistance in conducting this study. Also, my appreciation goes to the employees of Armauer Hansen Research Institute (AHRI) for their cooperation in filling the questionnaires. Finally, my appreciation belongs to those who commented my study and provided their assistance in the completion of this study.

## **Abstract**

*The main purpose of this study was to examine the effect of the seven factors identified in eight 'S' model on strategic implementation at AHRI. The study adopted mixed research approach and particularly explanatory research design was applied. For this purpose, a sample of 165 employees and team leaders was drawn through simple random sampling technique and 5 management bodies drawn through purposive sampling technique. Self-administer questionnaire and semi-structured Interview guide were used to gather data. The collected data were processed by using SPSS-Version 20. Both descriptive and inferential statistics were used for the data analysis. The descriptive statistics such as frequency, percent, mean and standard deviation were used for describing the demographic characteristics of respondents and the whole perception of respondents forwards the study variables. The inferential statistics like Pearson correlation and multiple regressions were used to show the relationship between independent and dependent variables and to determine the effect of independent variables on the dependent variable. The findings of the study indicated that, the seven factors of eight 'S' model 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 AHRI. The results of Pearson correlation coefficients also indicated that, there is a positive, moderate to strong and significant relationship between all the seven factors and the strategic performance of the institution. As well, all the seven factors of eight 'S' model had positive effect on strategic performance at AHRI. Finally, the study recommended that, the management of AHRI should continue giving the required attention to all the seven factors of eight 'S' model studied here as they are found strongly related to the strategic performance of the institution.*

Key words:

Strategy, Strategy Implementation, Seven Factors of Eight 'S' Model

## Acronyms

AHRI	Armauer Hansen Research Institute
ANOVA	Analysis of Variance
HRS	-Human Resource Strategy
HRSM	Human Resource Strategy Management
SD	Standard Deviation
SPSS	Statistical Package for Social Science
VIF	Variance Inflation Factor



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## CHAPTER ONE

### 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 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 organizations. Thus, the researcher found it interesting to study the effect of the seven factors on the success of strategy implementation in the case of AHRI. The success of strategy implementation is the dependent variable that is represented that has studied the impact of all the seven factors on strategy implementation Radomska (2014).



## **1.2 Background of the Organization**

The Armaure Hansen Research Institute (AHRI) was established by collaboration of Norwegians and Swedish NGOs 50 years back and currently run under the Ministry of Health . The institute has been engaged in research activities specifically on TB and Leprosy and upgrading of highly trained health professionals for the last fifty years with the financial support of Norway, Sweden, Philanthropic organizations, Foundations and other Donors. Apart from the above-mentioned activities, the institute has also supported many university students in Ethiopia who are conducting their masters and PhD courses that are believed to contribute to the improvement of the health problem of the country. and measured as strategic performance achieved by the organization.

It also has established a strong partnership with foreign universities and has provided various trainings for internal and external researchers. Since its establishment till 2004, AHRI was financed and managed under Save the Children of Norway and Sweden. Annual report of 2011 AHRI stated that during these periods, the institute provided large scale studies on Leprosy and contributed a lot on multi drug therapy /MDT/ and the institute became part of All African Leprosy, Rehabilitation and Training Center (ALERT) Hospital as a research department and participating in different hospital related studies including Leishmaniasis, TB and HIV/AIDS.

As of February 2016, recognizing the significant contribution of institute to the health sector of the country, the government decided that it be under the Federal Ministry of Health the institute to be an independent institute under proclamation number 376/2008. This creates an opportunity to expand in Biomedical, Clinical, and Medical Biotechnology sections mainly in research and treatment modalities. Currently, the Institute is run by Scientific Director for Research and Innovation and Director of Development and Administration. At present, the institute has 205 permanent and 105 contract staff and a modest laboratory facility (Immunology, Molecular Biology, Bacteriology, Pathology, TB lab and clinical trial labs). In the coming five years, the current staff number is expected to grow to more than 350 and expanded physical and laboratory facilities. In terms of research projects, AHRI has currently 72 projects. These projects are being conducted by AHRI researchers and postgraduate students (MSc and PhD). The expansion in the number of senior researchers and physical facility will also help to increase the number of postgraduate students attached to AHRI for their thesis research programs.

### **1.3 Statement of the Problem**

According to Hunger & Wheelen (2012), Strategy implementation is the sum total of the activities and choices required for the execution of a strategic plan. It is the process by which objectives, strategies, and policies are put into action through the development of programs, budgets, and procedures. Elaborating the Strategy implementation, they expressed even if implementation is commonly considered after strategy has been formulated, putting into practice or application is significant part of strategic management. Before implementation of strategy, consideration should be given to strategy formulation. In this respect, strategy implementation and formulation should be reflected as two sides of the same coin.

Hunger & Wheelen also emphasized that poor HR strategy implementation has been attributed to a great deal of strategic failures. Awuor and Omollo (2015) stated that HR strategies help to give directions on staff relationships, which exchange information with employees on satisfactory standards of performance. Based on the study done by Guest (2002) cited by Wright (2008, p.10) there are strong correlations between a commitment-based HR strategy and an employee's organizational commitment or how much he or she personally identifies with the organization and wants to see it succeed. Besides employees generally react positively to such strategies with increasing satisfaction. The specific practices of challenging jobs, direct participation in decision-making and extensive information-sharing are associated with both work and life satisfaction. In contrast with some who view the commitment HR strategy as exploiting workers by making them work harder, it seems that employees want to be managed in this way.

In this regard, Niven (2006) found out successful strategy implementations is a result of understanding and acting the strategy at every level of the organization. Senior leadership team and employees must work together to build and support the implementation of the strategy to accomplish the organizational objectives including targets. Mekedes (2019) studied the challenges of implementing strategic management in the commercial bank of Ethiopia. The study considered only four (organizational structure, leadership, staffs & organizational culture) out of the seven major factors identified in the Eight 'S' model. And the study found that all the factors have positive and direct impact on strategic performance of the Bank. And the contribution of HR strategy for any organization is mandatory to achieve its goals and objectives as well as to establish healthy relationships between the management and work force. Additionally, creating

stable work culture, resolving conflicts according to the rules and regulations, avoiding barriers to development are needed for organizational effectiveness.

According to communicated with the management of AHRI, there are unsolved disputes and constraints that hinder the development of the institute even though AHRI was became independent since 2016. Likewise, as per the preliminary survey of the researcher in AHRI, there is high turnover of staffs, employees' dissatisfaction, lack of experienced professionals and idle project budgets. Similarly, as approving the Biomedical, Clinical and Medical Biotechnology projects, the funders conduct due diligence assessment of the institute and when detecting unsound or ineffectual practices, they are obliged to transfer the fund to other competent countries. Because of this, the institute could not achieve its objective as per the proposed period. Though, there are some studies conducted on other similar sectors, it is seldom to find recently publications at AHRI to show the relationship between the seven factors identified in eight 'S' model and strategic performance of the institute.

The above stated existing problems and empirical evidences caused this research with the purpose of examining the effect of the seven major factors identified in the eight 'S' model (strategy implementation, organizational structure, leadership, system & process, organizational culture, human resources-staffs and financial resources as described in conceptual framework) on strategic performance between 165 sample respondents. Thus, this study began from the understanding of the need to effectively administer the seven major factors identified in the eight 'S' model on strategic performance of AHRI and 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 Questions**

To achieve the intended objectives as well as the research problem stated above, the following questions were designed.

- ❖ What is the perception of respondents forwarding the drivers of strategic implementation?
- ❖ What is the level of strategic implementation of AHRI?
- ❖ To what extent do the 7 factors in the 8 'S' model impact strategic implementation of AHRI?

## **1.5 Objective of the Study**

### **1.5.1 General Objective**

The overall objective of the study was to examine the effect of the seven major factors identified in the eight 'S' model (strategy implementation, organizational structure, leadership, system & process, organizational culture, human resources and financial resources) on strategic performance at AHRI.

### **1.5.2 Specific Objectives**

The specific objectives of the study are:

- ❖ To assess the perception of respondents forwards the drivers of strategic implementation at AHRI.
- ❖ To assess the level of strategic implementation of AHRI.
- ❖ To determine the effect of the seven factors in the eight 'S' model contribute to success of strategic implementation of AHRI.

## **1.6 Significance of the Study**

The study contributes to AHRI to re-examine its strategy and to improve overall organizational performance as well as to find out how the factors affect both the organization and its effectiveness. In addition, the study will enable AHRI to sort out its strategy implementation practices and have faith in creating awareness of all management members and staffs in the institution for better outcome. The study also will serve as a learning platform for stakeholders and decision makers to realize the institute's current status and to bring productivity. Furthermore, the study will add significant value to achieve competitive advantage, improve efficiency and developing evidence-based restructure of strategy as per the findings. Above all, it helps to suggest some possible solutions for the problems that will be identified during the study, to increase work effectiveness and to create relationship between employees and develop a culture of trust in the institute.

## **1.7 Scope of the study**

The study was conducted at AHRI. The reason behind selecting this organization was that, it was the researcher's working area and convenient for gather data related to the study. Evidently, there are a number of human resource practices which affect the performance of organizations. This

study was limited on the elements of human resource development, particularly in the area of strategy implementation. Methodologically, based on purpose of the study, this study was used explanatory research design and mixed research approach. As well, based on time dimension, this study used cross-sectional survey. Hence, data were collected from the sample respondents those selected through simple random sampling technique at the same time at one point in time.

### **1.8 Limitation of the study**

This academic research achieved its objectives; however, some limitations were identified. The major limitation of this study was it covered only one institution and the findings cannot be generalized to other organizations more updated contribution regarding to the strategy implementation and its challenges concerning the factors of Eight 'S' model.

### **1.9 Organization of the paper**

The study is presented in five chapters: Chapter one highlights: background of the study, background of the organization, statement of the problem, research questions, objectives of the study, significant of the study, scope of the study, limitation of the study and organization of the paper. Chapter two presents the review of related literatures. Chapter three discusses the research methodology which contains: research design and approach, population of the study, sample size and sampling techniques, data types and sources, data collection tools, data collection procedures, validity and reliability test, data analysis method and ethical consideration. Chapter four of the thesis is results and discussions of findings. And the last chapter is comprised of three sections: Summary of the findings, conclusions and the recommendations of the study.

