

The Effect of Strategic Management Practice on Organizational Performance: The Case of Ethio Telecom

Leykun Arega¹ and Yohannes Workeaferahu Elifneh²

¹Department of Management, Addis Ababa University, ETHIOPIA

²Department of Management, Addis Ababa University, ETHIOPIA

²Corresponding Author: yohannes.workeaferahu@aau.edu.et

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ABSTRACT

The aim of this research paper was to examine the effect of strategic management practices on organization performance in the case of Ethio telecom (the leading telecom company in Ethiopia). To conduct this study, the study used an explanatory research design to examine the effect of strategic management practice (strategy formulation, strategy implementation and strategy evaluation) on organization performance. The target population comprised 517 Ethio telecom employees and 226 samples drawn. The study used questionnaires for data collection. Accordingly, 226 questionnaires were distributed through a google form link and 206 questionnaires were properly filled. Both descriptive and inferential analysis techniques have been used to analyze the data using SPSS version 23 tool. The results of the study showed that from the dimensions of strategic management practices, strategic evaluation is the most important predictor of organization performance and followed by strategic formulation; while strategic implementation is moderately related in terms of magnitude of the effect.

Keywords-- Strategic Management, Organization Performance, Strategy Formulation, Strategy Implementation and Strategy Evaluation

I. INTRODUCTION

In today's dynamic business environment strategic management practice is decisive to ensure business growth, to achieve better results, respond to existing challenges, outperform competitors and have best competitive position as it enables to take a multitude of factors into account when making decisions (Teles, et al., 2016). A strategic management is an overall process of assessing the current situation, formulating appropriate strategies, putting those strategic plan into action, reviewing, evaluating and changing those strategies as needed (Nedelea & Paun, 2009).

Strategic management can be defined as the art and science of developing, implementing, and assessing cross-functional decisions that help a company accomplish

its objectives. It focuses on integrating management of different work units, marketing, finance and accounting, production and operations, research and development, and information systems to achieve organizational success (Fred & Forest, 2017). The basic elements of strategic management are strategy formulation, strategy implementation and strategy evaluation.

Strategy formulation is the development of long-range plans for the effective management of environmental opportunities and threats, in light of corporate strengths and weaknesses. (Thomas and David, 2012). Strategy implementation is about putting those formulated and selected strategies into action. Sadler (2003) mentioned that a strong strategy is worthless if it is not implemented well. It involves decisions about organization structure, resource allocation and acceptable risk level, leadership qualities and managerial skills. Strategy evaluation may include examining the underlying bases of existing strategy, review planned against actual strategy executions, identify gap and take corrective actions to ensure that performance conforms to plans.

Strategic Management practices have significant benefit to organizations in enabling to formulate better strategies, to survive, grow, make profit and sustain their businesses and gain competitive advantage over their rivals. Thomas and David (2012) indicated as research reveals that organizations that successfully engage in strategic management do better than those that do not and positively affects the organization's performance.

In the telecom industry, strategic management practices are the primary role to ensure sustainable growth of the company in the industry competitive market, to tap market opportunities and match with the changed customer demands and actors in the market, to play pivotal role in the overall prosperity of its operating country through accelerating digital transformation. Thus, assessing the impact of strategic management practices on the organizational performance of a telecom operator is an essential topic for researchers. Therefore, the purpose of the study was to examine the effect of strategic management practices on organizational performance in

telecom operator focusing on Ethio telecom.

II. PROBLEM STATEMENT

In today's fast-paced and globalized business environment, organizations may easily lose their sense of the direction and purpose. However, strategic management serves as a powerful tool to control an organization's destiny. It provides a guiding light and enforce members of the organization to think about the future, identify new opportunities and threats, and refocus on their mission and can remain proactive, competitive, and develop calculated approaches to address issues from a broad perspective (Alkhafaji, 2003).

By implementing strategic management effectively organizations may retain larger market share, enhance its customer base, ensure customer satisfaction and increase profit margin. For telecommunication operators to compete effectively the practice in the overall strategic management is very crucial to focus on continuous innovations in new and differentiated products, enhance quality of service and assure network coverage and deliver services at lower cost. This enables the telecom operators to be more competitive on price and get better loyalty from their customers (Muneer, 2012).

Thus, the primary initiative to conduct this study is oriented towards providing management with answers to questions concerning about the extent of the current status of strategic management practices and its influence on organization performance achievement. As Ethio telecom was sole telecom operator in the country for the past 128 years, its strategic management was not end to end fully practiced to the expected level to bring the required result. It is observed that there is gap to the end to end implementation process of strategic management. The problems are lack of integration and alignment with all stakeholders involved in strategic management practice and taking corrective action based on timely review on strategic execution. However, following the national policy change on liberalization of telecom industry on 2021, Safaricom Ethiopia PLC won the license to operate telecommunication services in Ethiopia and launched their services on August 2022. Now there is a high driving factor to appropriately implement strategic management practices throughout the company because today's question for the company would be survival than profit making.