## **CHAPTER TWO**

### **REVIEW OF RELATED LITERATURE**

#### **Introduction**

This chapter explores and reviews related literature written by different authors regarding to implementing strategic human resource management and its challenges in order to establish and provide answers to the research questions. The review includes basic issues such as: The concept of strategic management, strategic management process, strategic management theories and factors affecting strategic management implementation including the seven (7) factors of an eight 'S' model.

#### **2.1. The Concept of Strategic Management**

Strategic management is involved in deploying a firm's internal strengths and weakness to take advantage of its external opportunities and minimize its external threats/problems (Adeleke, Ogundele and Oyenuga, 2008). Thomas bateman and Scott snell defined Strategic management is a process that involves managers from all parts of the organization in the formulation and implementation of strategic goals and strategies. They defined strategy as a pattern of action and resource allocation designed to achieve the organizational goals. Thompson and Strickland (2003) defined it as the managers' tasks of crafting, implementing and executing company strategies. They defined strategy as the game plan management has for positioning the company in its chosen market arena, competing successfully, pleasing customer, and achieving good business performance. Hofer et'al (1984) consider strategic management as the process which deals with the fundamental organizational renewal and growth with the development of strategies, structures, and systems necessary to achieve such renewal and growth, and with the organizational systems needed to effectively manage the strategy formulation and implementation processes.

Ansoff (1984) states that strategic management is a systematic approach to a major and increasingly important responsibility of general management to position and relate the firm to its environment in a way that will assure its continued success and make it secure from surprises. In this definition the emphasis is on the environment-organization relationship for the purpose of achieving the objective of continued success and remaining protected from environmental

surprises through the adoption of a systematic approach to general management. Sharplin (1985) defines strategic management as the formulation and implementation of plans and carrying out of activities relating to the matters which are of vital, pervasive or continuing importance to the total organization. This is an all-encompassing view of strategic management and considers all plans and activities which are important for an organization. Harrison and St. John (1998) define strategic management as the process through which organizations analyze and learn from their internal and external environments, establish strategic direction, create strategies that are intended to help achieve established goals, and execute these strategies, all in an effort to satisfy key organizational stakeholders.

Institute of Strategic Management, Nigeria (2010) defined strategic management as an integrative process of management in which all managers of an organization engage in continuous rethinking and auditing of themselves, the organization and the environment, and in developing, implanting, implementing and controlling the organization direction, strategies and programs, aimed at effecting positive changes, building competitive advantage and achieving all time successful performance. Strategic management is an ongoing process that evaluates and controls the business and the industries in which the company is involved; assesses its competitors and sets goals and strategies to meet all existing and potential competitors; and then reassesses each strategy annually or quarterly (i.e. regularly) to determine how it has been implemented and whether it has succeeded or needs replacement by a new strategy to meet changed circumstances, new technology, new competitors, a new economic environment, or a new social, financial, or political environment (Lamb, 1984).

Strategic Management can also be defined as the identification of the purpose of the organization and the plans and actions to achieve the purpose. It is that set of managerial decisions and actions that determine the long-term performance of a business enterprise. It involves formulating and implementing strategies that will help in aligning the organization and its environment to achieve organizational goals. Lawrence and William (1988) defined strategic management as a stream of decisions and actions, which leads to the development of an effective strategy or strategies to help achieve corporate objectives. The strategic management process is the way in which strategists determine objectives and make strategic decisions. Strategic management is a disciplined approach utilizing the principles and process of management to identify the corporate

objective or mission of any business. It determines an appropriate target to satisfy the objective, recognize existing opportunities and constraints in the environment, and device a rational practical way by which objective can be achieved (Aremu, 2003). Strategic Management can simply be defined as the process of creating an organizational strategy, based upon a mission and vision, which keeps the organization on course. The mission, vision and strategy of an organization play an important role in the expression of its identity, the position it takes on the issues it faces, and its future direction. The three concepts are closely interconnected as all three must be developed, or at least be clear and under consideration at the start of a (large scale) organizational development process.

## **2.2. Strategic management process**

Almost all the authors and scholars who have contributed to the definitions of strategic management have argued and concluded that the concept (i.e. strategic management) is a process which comprises of a series of steps aimed at producing a given result (i.e. the attainment of organizational goals and objectives). These steps are interrelated such that a deviance from a particular step could lead to a breakdown of the entire process. Thus, it has been advocated that for a given strategic management to work out successfully, organizations must endeavor to adhere to the steps involved therein. A typical strategic management aims at defining an organization's goals and objectives, assesses its surrounding environment (both the internal and external environment of the business), formulate strategy, implement the strategy, evaluate the impact of the strategy on organization's goals and make adjustments where necessary to stay on track.

### **2.2.1. Missions and Objectives**

The starting point of the process of strategic management is the definition of the organization's vision and mission cum its goals and objectives. No organization comes into existence for coming sake. There is always a definite purpose for which a company is established. Therefore, the most basic strategic decisions manager make is to answer the questions which are crucial to their existence, survival and sustenance. These fundamental questions include: who are we, where are we, where do we want to be in the nearest future given our strengths and weaknesses compared to the opportunities and threats surrounding us as a company and how do we get there. E.g., a company must decide on the products to sell or the services to offer, where it will



sell/offer these products or services (in terms of its geographical location and its markets), and how its products/services will differ from its competitors.

Thus, it is always important for organizations to have a brief definition of who they are and what they do. This is what leads to the development of an organization's mission and vision statement. This step of the planning process is very important to an organization as whatever the organization will do afterwards will be influenced, directed and guided by the composition of the mission and vision statement. Therefore, an organization cannot afford to be careless or carefree when developing its mission and vision statement. The mission and vision statement of an organization lays the foundation for setting its goals and objectives. In other words, an organization's goals and objectives streams down from its mission and vision statement. Goals are often incorporated into an organization's mission.

The definition of an organization's goals differs from each other; it is therefore possible for two similar companies in the same industry to have differing goal structure. Also, it is possible for a particular organization to have different goals. However, no matter the number of goals an organization may have, what must be of utmost importance to the organization is what we call goal congruency. Goal congruency refers to how well the goals of an organization combines with each other i.e., how compatible are the goals? This enables an organization to easily attain its goals and objectives. Also, the managers of an organization must try to integrate the personal goals of its employees with its organizational goals to avoid goal conflicting and employees' dissatisfaction which hinders effective organizational performance.

Organizational goals should be clearly stated and fully communicated to the employees to aid their understanding and influence the direction to which they expend their resources. Goals and objectives are often used interchangeably; however, in a situation where a strategic planning model separates the goals from the objectives, it means that the goals are broad and timeless statements of the end results that the organization considers that they can use to achieve their mission. Thus, objectives are specific, measurable and time bound. They bring into even greater focus the goals of the organization.

### **2.2.2. Environmental scanning**

Environmental scanning (situational analysis as it is often called) is the detailed analysis of the surrounding environments of a business. The business environment comprises of both external and internal environment which are complex and are always changing. There are several tools for analyzing a given business environment; examples include the SWOT (i.e. strengths, weaknesses, opportunities and threats) analysis, the PEST (i.e. political, economic, social and technological) analysis, the EPISTEL (Environment, Political, Informatics, Social, Technological, Economic and Legal) tool and ARM (Antecedent Conditions, Target Strategies, Measure Progress and Impact) approach. This study shall, however, limit itself to the use of SWOT analysis. The SWOT analysis studies both the internal and the external environment of a business organization to gather data for analysis which will further be used for strategy formulation.

The external environment is often beyond the control of the organization. It includes factors outside the firm's control which can lead to opportunities for or threats to the organization. In other words, they are factors which can influence an organization's performance but over which the organization has little or no influence. These factors may be demographic, natural, political, economic or cultural. Hills and Jones (2004) postulates that opportunities arise when a company can take advantage of these factors in its external environment to formulate and implement strategies that enable it to become more profitable while threats arise when conditions in the external environment endanger the integrity and profitability of the company's business.

Opportunities could be as a result of changes in the regulatory environment, changes in government legislation, technological changes, improved buyer or supplier relations or changes in competitive situation. Threats, on the other hand, can emerge from any of the following situations: entry of new competitors, major technological changes, slow market growth, etc. While opportunities are often desirable by organizations, threats are undesirable situations in an organization. Internal analysis is the process of examining a firm's market and distribution, research and development, production and operations, corporate resources and personnel finance and the accounting to determine where the firm has significant competencies so that it can most effectively exploit the opportunities and also meet the threats to the company's weaknesses which would need to be minimized if not eliminated in order to achieve organizational objectives.

It has to do with identifying the quantity and quality of a company's resources and capabilities and ways of building skills, competencies are considered in the area of competitive advantage. The key purpose of the internal analysis is to identify core competencies of an organization that will give it an edge (i.e., competitive advantage) over and above other companies in the industry to which it belongs. The determination of an organization's strengths and weaknesses is done in this phase (i.e., the internal analysis). The organization's strengths lead to superior performance while its weaknesses translate to inferior performance. Its weakness could be as a result of inefficient management, obsolete office equipment, out-of-date information system, cash flow difficulties, limited supply of raw materials and poor performance trends in labor costs, selling prices and gross profit while its strengths could be from sound human resources who are versatile and up-to-date in their technical know-how, latest technologies and efficient management.

The aftermath effect of this analysis should be that organizations maximize its strengths and minimize its weaknesses. The success or failure of environmental analysis depends largely on the characteristics of the environment such as the complexity of the environment, the rate of change and the cost of available information about the environment in which an organization operates. This second step of the process of strategic planning (i.e., environmental scanning) should be used to come up with sound strategic formulation which will guide the organization in achieving its mission. Before considering the next step of the process (i.e. strategy formulation), the importance of SWOT analysis shall be briefly discussed: SWOT analysis has proved to be a very valuable tool in the aspect of strategic planning because of its positive contributions towards organizational performance.

SWOT analysis has made managers of organizations to be more conscious of the external environment of their business without neglecting its internal environment by looking for opportunities which contributes to its overall performance. It forces managers to think strategically by analyzing the operating business environment in order to assess their competitor's position and seek for ways of outwitting them. If carried out on an objective basis (i.e., the managers of the organization are sincere with themselves in the process of analyzing their strengths and weaknesses), it makes the organization to become wary of its weaknesses and therefore seek for ways of working on its weaknesses in order to turn it into strengths.

The major limitation of SWOT analysis is that it does not have any in-built mechanism for handling the uncertainty of the future neither does it give any holistic model of an organization. Thus, it can cause an organization to define itself too narrowly. Also, SWOT analysis does not provide the basis for evaluating a given strategy. Despite these limitations, the importance of SWOT analysis in strategic management cannot be overemphasized. SWOT analysis guides strategy formulation.

### **2.2.3. Strategy Formulation**

The completion of the environmental scanning should lead managers to formulating strategies which will lead to the attainment of organizational goals and objectives; hence, the realization of its vision. Strategic formulation is the process by which an organization chooses the most appropriate courses of action to achieve its set goals and objectives. The objectives of the organization are the “ends” while the strategy is the “means” of achieving them. All the data gathered in the environmental scanning (both internal and external) phase should be carefully and objectively analyzed to come up with a strategy which shall be used in achieving the targeted short-run and long-run goals that are consistent with the organization’s mission. It is often done across the three levels of a business organization (i.e., corporate, business and functional levels).

In other words, there should be strategy for the organization as a whole (often the responsibility of the top-level management), each line of business in the organization should also have strategies which direct their operations and lastly, there should also be strategy formulation at the operating levels e.g., for each functional department and unit in order to be able to carry out the details of functional area strategy. This step of the planning process is often critical; requiring high degree of concentration on the part of the managers in order to choose the best strategy among competing alternatives to achieving organizational goals. To survive and gain competitive advantage, organizations of all sizes increasingly need to pursue well developed and clear-cut strategies (Ghoshal & Bartlett, 1990).

The major problem confronting managers at this stage is identifying and selecting the best strategy. There are different types of strategies and the situation on ground determines organizational leverage, restrictions, vulnerability, environmental opportunities, capability of increasing production lines, feasibility to enter new markets, feasibility to accessing required technologies, organizational strengths, capability to reduce production cost, available financial

resources, customers' loyalty, new facilities for production, various patents, environmental threats, changing interests of customers, possibility of new competitors coming in, changing governmental policies & regulations (in contrast to organization's interests) organizational weaknesses, limitation of production lines, lack of managerial insights, inability to provide capital, and a poor & weak image of the organization to the markets. Thus, the best strategy to be selected should be one that effectively tackles the problem on ground and also enable the organization to effectively cope with competition (Pearce II and Robinson Jr., 1998). In formulating strategies for any given organization, the uniqueness of that organization must also be taken into consideration. The strategy formulation must be customized strictly for the organization to accommodate all the relevant internal and external circumstances that surround the organization

#### **2.2.4. Strategy implementation**

Strategy implementation which is sometimes referred to as operational planning, is a process by which strategies and policies are put into action through the development of programs, budgets and procedures. This aspect is typically conducted by middle and lower-level managers with review by top management. A program is a statement of the activities or steps needed to accomplish a single-use plan, a budget lists the detailed cost of each program, and procedures are sequential steps or techniques that describe in detail how a particular task or job is to be done.

#### **2.2.5. Evaluation and control**

Evaluation and control are a process in which corporate activities and performance results are monitored so that actual performance can be compared with desired performance. Managers at all levels use the resulting information to take corrective action and resolve problems. For effective evaluation and control measures, managers must obtain clear, prompt, and unbiased information from their subordinates. Evaluation and control also have the ability to pinpoint weaknesses in previously implemented strategic management and makes the entire process to begin all over. For effective strategic management process, these five basic elements must work together in order to boost performance in any organization.

### **2.3. Theories of strategic management**

Key concepts in attaining competitive advantage are proper use of resources within an organization and the performance in their external environment. These create the foundation of

the theories related to factors that influence strategic management practices. Resource-based theory introduced by Wenerfelt, (1984) and Porter's five forces (1980) are the thesis that govern this study.

### **2.3.1. Resource Based Theory**

Resource based theory was initiated by Wernerfelt (1984). A central proposition of the theory is that organization's resources and capabilities form the basis on which organizations compete. Barney (1991) proclaimed that a firm is deemed to achieve competitive edge over its rivals through the execution of strategies which exploit internal strengths in response to environmental opportunities. Concomitantly, inner weaknesses can be avoided and outside threats neutralized. According to Collis and Montgomery (1995) an organization can have competitive advantage when it has resources that enable it to perform better than its rivals. Barney (1991) added by saying that competitive edge can be maintained when an organization has resources that are difficult to imitate or substitute.

Barney, (1991) developed a tool that is used to examine organization's inner resources. He identified traits that a firm's resource needs to have for it to maintain a competitive edge. Resources must be precious, uncommon, cannot be imitated or substituted. Priem and Butler (2001) critic on resource-based view theory is that theory may be self-verifying. Barney identified a strategy that would give an organization competitive edge by using its valuable resources. Non-identical array of resources can produce a similar output for firms; therefore, there will not be competitive advantage. There is limited focus on capabilities and product market.

### **2.3.2. Porter's five forces**

According to Porter (1979) there are forces in any industry. These forces determine the magnitude of competition and appeal of a market. In this case appeal refers to the likelihood to make profit. There are five industry forces; threat of entry of new competitors, intensity of competition from rivals, suppliers' bargaining power, negotiation capacity of customers, and threat from substitute products or services. This forces framework was formulated to answer to the SWOT analysis of competitiveness of firms. This model is rigid and it is not easy to tell markets with great competition intensity as markets keep changing. There is need to keep on creating new models to keep up with the changes. Industry factors can only motivate 20 per cent

of the changes in profits made in industries; growth and market share (Grant, 2011). According to Flower, (2004) and Downes, (1997) firms need to consider it crucial to keep an eye on happenings in their business environment like ‘Digitalization’, ‘Globalization’, and ‘Deregulation’ that Porter missed to pay attention to. These are factors that contributed to industry changes in the last decade. The five forces by Porter ignores availability of resources and capabilities in an organization these two factors are necessary when examining an organization performance Rivard, Raymond & Verreault (2006).

#### **2.4. Factors Affecting Strategic Management 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 highlights 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, and 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. 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), and 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 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 empirical research on the Eight 'S' model and make research results accessible in a clearly understandable manner.



### **2.4.1. 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.

### **2.4.2. 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).

### **2.4.3. 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.

#### **2.4.4. 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 roles in preventing the implementation of the strategy.

#### **2.4.5. Human resource/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).

#### **2.4.6. 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.

#### **2.4.7. 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.

### **2.5. 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.

#### **2.5.1 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. Relevance 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.

### **2.5.2 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 structures 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.

### **2.5.3 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 are 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 result.

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 varied in the strength of correlation.

### **2.5.4 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 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-kwafi 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.

### **2.5.5 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 levels. This result shows that further 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.

### **2.5.6 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.

### **2.5.7 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 slightly differs 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 at AHRI which define the factors as dependent and independent variables below in conceptual frame work model.

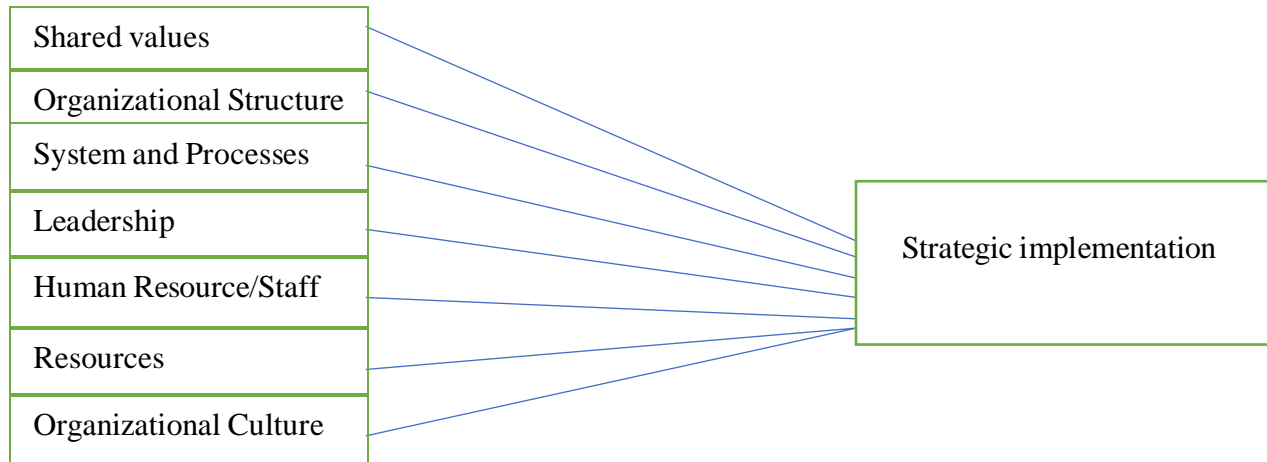
### **2.6. Conceptual Framework**

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 shared values, organization structure, systems and processes, leadership, human resource/staff, resources, and organization culture, while the dependent variable for the study is the strategic implementation representing the success of the strategy implementation.



**Independent variables**

**Dependent variable**



**Figure 2.1 Conceptual Framework**

Source: Adopted from Peters and Waterman (1982) and Huggins (2005)

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

In this chapter, the type of research design and approach, population of the study, sample size and sampling techniques, sources of data, data collection tools, data collection procedures, data analysis method, validity and reliability analysis and ethical consideration that were applied on the study are explained.