Thus, this study aims to investigate, explain and contribute about the effect of strategic management practices and its relationship with organizational performance and ensure on understanding end to end practice considering the emerging stiff competition as the impact of strategic management practices addresses the question of why some organizations succeed and other

fails and enables to get ready for the competitive market and create new way of doing things (Muneer, 2012).

In the recent systematic assessment of the academic literature on the strategic management practices, (Nkemchor & Ezeanolue, 2022); Meresa, M. (2019) in their study concluded that strategic management had significant positive effect on organizational performance. In contrast Muriithi (2005) indicated that organizations greater focus shown on the strategy formulation and implementation was negatively associated with company performance while strategy monitoring and control was positively associated with organization performances. This inferred that as there is no conclusive data to indicate which elements of strategic management has a greater impact on organizational performance, these empirical studies will focus on the combined effect as well as each strategic management elements (strategy formulation, implementation, and evaluation) as predictors of organizational performance.

On top of that, even though there are numerous studies are conducted related to strategic management practice and its impact on organization performance in many developed and developing countries, there are very few empirical studies conducted in Ethiopia (e.g, Enkusilassie, 2022; Meresa, 2019; Wubshet, 2018; Dinberu, 2016), and almost all of these studies focused on financial institutions mainly bank sectors. Moreover, as to my knowledge there have been no empirical studies conducted to verify the relationship between strategic formulation, implementation and evaluation practices and organizational performance in telecom industry of Ethiopia, particularly in Ethio telecom. As a result, there is a gap in the literature examining the relationship between strategic management and organization performance in the Ethiopian telecom sector. Therefore, the study will be relevant and contribute for Ethio telecom to know its current status of the strategic management application and understand its implication on the overall performance of the organization.

The emerging competition in the telecom industry in Ethiopia, a shift in technology, unlimited customers demand and decline in market share in the hypercompetitive telecom industry become difficulties, to address these, strategic management is pivotal for company success. Therefore, the researcher motivated to fill the literatures gap on the topic and seek to investigate the effect of strategic management on organization performance. So, this could be the reason to investigate the impact of strategic management which are explained by characteristics such as strategy formulation, strategy implementation, and strategy evaluation on organization performance in the case of Ethio telecom.

III. RESEARCH QUESTIONS

Specifically, the study addressed the following research questions:

1. What is the effect of strategy formulation on organizational performance of Ethio telecom?
2. What is the impact of strategic implementation on organizational performance of Ethio telecom?
3. Is there significant relationship between Strategic review, evaluation and control and organization performance of Ethio telecom?
4. Which element of Strategic management practice has more power to influence organizational performance?
5. What are the gaps observed in the strategic management practice?

IV. OBJECTIVES OF THE STUDY

The general objective of this study is to examine the effect of strategic management practices on organizational performance of Ethio telecom. Specifically, the study has the following objectives:

- To investigate the effect of strategy formulation on organizational business performance of the company.
- To examine the effect of strategy implementation on organizational business performance of the company.
- To determine the effect of strategy evaluation on organizational business performance of the company.
- To identify the strategic management which has more power to influence organizational business performance?
- To identify and recommend improvement areas on strategic management practices which will enhance organization business performances.

V. LITERATURE REVIEW

There is no a unifying definition of strategic management that all parties can agree on. Numerous definitions are used to explain strategic management by several scholars in different ways. Strategic management is a set of managerial decisions and actions that determines the long run performance of an organization. It includes internal and external environment scanning, strategic or long-range planning, strategy implementation, and evaluation and control (Thomas and David,2012).

Charles and Gareth (2009) relates strategy to success or failure of the company, as a set of actions managers take to improve their company business

performance relative to competitors. If a company's strategy yields greater performance, it is said to have a competitive advantage.

Instead of only concentrating on the present or understanding what has already occurred, strategy requires looking into the future and establishes a future direction or destination (White,2004). On the other hand, according to Purcell (1999) cited by Armstrong (2006) the emphasis in strategy is on focused actions that differentiate the firm from its competitors.

The strategic management of an organization consists processes of analyses, decisions, and actions as well as an examination of why certain businesses do better than others is the fundamental of strategic management (David and Alan,2009).

According to Fred & Forest (2017) both science and art techniques are used in the strategic management process and applications that enable an organization to achieve its objectives.