#### **3.1 Research Approach and Design**

The overall objective of the study was to examine the effect of the seven major factors identified in the eight ‘S’ model (strategy implementation, organizational structure, leadership, system & process, organizational culture, human resources-staffs and financial resources) on strategic performance at AHRI, Addis Ababa, Ethiopia. This research employed mixed research approach; because using mixed research method could offset the biasness of any single quantitative data (Creswell, 2009). Particularly, explanatory research design was applied; since it enhances the research to examine how the seven factors identified in the eight ‘S’ model are carried out; to show the relationship between the seven factors identified in the eight ‘S’ model and success of strategic performance and to determine to what extent the seven factors identified in the eight ‘S’ model contribute to success of strategic performance at AHRI. Thus, the selected method was appropriate for this study.

#### **3.2 Population of the study**

Population can be defined as the whole group of people, events or things of interest that the researcher needs to study (Garson, 2012). So as to perform this study, the first step was to get the total number of populations. Currently, there were 280 total populations (255 workers 12 Directorate Directors, 8 case team leaders and 5 senior advisors) who were employed in AHRI. The target population was applied in each individual AHRI employees. The study was undertaken so that the researcher drawn the sample from this total population.

#### **3.3 Sample size determination and sampling technique**

##### **3.3.1 Sample size Determination**

Garson (2012) defined the sample size as a sub set of the population drawn to represent the entire population. This is because of the fact that studying a subset of the population is manageable size

relative to study the entire population due to time, cost and accessibility. Thus, the sample size was determined so as to represent the whole population. In this study, the sample size was extracted through the use of Yamane's 1967 statistical formula and illustrate as:  $n = N/N(e)^2 + 1$

Where;

n = sample size

N = population of the study

e = % level of significance or margin of tolerable error. The researcher was considered 5% level of significance or margin of tolerable error and the confidential level was 95%; most commonly expressed by denoting the significance level as  $p \leq .05$ . By computing the sample size of the population using the above formula, the sample sizes for who receives questionnaires was 165.

i.e.  $n = 280/280(.05)^2 + 1 = 165$

### **3.3.2 Sampling Techniques**

The study participants who received questionnaire were selected using simple random sampling technique. To conduct a simple random sample, the researcher first prepared a comprehensive list of all employees of AHRI. From the list, the sample was drawn by using lottery method so that each member had an equal chance of being selected to participate in the study. As well, 5 management teams were selected by the researcher using purposive sampling to conduct an interview. The respondents were selected based on their experience at AHRI. This criterion may help the selected respondents answered the survey questionnaire appropriately based on their experiences attended.

### **3.4 Sources of Data**

The study was conducted based on the collection of primary data. Primary data were collected through the use of well-structured and self-administered questionnaire that contains relevant questions regarding the seven factors that identified in an 'S' model and strategic performance at AHRI. The questionnaire used to allow the response of the respondents in a standard and direct way, unbiased approach and objective oriented. In the meantime, face to face interview was also undertaken with management bodies to get their perceptions about the seven factors that identified in an 'S' model and strategic performance of AHRI.

### **3.5 Data Collection Instruments**

#### **3.5.1 Questionnaire**

Data were collected through self-administered questionnaires that were prepared based on literature review to address the research questions. This is because self-administered questionnaire was used that, it helps as a swift and relatively low-cost strategy for obtaining information and easier to answer for the respondents. The questionnaires were distributed after the expected participants were selected and informed about the purpose of the research. The questionnaire involved two parts: section one of the questionnaire contained instruction and respondents' personal information and section two of the questionnaire included variables which measured using Likert scale with five response categories (strongly disagree, disagree, neutral, agree and strongly agree). At last, open-ended question was provided to write their opinions.

#### **3.5.2 Interview guides**

In addition to collecting the data through questionnaires, qualitative data collection technique, involving one-to-one interview with 5 management bodies of AHRI who were selected based on purposive sampling was conducted; hence to supplement and strengthen the information obtained from questionnaires. Before the interview, brief explanation was offered based on the purpose of the interview to the interviewees and confidentiality of the provided information. As the time of interview, the researcher took notes quickly and used easily accessibly recording tools like mobile for sure what the interviewees all talked about.

### **3.6 Data collection procedures**

To get full support in overseeing and collecting the data, first contact was made with the institution manager. Following this, respondents who filled out the questionnaire were identified. Then, the respondents were informed about the purpose of the study and how to complete the questionnaire. In addition, during the administration of the questionnaire clarification for some questions was explained to the respondents so as to avoid doubts and confusions. Then the questionnaires were distributed (drop-off method) to the respondents. The filled-out questionnaires were collected (pick-up method) and systematically organized; the same was true for interview responses. Finally, the collected data were edited through data cleaning, coding & data verification and were analyzed quantitatively and qualitatively.

### **3.7 Data Analysis**

Githinji (2014) defined that data analysis as the process of editing and reducing collective data to appropriate size, developing summaries, looking for patterns and using statistical methods. In order to confirm completeness and logical consistency of responses, data editing was carried out each day by the researcher. Recognized errors and data gaps were corrected. Once editing the data is completed, the data were analyzed using quantitative and qualitative techniques. The quantitative data which were collected by the researcher were analyzed with the help of the Statistical Package for Social Sciences (SPSS) version 20 and then the researcher produced descriptive statistics such as frequency distribution, percent, mean and standard deviation. The analysis of the study was also used inferential statistics like Pearson's correlation and multiple regressions.

The correlation analysis was employed to find out the strength of a relationship between two variables; the seven factors that identified in the eight 'S' model and strategic performance. Likewise, the regression analysis was used to establish the effect of the seven factors that identified in the eight 'S' model related to strategic performance. The data which were collected through interview were analyzed qualitatively and logically interpreted by the researcher in a way to solve the research problem.

### **3.8 Validity and reliability analysis of data collection tools**

According to common knowledge of research principles, a research instrument is valid, if it measures what it is intended to measure and accurately achieves the purpose for which it was designed. In this study, validity was taken into consideration. Because, this study used adopted questionnaire based on the literature review and past studies on relevant themes, which dealt with factors affecting strategy implementation. The items and constructs were adopted from literature review with minor modification to fit the study. They were adapted from the questionnaires of studies used by Tesfaye (2021). Another validity test to be used in this study; the questionnaire was modified with necessary recommendations of the thesis advisor.

On the other hand, reliability relates to the consistency of collected information. 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.

As shown in table 3.1 below, the coefficient of reliability for the data collection instrument for all 31 items is 0.945. As well, the reliability score for the individual items of the seven factors that identified in the eight 'S' model and strategic performance ranges between .722 and .860. Therefore, based on the test results as shown below in table 3.1, individual items of the instrument scored acceptable Cronbach's alpha and each items of the instrument found reliable.

Table3.1 Coefficient of reliability for each item

No	Individual variables	Items in number	Alpha value
1	Strategy	4	0.823
2	Organizational structure	4	0.722
3	System and process	5	0.842
4	Leadership	5	0.779
5	Human resources	4	0.782
6	Financial resources	2	0.860
7	Organizational culture	4	0.857
8	Strategic performance	4	0.793

Source: Own survey (2022)

### 3.9 Ethical Considerations

This research entailed the analysis and review of scholarly literature, such as books, theses, dissertations and journal articles which were duly acknowledged. Participants were told that being participated in this study will not have any harm and used only for the academic purpose only. Accordingly, respondents were entitled to the right of privacy and dignity of treatment.

## **CHAPTER FOUR**

### **RESULTS AND DISCUSSION**

This chapter focuses on the analysis of the results of the study. The chapter has two sections. At the first section of the chapter, the demographic profile of the respondents is presented. In the second section, the main part of the study, the analysis and interpretation of data those were collected through questionnaire and interview in support of the quantitative results are presented. Presentation of findings in each section is according to the order of the basic research questions of the thesis. Descriptive and inferential analyses of the study were presented respectively. The data for this study were collected using a self-administered questionnaire and semi-structured interview guide to identified sample respondents. Of the total of 165 questionnaires distributed, 136 were collected those accounts 82.42% response rate. This response rate was adequate to safely conclude on the effect of the seven factors that identified in the eight 'S' model on strategic performance.

#### **4.1 Descriptive Statistics**

Descriptive statistics were computed in the form of frequency distribution, percentage, mean and standard deviation for all variables and responses of all respondents. Computed frequency distribution and percent is used to determine the proportion of respondents choosing the various responses. Likewise, computed mean is used to measure the central tendency on each dimension in the questionnaire which implies that the levels of agreeableness and disagreeableness or perceptions of the respondents on various dimensions in the questionnaires. And the value of standard deviation indicates that how much variation a value deviates from the mean.

##### **4.1.1 Demographic Profile of the Respondents**

The first part of the questionnaire consists of four items about demographic data of the respondents such as: sex of respondents, age group of respondents, academic qualification of respondents and work experience of the respondents; this helped the researcher to understand the characteristics of respondents with in different categories and the following table summarized the demographic data of the respondents.

**Table 4.1 Demographic profile of the respondents**

No	Items	N=136	Frequency	Percent %
1	Sex of the respondents	Male	79	58.1
		Female	57	41.9
		<b>Total</b>	<b>136</b>	<b>100.0</b>
2	Age of the respondents	18-27	35	25.7
		28-37	41	30.1
		38-47	37	27.2
		48 and above	23	16.9
		<b>Total</b>	<b>136</b>	<b>100.0</b>
3	Academic qualification of the respondents	Diploma	21	15.4
		1 <sup>st</sup> Degree	73	53.7
		2 <sup>nd</sup> Degree or above	42	30.9
		<b>Total</b>	<b>136</b>	<b>100.0</b>
4	Work Experience of the respondents	Less than 1 year	20	14.7
		1-3 years	48	35.3
		4-6 years	68	50.0
		<b>Total</b>	<b>136</b>	<b>100.0</b>

As shown in Table 4.1, more than half 79 (58.1 %) of the respondents were male and the remaining 57 (41.9%) of the respondents were female. Even though, the representation of female respondents was found to be less as compared to male respondents, this gender mix was rational to realize about the effect of the seven factors that identified in eight ‘S’ model on strategic performance at AHRI.

Regarding the age group of respondents, the first group 41 (30.1 %) of respondents were within the age category of 28-37 years of age. The second group had 37 (27.2%) within the age category of 38-47 years. The third were 35 (25.7%) within the age category of 18-27 years. And the last group were 23 (16.9%) within the age category of 48 and above years, respectively. In sum, the majority 78 (57.3%) of the respondents were within the age category of 28-47years;



which implies that the majority of the respondents were young and at the dynamic age level, to implement the strategic initiatives. With regard to academic qualification of the respondents, the majority 73 (53.7%) of the respondents were first degree holders. The second group 42 (30.9%) of the respondents were holders of 2<sup>nd</sup> Degree or above. And the rest 21 (15.4%) of the respondents were Diploma. This shows that, 115 (84.6%) of the respondents were first- and second-degree holders who were convenient to deliver the strategic initiatives.

Regarding the work experience of the respondents, the first group of respondents 68 (50.0%) had a working experience of 4 to 6 years. 48 (35.3%) of respondents had served in the organization between 1-3 years. And 20 (14.7%) of respondents had served in the organization less than one year. In total, the majority 116 (85.3%) of the respondents had served in AHRI between 1-6 years. This result implies that, the selected respondents answered the survey questionnaire appropriately based on their experiences attended.

#### 4.1.2 Mean and Standard Deviation of Each Items

In this study, the researcher utilized mean and standard deviation to evaluate the perception of respondents in each response regarding to the seven major factors that identified in the eight ‘S’ model. Respondents have generally recognized positive perception regarding the variables when the mean value is above the cutoff point (3) and the level of agreeableness of respondents is negative regarding to the variables when the mean value is below the cutoff point (3). As the same time the level of agreeableness of respondents is neutral regarding to the variables when the mean value is (3).

**Table 4.2 Descriptive Statistics Results of Factors of the 8 ‘S’ model**

<b>Dimension</b>	<b>Statement</b>	<b>Mean</b>	<b>SD</b>
<b>Strategy implementation</b>	The process of implementing strategy is effectively linked to the strategy of HR.	3.28	1.28
	The institute integrates human resource strategies to the AHRI’s strategies.	3.68	1.13
	The organizational human resource strategies are easy to track individual targets that work towards achievement of organizational goals.	3.34	1.23

	In AHRI, essence of human resource strategic management lies on its implementation.	3.21	1.36
	<b>Average mean of strategy implementation</b>	3.48	0.92
<b>Organizational structure</b>	The organizational structure of AHRI is appropriate for effective decision making.	3.48	1.20
	There are clear reporting lines in which responsibilities of key employees are clearly defined.	3.88	1.01
	The organizational structure adequately supports HR strategy implementation at AHRI	3.68	0.99
	The institute HR strategy enhances effectiveness and efficiency.	3.76	0.89
	<b>Average mean of organization structure</b>	3.73	0.79
<b>System &amp; process</b>	AHRI has appropriate systems which are associated to HR strategies implementation	3.82	1.08
	AHRI has flexible process which are aligned to HR strategies implementation	3.74	0.98
	AHRI has systems that ensure high performance and ethical behaviors.	3.63	1.13
	There are effective processes at the institute that are aligned to HR strategy creativities	3.71	0.89
	Employees of AHRI easily adopt to systems that change human resource strategies	3.74	0.99
	<b>Average mean of system and process</b>	3.78	0.71
<b>Leadership</b>	In AHRI there is adequate top management support in implementing the strategic human resource management initiative	3.89	1.01
	Management is aware of what strategic human resource management entails	3.79	1.11
	There is adequate communication on new initiative for managing human resources	3.74	.99

	Management's view on seeing employees' concerns integrated to the institute strategies	3.72	0.95
	Management is supportive in implementation of the institute plan	3.76	0.84
	<b>Average mean of leadership</b>	3.80	0.64
<b>Human resources</b>	Employees are treated as valuable assets of the organization	3.93	0.78
	Employees are seen as investment in future growth of the organization	3.93	0.87
	The institute understands employees as a source of competitive advantage in the institute	3.69	0.95
	Primary role of the Human Resource Manager in the institute is as an integral member of senior management	3.63	1.03
	<b>Average mean of human resources</b>	3.69	0.83
<b>Financial and other Resources</b>	AHRI has sufficient financial resource to execute strategic initiatives.	3.89	0.94
	AHRI continuously develops its resources and support implementation of its HR strategies initiatives.	3.76	0.94
	<b>Average mean of financial resources</b>	3.67	0.72
<b>Organization Culture (Shared Values)</b>	The institute organizational culture is based on its values	3.76	1.03
	AHRI culture is helpful in the implementation of strategic human resource management in the institute	3.65	1.09
	Strategic human resource management implementation be carried out so as to add value to the organization	3.57	1.13
	<b>Average mean of organization culture</b>	3.66	0.96
<b>Strategic</b>	Political environment, both internal and external	3.67	1.12

<b>Performance</b>	factors have influence on the performance of strategic human resources management at AHRI		
	AHRI is improving its competitive advantages through by using new technologies	3.59	1.14
	AHRI is improving its research excellence and efficiency goals through continuous improvement systems	3.79	1.11
	AHRI is improving employees' satisfaction through employee development programs	3.88	1.01
	<b>Average mean of strategic performance</b>	3.73	0.93

As it perceived from the above table 4.2, respondents have generally recognized positive perception regarding strategy implementation and strategic performance in AHRI. This means that almost all findings of the study established a positive perception with respect to the process of strategy implementation, the institute integrates human resource strategies to the AHRI's strategies and essence of human resource strategic management lies on its implementation indicating that levels of agreeableness is above the cutoff point (3). This shows that AHRI tries to practicing properly the strategy and the implementation is positively seen by its employees. Regarding the standard deviation, the findings of the study as it is displayed in the above table revealed that there is some variation among respondents which ranges from 0.64 up to 1.36 in perceiving strategy implementation of the 8 'S' model and strategic performance in AHRI. This implies that the respondents also expressed their disagreement on the issues those asked.

The research sought to investigate the appropriateness and effectiveness of the organizational structure of AHRI. And the findings exhibited that the organizational structure of AHRI is appropriate for effective decision making, there are clear reporting lines in which responsibilities of key employees are clearly defined and the organizational structure adequately supports HR strategy implementation at AHRI; likewise, the institute HR strategy enhances effectiveness and efficiency. This is because the mean values of all items are above the cutoff point (3). In all, the

overall result is a good achievement and this means majority of the respondents agreed that the organizational structure of AHRI is appropriate and effective.

This study also evaluated the appropriateness and effectiveness of the systems and processes of AHRI. The results presented that AHRI has appropriate systems which are associated to HR strategies implementation, the institute has flexible process which are aligned to HR strategies implementation and also AHRI has systems that ensure high performance and ethical behaviors. Likewise, there are effective processes at the institute that are aligned to HR strategy creativities and employees of AHRI easily adapt to systems that change human resource strategies. This is because the mean values of each item and the overall result is above the cutoff point (3). This means that majority of the respondents 94 (69.1%) are agreed with regard to appropriateness and effectiveness of the systems and processes of AHRI.

The study also addressed the appropriateness and effectiveness of the leadership of AHRI. The findings revealed that in AHRI there is adequate top management support in implementing the strategic human resource management initiative, the management is aware of what strategic human resource management entails and there is adequate and positive communication on new initiative for managing human resources. Equally, management's view on seeing employees' concerns integrated to the institute strategies and management is supportive in implementation of the institute plan. Similarly, the overall result is a good achievement. This means that majority of the respondents 104 (76.4%) agreed that the leadership of AHRI is appropriate and effective.

The research assessed the capability, competency and commitment of the human resource of the institution. The results presented that employee are treated as a valuable asset; employees are seen as investment in future growth of the institute and the institute understands employees as a source of competitive advantage. As well, primary role of the Human Resource Manager in the institute is as an integral member of senior management. This is because every item and the overall result is above average. This means that majority of the respondents 105 (77.2%) express their agreement that the human resource at AHRI is capable, competent and committed to implement the strategic initiatives.

With respect to the financial and other resources, the research deliberates resource capability and allocation of the Institution. The findings showed that AHRI has sufficient financial resource to

execute strategic initiatives and it continuously develops its resources and support implementation of its HR strategies initiatives. This is because the mean values of each item and 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 AHRI's strategic objectives.

The research sought to investigate the appropriateness of the organizational culture of AHRI. The findings display that the institute organizational culture is based on its values and its culture is helpful in the implementation of strategic human resource management in the institute. Also, strategic human resource management implementation is carried out so as to add value to the organization. This is because the mean values of each item and the overall result is above average. This means that majority of the respondents 102 (75.0%) expressed their agreement regarding to AHRI culture is built based on its values and the values are suitable to achievement the institute strategic objectives.

Finally, the study also addressed the dependent variable, strategic performance and the finding of the study is a good achievement. This means that majority of the respondents strongly agreed that AHRI has achieved its strategic goals and objectives. The respondents believed that both internal and external factors have influence on the performance of strategic human resources management at AHRI and is improving its research excellence and efficiency goals through continuous improvement systems and is improving employees' satisfaction through employee development programs.

These results are in line with Tesfaye (2021) who study 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 indicated that all the seven factors considered in the study influence strategy implementation to a great and very great extent. And the study concluded that all the seven factors considered in the study are related to the success of strategy implementation at AHRI.

Likewise, the interviewees respond that the seven factors identified in the Eight ‘S’ model by Huggins (2005) positively influence the strategic implementation at AHRI. “We know that these factors are essential and influential for AHRI and we try to execute properly as much as possible and from our experience and insight, these seven factors greatly affect the strategic performance.”

## 4.2 Results of Inferential Statistics

### 4.2.1 Correlation Analysis

Correlation was used to find out the relationship between the independent variables (the seven factors identified in the Eight ‘S’ model) and the dependent variable (strategic performance) as conceptualized in the framework. To determine the relationship between the independent variables (the seven factors identified in the Eight ‘S’ model) 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 analysis between the seven factors and strategy implementation. The strength of correlation would be interpreted as suggestion by Evans (1996) as follows:

0.00 - 0.19 very weak,

0.2 - 0.39 weak,

0.4 - 0.59 Moderate,

0.6 - 0.79 strong and

0.8 -1.0 very strong.

**Table 4.3 Pearson’s Correlation Matrix Analysis**

		Correlations							
		Stra	Syst	Proc	Lsp	Hres	Fres	Ocul	SPerf
Stra	Pearson Correlation	1							
	Sig. (2-tailed)								
	N	136							
Syst	Pearson Correlation	.581**	1						
	Sig. (2-tailed)	.000							
	N	136	136						
	Pearson Correlation	.410**	.716**	1					

Proc	Sig. (2-tailed)	.000	.000						
	N	136	136	136					
Lsp	Pearson Correlation	.446**	.553**	.716**	1				
	Sig. (2-tailed)	.000	.000	.000					
	N	136	136	136	136				
Hres	Pearson Correlation	.456**	.609**	.737**	.710**	1			
	Sig. (2-tailed)	.000	.000	.000	.000				
	N	136	136	136	136	136			
Fres	Pearson Correlation	.755**	.828**	.802**	.740**	.716**	1		
	Sig. (2-tailed)	.000	.000	.000	.000	.000			
	N	136	136	136	136	136	136		
Ocul	Pearson Correlation	.421**	.554**	.639**	.592**	.948**	.633**	1	
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000		
	N	136	136	136	136	136	136	136	
SPerf	Pearson Correlation	.526**	.735**	.838**	.679**	.868**	.796**	.816**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	
	N	136	136	136	136	136	136	136	136

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

Source- SPSS output of own survey (2022).

As described in Table 4.3, the bivariate correlations show the relative magnitude and direction of a linear relationship among the constructs. The results of the correlation analysis revealed a positive correlation between the seven factors considered in the study and the strategic performance of AHRI with human resources having the strongest correlation coefficients 0.868, with p-value equals to 0.000 followed by system and process of the organization having coefficients 0.838, with p-value equals to 0.000 and organizational structure coefficients 0.816, with p-value equals to 0.000 at 0.01 significant level.

Likewise, the results of the correlation analysis revealed that organizational system, leadership and financial resources have positive, significant and a strong relationship with strategic



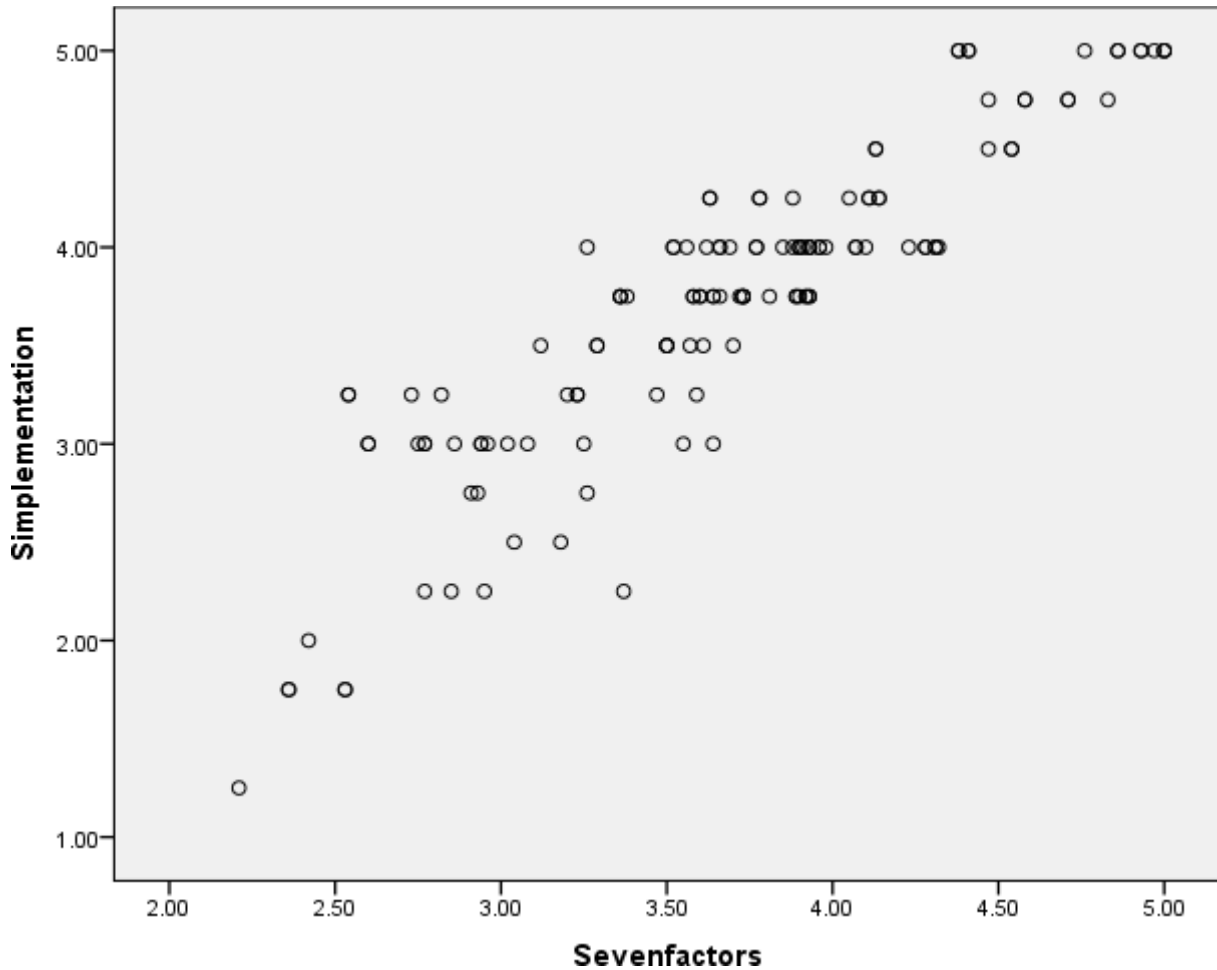
performance having coefficients 0.735, 0.679 and 0.796, with p-value equals to 0.000 respectively. And there is a positive, moderate and significant relationship between strategic implementation and strategic performance with coefficients 0.526, p-value equals to 0.000. This result is also supported by Alamsjah (2011) and Tesfaye (2021) who revealed that clear strategy is correlated to successful strategy execution. This implies that if the institute formulate and implement clear strategy, strategic performance is enhanced and vice-versa.

#### **4.2.2 Regression Analysis**

This section found out how the variation of the dependent variable, strategic performance, is explained by a portion variation of the independent variation the seven factors identified in the eight 'S' model. In addition, multiple regression analysis was used to examine the effect of the independent variables (the seven factors) on the dependent variable strategic performance. To achieve this, we find the coefficient of determination and test its significance and to determine the regression line and test its slope. The coefficient of determination  $R^2$  shows how much of the variation of the dependent variable strategic performance, can be explained by a portion variation of the independent variables (the seven factors). Table 4.6 indicates the coefficient of determination  $R^2$  for the regression between the seven factors and strategic performance. But the researcher has conducted basic assumption tests before running the regression analysis. These are linearity test, multicollinearity tests, normality test, homoscedasticity test and D-W test (Durbin-Watson statistic) which have shown below:

##### **Assumption 1: Linearity Assumption Test**

The linearity of the relationship between the dependent and independent variable represents the degree to which the change in the dependent variable is associated with the independent variable (Hair et al., 1998). In a simple sense, linear models predict values falling in a straight line by having a constant unit change (slope) of the dependent variable for a constant unit change of the independent variable (Hair et al., 1998). The linearity assumption can easily be checked using scatterplots or residual plots: plots of the residuals vs. either the predicted values of the dependent variable or against (one of) the independent variable(s) (Hoekstra et al., 2014). The scatter plots of standardized residuals versus the fitted values for the regression models were visually inspected from the figure below.



Source: Researcher's survey, (2022)

**Assumption 2: Multicollinearity Assumption Test**

Multicollinearity refers to the situation in which the independent/predictor variables are highly correlated. In this study multicollinearity was checked with tolerance and Variance Inflation Factor (VIF) statistics. Andy (2006) suggests that a tolerance value less than 0.1 almost certainly describes a serious collinearity problem. Burns and Burns (2008) also stated that a VIF value greater than 10 is also a concern. Similarly, Field (2009), underlines that, values for “tolerance” below 0.1 indicate serious problems, although several statisticians suggest that values for “tolerance” below 0.2 are worthy of concern. In this study, all of the independent variables found to have a tolerance of more than 0.1 and a VIF value of less than 10.

**Table 4.4 Multicollinearity Test Results**

Model		Coefficient <sup>a</sup>	
		Collinearity Statistics	
		Tolerance	VIF
1	Strategy	0.310	3.164
	Organizational structure	0.285	3.461
	System and process	0.222	4.447
	Leadership	0.322	3.081
	Human resources	0.660	8.784
	Financial resources	0.392	9.927
	Organizational culture	0.622	9.794
	Strategic performance	0.310	3.164

a. Dependent variable: strategic implementation

Source-SPSS output of own survey (2022).

**Assumption 3: Normality Distribution Test**

Regression analyses need the independent variables to be normally distributed. Skewness and Kurtosis are statistical tools which can enable to check if the data is normally distributed or not. According to Smith and Wells (2006), Kurtosis is defined as property of a distribution that describes the thickness of the tails. The thickness of the tail comes from the number of scores falling at the extremes relative to the normal distribution. Skewness is a measure of symmetry/balance. A distribution or data set is symmetric if it looks the same to the left and right of the center point. For this study, the skewness and kurtosis test results are within the acceptable range (-1.0 to +1.0) and it can be concluded that the data for all variable are normally distributed.

**Table 4.5 Normality test results**

Independent variables	N-valid	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
Strategy	13	-0.197	.208	-0.677	.411
Organizational structure	13	-0.511	.208	-0.155	.411
System and process	13	-0.198	.208	-0.583	.411
Leadership	13	-0.023	.208	-0.290	.411

Human resources	13	-0.782	.208	0.768	.413
Financial resources	13	0.341	.208	0.264	.413
Organizational culture	13	-1.022	.208	0.876	.413
Strategic performance	13	-0.197	.208	-0.677	.413

Source: SPSS output of own survey (2022).

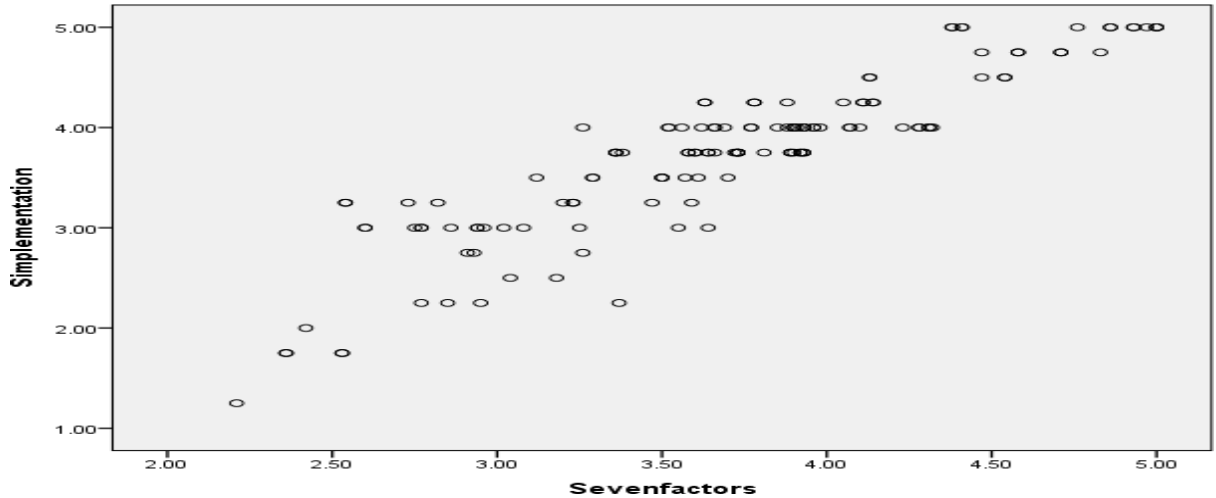


(Source: Researcher's Survey, 2022)

Now scroll all the way down to the normal P-P plot. When see a diagonal line and a bunch of little circles. Ideally, the plot becomes look like the figures above. If the data is not normal, the little circles will not follow the normality line. Due to this reason the researcher data become normal.

#### Assumption 4: Homoscedasticity Assumption Test

Homoscedasticity assumption test means that the variance around the regression line is the same for all variables. This is also known as homogeneity of variance. The assumption could be checked using scatter plot between residual and predicted or independent variable. Below graph show that the assumption that the variation in the residuals (or amount of error in the model) is similar at each point of the model. As the predicted values increase (along the X-axis), the variation in the residuals should be roughly similar.



**Source: Researcher's survey, (2022)**

The scatter plot of the residuals above was appear right below the normal scatter plot in data output. Ideally, it was getting a plot that looks something like the plot above. The data looks like shot it out of a shotgun it does not have an obvious pattern, there are points equally distributed above and below zero on the X-axis, and to the left and right of zero on the Y-axis. These indicate that the data become homoscedasticity because it looks somewhat like a shotgun blast of randomly distributed data.

**Assumption 5: D-W test (Durbin-Watson statistic)**

Regression analyses need the independent variables not to be auto correlate or there is an independence of observations (i.e., independence of residuals). D-W test (Durbin-Watson statistic) tools which can enable to check if there is auto correlation or not and the results is as shown below there is no auto-correlation; this is because all mean values of the residual, Std. predicted Value and Std. residual values are 0.000.

**Residuals Statistics<sup>a</sup>**

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	2.1100	5.1638	3.7335	0.71439	136
Residual	1.12965	0.77884	0.00000	0.34160	136
Std. Predicted Value	2.272	2.002	0.000	1.000	136
Std. Residual	3.295	2.272	0.000	0.990	136

a. Dependent Variable: Strategic implementation  
Source- SPSS output of own survey (2022).

**Table 4.6 Analysis model summary of R and R<sup>2</sup>**

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.930 <sup>a</sup>	.865	.857	.29906

a. Predictors: (Constant), Oculture, Strategy, Leadersp, OSystem, SProces, Fresources, Hresources Source- SPSS output of own survey (2022).

From the above model summary in Table 4.6, it can be seen that R is 0.930 shows that there is a positive relationship between the seven factors and strategic performance and R<sup>2</sup> is 0.865 indicates that about 86.5% of the variance of strategic performance (dependent variable) can be explained by the seven factors (independent variables), the remaining 13.5% of the variance is explained by other variables which are not included in this study. Therefore, further research can be conducted to establish the factors contributing to the remaining 13.5%.

**Table 4.7 (ANOVA) the Seven Factors as Predictor to Strategic Performance**

ANOVA <sup>a</sup>						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	73.203	7	10.458	116.928	.000 <sup>b</sup>
	Residual	11.448	128	.089		
	Total	84.650	135			

a. Dependent Variable: Sperformance

b. Predictors: (Constant), Oculture, Strategy, Leadersp, OSystem, SProces, Fresources, Hresources Source-SPSS output of own survey (2022).

From the ANOVA Table 4.7, the F-test result and the P-Value tests whether the overall regression model is good predictor and the probability of this result is occurred by chance or not. In this regard, the F-test result is 116.928 with a significance of less than 0.01. This means, the probability of those results occurs by chance is < 0.01. And it can be concluded as the overall regression model is significant (7, 128) = 116.928, P < 0.01, R<sup>2</sup> = 0.865.2% (that is the regression model is a good to fit the data). Therefore, significant amount of strategic implementation is influenced by the seven factors that identified in the eight 'S' model. In other words, independent variables (the seven factors) significantly predict the dependent variable (strategic implementation).

**Table 4.8 (Coefficient) the Seven Factors as Predictor to Strategic Performance**

Model		Coefficients <sup>a</sup>			T	Sig.
		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta		
1	(Constant)	0.121	0.165		0.731	0.466
	Strategy	0.082	0.050	0.095	1.641	0.003
	O/System	0.150	0.060	0.150	2.486	0.014
	S/Process	0.433	0.077	0.386	5.642	0.000
	Leaders/p	0.056	0.071	0.045	0.794	0.029
	H/resources	0.335	0.127	0.352	2.646	0.009
	F/resources	0.032	0.128	0.027	0.252	0.000
	O/culture	0.129	0.092	0.156	1.394	0.006

a. Dependent Variable: Strategic Performance

Source- SPSS output of own survey (2022).

From the above coefficient table 4.8, the positive B coefficient values indicated that there is a positive effect of the seven factors of eight ‘S’ model on strategic implementation. And this result is significant as p-value is equal to .000 < 0.05, which means changes in the predictor value is related to changes in the response variable. The regression equation below has established that taking all factors into account constant at zero, the result for strategy performance will be 0.121. The findings presented also shows that taking all other independent variables at zero, a unit increase in strategy will lead to a 0.082 increase in strategy performance while a unit increase in organizational system will result in a 0.150 increase in strategy performance and a unit increase in system and process will lead to a 0.433 increase in strategy performance likewise, a unit increase in leadership will result in a 0.56 increase in strategy performance. It can be interpreted for other factors similarly. To summarize, the equation of the regression line is defined as follows:

$$SP = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \dots + \beta_k X_k + e_t$$

$$SP = 0.121 + 0.082X_1 + 0.150X_2 + 0.433X_3 + 0.056X_4 + 0.335X_5 + 0.032X_6 + 0.129X_7 + 0.870$$

Where;

SP represents strategic performance  
X<sub>1</sub> represents strategy implementation  
X<sub>2</sub> represents organizational system  
X<sub>3</sub> represents system and process  
X<sub>4</sub> represents leadership  
X<sub>5</sub> represents human resources  
X<sub>6</sub> represents financial resources  
X<sub>7</sub> represents organizational culture and  
e<sub>i</sub> represents summation of tolerable error

### **Regression Model Results**

The research further sought to examine the coefficients and the statistical significance of the effect of the variables on the strategic performance of the AHRI. All coefficients are statistically significant at 0.05 level. Except the coefficients of leadership, all coefficients are significant even at 0.01 level. The regression results showed that system and process is the most influencing factor with a coefficient of 0.433 followed by human resources with a coefficient of 0.335 and the organizational system with a coefficient of 0.150.

### **4.3 Discussion**

Significant amount of strategic implementation is influenced by the seven factors that identified in the eight 'S' model. In other words, independent variables (the seven factors) significantly predict the dependent variable (strategic implementation). This result is in line with Tesfaye (2021) found that the seven major factors of the eight 'S' model greatly affect strategic performance. Comparing the regression results with similar studies, the findings of this study agree with other studies with certain differences on some variables. For example, similar to this study, there is a positive relationship exists between the seven factors of eight 'S' model and strategic performance and organizational culture is found to be the most influencing factor followed by leadership in Tesfaye (2014) and Mbogo (2019). But, for this study the most influential factor is system and process followed by human resources.



## CHAPTER FIVE

### SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This chapter delivers the summary of the findings from chapter four and it also gives the conclusions and recommendations of the study based on the objective of the study.

#### 5.1 Summary

The general objective of this study was to examine the effect of the seven major factors that identified in eight 'S' model on strategic implementation at AHRI. The study was conducted based on the collection of primary data. Primary data was collected through the use of well-structured and self-administered questionnaire that contains relevant questions which 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 AHRI which is represented in terms of its strategic performance. In addition, one-to-one interview with selected 5 management bodies was conducted to collect qualitative data to supplement and strengthen the information obtained from questionnaires.

This survey research was conducted using 136 employees, managers and team leaders of the AHRI that were selected from an estimate of 280 employees, managers and team leaders working at Addis Ababa. The collected data were analyzed using descriptive analysis and inferential analysis as presented in chapter four. Descriptive analysis is characterized by frequency, percentages mean and standard deviation. Pearson's correlation and multiple regression analysis are used in drawing inferences about the relationship between the seven factors and the strategic performance of the organization.

Respondents showed that the strategy is clear, relevant and consistent as indicated by a mean of 3.48 and standard deviation of 0.92. The organizational system of AHRI is considered to be appropriate and effective as indicated by a mean of 3.73 and a standard deviation of 0.79. The result with regard appropriateness and effectiveness of the systems and processes of AHRI is found to be with a mean of 3.78 and a standard deviation of 0.71. Respondents agreed that the leadership of AHRI is appropriate, committed and competent as indicated by a mean of 3.80 and a standard deviation of 0.64. The result shows that the human resource of AHRI is competent and committed as indicated by a mean of 3.69 and a standard deviation of 0.83. The resources capability and allocation of AHRI is found to be appropriate and planned as indicated by a mean

of 3.72 and standard deviation of 0.67. Likewise, results showed that the organizational culture of AHRI is appropriate and aligned with the strategy as indicated by a mean of 3.66 and a standard deviation of 0.96.

The results of the correlation analysis indicate a positive, moderate to strong and statically significant correlation between all the seven factors and the strategic performance of AHRI is significant at 0.05 level of confidence. The strategic performance is found to have a Pearson correlation coefficient of 0.526 with strategy, 0.735 with organizational system, 0.838 with organizational systems and processes, 0.679 with leadership, 0.868 with human resources, 0.796 with financial resources planning and allocation and 0.816 with organizational culture.

The regression analysis showed that the seven independent variables that were studied, explain 86.5% of the factors influencing the strategic performance of AHRI. The model is statistically significance even at a level of 0.01 with F value of 116.928. All the coefficients are statistically significant at 0.05% level of confidence. And organizational system and process is the most influencing factor with a coefficient of 0.433 followed by human resources with a coefficient of 0.335 and the organizational system with a coefficient of 0.150.

## **5.2 Conclusions**

Accordingly, based on descriptive (frequency distribution, percent, mean & standard deviation) and inferential (Pearson's correlation and linear regression) statistics results and summary of major findings, the following conclusions were drawn.

- Based on the descriptive statistics, it is pertinent to conclude that all the seven factors considered in the study influence strategy implementation of AHRI to a great extent. The organization has done relatively well on system and process, human resources capability & commitment and organizational system. The performance of AHRI is moderate with regard to organizational culture. It has also demonstrated lower scores on financial allocation, leadership commitment and clear and consistent strategy formulation & implementation.
- The study aimed to determine the relationship between the seven factors identified in the eight 'S' model by Huggins (2005) and the success of strategy implementation at AHRI. To this objective, the study concluded that all the seven factors considered in the study are related to the success of strategy implementation at AHRI. This is evidenced by the Pearson correlation

coefficients that showed a positive, moderate to strong and significant relationship between all the seven factors and the strategic performance of the organization.

- The study conducted a multiple regression analysis that has fulfilled the assumptions. The model is found statistically significant even at 0.01 confidence level. The regression results indicated that 86.5% ( $R^2 = 0.865$ ) of the variations in AHRI strategic performance are determined by the seven factors considered in this study. All the coefficients are statistically significant at 0.05 levels. Based on the regression results, system and process is the most influencing factor with a coefficient of 0.433 followed by human resources (0.335) and organization system (0.150).

### **5.3 Recommendations**

Based on the conclusions drawn from the findings, the following realistic and applicable recommendations are put forward.

- The management of AHRI should continue giving the required attention to all the seven factors studied here as they are found strongly related to the strategic performance of the organization; giving special emphasis on financial allocation, leadership effectiveness and strategy implementation it-self which are found to be relatively the least predictor variables of the strategic performance of AHRI.
- The findings showed that the organization has relatively lower scores with regard to the financial allocation, leadership efficiency and appropriateness and effectiveness of strategy implementation. Thus, the organization should formulate clear, relevant and consistent strategy, improve leadership effectiveness and enhance the efficiency of financial allocation.
- Based on the regression results, the organization should significantly improve and sustain its strategic performance if a special emphasis on improving its system and process, enhancing the commitment of human resources and further improving its organizational system as these are found to be the leading factors in affecting the strategic performance of AHRI.
- The organization should leverage their effort further on the seven factors considered in the study as they are found to determine 86.5% of the strategic performance of the organization.
- Finally, the researcher recommended that, it is important for other researchers to conduct research in this particular area in the future by including additional variables (out of the seven factors of eight 'S' model) to generate more convincing results that may increase the importance of success of strategy implementation.

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**ST. MARY'S UNIVERSITY**  
**SCHOOL OF GRADUATE STUDIES**  
**SCHOOL OF BUSINESS**  
**MBA PROGRAM**

**QUESTIONNAIRE**

Dear staff of AHRI,

I am a Masters of Business Administration student at St. Mary's University and working on my thesis entitled "Challenges of Implementing Human Resource Strategy in the case of AHRI". In line with this, a study is proposed to assess the factors which contribute to the implementation of HR Strategy in AHRI. In order to attain the goal effectively, I request your cooperation. Your genuine and on time reply is important for the success of my study. There is no need of writing your name or ID number on the format. Your opinion will be kept confidential and will be used for academic/research purpose only. Therefore, you are kindly requested to give proper answer for each question carefully.

If you have any question or comment, please don't hesitate contact by the following addresses:

- Cell phone: 0911833900
- Email: konjitg@gmail.com

Thank you in advance for your time and efforts!

**Part I**

**Personal Information/demographic data**

Please read each question carefully and answer it by putting a "√" mark on the box matching to the response.

1. Gender: Male  Female
2. Age: 18-27  28- 37  38-47  48 and above
3. Educational level: Diploma  Degree  Masters or above
4. Work experience at the institute: less than 1 year  1-3years  4-6years



## **Part II**

Put an “X” mark to indicate your level of agreement to the following statements by using a scale of 1-5 where, strongly disagree is (SDA=1) disagree is (DA=2) neutral is (N=3) agree is (A=4) and strongly agree is (SA=5).

No.	Items/Questions	Level of agreement				
		SDA=1	DA=2	N=3	A=4	SA=5
<b>A</b>	<b>Implementation of HR Strategy</b>					
1	The process of implementing strategy is effectively linked to the strategy of HR.					
2	The institute integrates human resource strategies to the AHRI’s strategies.					
3	The organizational human resource strategies are easy to track individual targets that work towards achievement of organizational goals.					
4	In AHRI, essence of human resource strategic management lies on its implementation.					
<b>B</b>	<b>Organizational Structure</b>	<b>SDA=1</b>	<b>DA=2</b>	<b>N=3</b>	<b>A=4</b>	<b>SA=5</b>
1	The organizational structure of AHRI is appropriate for effective decision making.					
2	There are clear reporting lines in which responsibilities of key employees are clearly defined.					
3	The organizational structure adequately supports HR strategy implementation at AHRI					
4	The institute HR strategy enhances effectiveness and efficiency.					
<b>C</b>	<b>System &amp; Process</b>	<b>SDA=1</b>	<b>DA=2</b>	<b>N=3</b>	<b>A=4</b>	<b>SA=5</b>
1	AHRI has appropriate systems which are associated to HR strategies implementation					
2	AHRI has flexible process which are aligned to HR strategies implementation					

3	AHRI has systems that ensure high performance and ethical behaviors.					
4	There are effective processes at the institute that are aligned to HR strategy creativities					
5	Employees of AHRI easily adopt to systems that change human resource strategies					
<b>D</b>	<b>Leadership</b>	<b>SDA=1</b>	<b>DA=2</b>	<b>N=3</b>	<b>A=4</b>	<b>SA=5</b>
1	In AHRI there is adequate top management support in implementing the strategic human resource management initiative					
2	Management is aware of what strategic human resource management entails					
3	There is adequate communication on new initiative for managing human resources					
4	Management's view on seeing employees' concerns integrated to the institute strategies					
5	Management is supportive in implementation of the institute plan					
<b>E</b>	<b>Human Resources</b>	<b>SDA=1</b>	<b>DA=2</b>	<b>N=3</b>	<b>A=4</b>	<b>SA=5</b>
1	Employees are treated as valuable assets of the organization					
2	Employees are seen as investment in future growth of the organization					
3	The institute understands employees as a source of competitive advantage in the institute					
4	Primary role of the Human Resource Manager in the institute is as an integral member of senior management					
<b>F</b>	<b>Resources- Financial and other Resources</b>	<b>SDA=1</b>	<b>DA=2</b>	<b>N=3</b>	<b>A=4</b>	<b>SA=5</b>

1	AHRI has sufficient financial resource to execute strategic initiatives.					
2	AHRI continuously develops its resources and support implementation of its HR strategies initiatives.					
<b>G</b>	<b>Organization Culture (Shared Values)</b>	<b>SDA=1</b>	<b>DA=2</b>	<b>N=3</b>	<b>A=4</b>	<b>SA=5</b>
1	The institute organizational culture is based on its values					
2	AHRI Culture is helpful in the implementation of strategic human resource management in the institute					
3	Strategic human resource management implementation be carried out so as to add value to the organization					
<b>H</b>	<b>Strategic Performance</b>	<b>SDA=1</b>	<b>DA=2</b>	<b>N=3</b>	<b>A=4</b>	<b>SA=5</b>
1	Political environment, both internal and external factors have influence on the performance of strategic human resources management at AHRI					
2	AHRI is improving its competitive advantages through by using new technologies					
3	AHRI is improving its research excellence and efficiency goals through continuous improvement systems					
4	AHRI is improving employees' satisfaction through employee development programs					

Please write down any idea you think that helps to improve the challenges of implementing human resource strategy.

.....

.....

**ST. MARY'S UNIVERSITY**  
**SCHOOL OF GRADUATE STUDIES**

**SCHOOL OF BUSINESS**

**Semi-Structured Interview Guide**

Thank you for your willingness for this interview. This research is conducted as part of my MBA study at St. Mary's University. Your involvement is very significant to the research. Therefore, you are kindly requested to answer this interview to achieve the main objective of the study. Your response will be kept highly confidential and used only for this research on academic purpose. Thank you in advance for your help.

1. How is strategic human resources management implemented at the institute?
2. How do the employees contribute to implement strategic human resource management?
3. To what extent does organizational structure contribute human resource strategy implementation at AHRI?
4. How the leadership style, capability and obligation affect strategy implementation at the institute?
5. How do you try to overcome the changes of implanting strategic human resource management?

**Thank you!**