According to Fred & Forest (2017) by initiating and influencing actions rather than just reacting to them, strategic management enables an organization to ensure control over its own course of action and be more proactive than reactive in determining its own future. Strategic management is defined as the process by which managers of the firm analyze the internal and external environments for the purpose of formulating strategies and allocating resources to develop a competitive advantage in an industry that allows for the successful achievement of organizational goals (Marcus, Josh, Erin & Raymond, in press).

VI. MODELS OF STRATEGIC MANAGEMENT

The models of strategic management provide important insights on the high level overview of all the elements incorporated in the strategic management practices, which are vary among authors, however major activities engaged through the processes are similar. Models proposed by some authors organized into strategy formulation, implementation of formulated strategy and monitoring and evaluation of strategy in their models. Others, on the other hand, began with environmental analysis as a major phase and then followed with strategy formulation, implementation, evaluation, and control. The phase of environmental scanning is also crucial, which the majority of authors put in the strategy formulation phase. Some of the basic models of strategic management outlined are as follows.

According to Fred & Forest (2017) the strategic management process involves of three stages: strategy formulation, strategy implementation and strategy evaluation. While (Thomas and David ,2012) presents with

the 4 basic elements such as environmental scanning, strategy formulation, strategy implementation and evaluation and control. On the other hand, Charles and Gareth (2009) categorized the strategic management processes into five main activities: Select the corporate mission and corporate goals, Analyze the organization's external environment to identify opportunities and threats, Analyze the organization's internal operating environment to identify the organization's strengths and weaknesses, Select strategies that build on the organization's strengths and correct its weaknesses in order to take advantage of external opportunities and counter external threats and finally Implement the strategies.

A strategic management process model can be used to examine the role of strategic management in the organization performance (Pearson and Robinson, 2013). Therefore, a model from Fred & Forest (2017) is used for the aim of this study as a reference model, and it is divided into three key components: strategy formulation, strategy implementation, and strategy evaluation.

VII. ORGANIZATION PERFORMANCE

There is no common definition of the concept of organizational performance as it has various meaning from different context (Njeru, 2015) cited in (Ali and Qun, 2019). According to Otieno (2013) organizational performance is measured by how well it performs in relation to certain criteria, such as profitability or quantified objectives. On the other hand, Terziovski & Samson (2000) indicated that the combination of financial performance, business performance, and organizational effectiveness is referred to organizational performance cited in (Ali and Qun, 2019). Therefore, it is vital to use both financial and non-financial measurements to measure organizational performance.

Several researches revealed that a good strategic management implementation has a positive impact on organizational performances. According to a study that examined the findings of 26 previously published studies, strategic management generally has a positive effect on company performance (Charles and Gareth, 2013).

VIII. THE RELATIONSHIP BETWEEN STRATEGIC MANAGEMENT AND ORGANIZATION PERFORMANCE

There are several studies that have investigated the link between strategic management practices and organizational performance (refer Nkemchor & Ezeanolue, 2021; Meresa, 2019; Mokeira, 2020; Muriithi, 2015; Birinci & Eren, 2013; Rophus, 2018; Daudi & Mbugua, 2018; Kanano, A & Wanjira, J., 2021; Thomas, 2020;

Enkuselassie, 2022) claimed that the use of overall strategic management practice affects organizational performance.

According to Nkemchor & Ezeanolue (2021) explained that organizational performance is positively impacted by overall strategic management practice. Specifically, on their studies described that environmental scanning, strategy formulation, strategy implementations and strategic evaluation have significant positive relationship with organizational performance.

Daudi & Mbugua (2018) also made an assessment on effect of strategic management practices on performance of transport saccos in Nairobi county, Kenya and the study finding indicated that overall, all of the strategic management practice had a strong association and a significant impact on performance, with strategy formulation having the greatest impact, followed by strategic implementation and strategic evaluation, respectively. Similar research result revealed that strategy formulation had the greatest influence on the performance of supermarkets, followed by strategy implementation and then strategy evaluation (Kanano, A. & Wanjira, J. 2021).

Rophus (2018) revealed on the study that strategic management achieved a significant role in enhancing performance through enabling in launching new product and services, invest on research and development and new technology to enhance productivity. Similarly, Strategic management is an essential element and had a significant positive impact on organizational performance (Meresa, 2019).

Mokeira (2020) looked at the link between strategic management practice and its implication on the performance of selected travel and tour agencies in Nairobi city county, Kenya and concluded on the study that strategic management has a strong positive effect on performance of travel and tour agencies. Other study revealed also a significant and favorable association between Ethiopian Airlines' organizational performance and its strategic management practice (Thomas, 2020)

A study by Thomas (2020) attempted to see the influence of strategic management practice on Ethiopian Airlines performance and revealed on the finding concluded that strategy making have a positive and statistically significant impact on Ethiopian Airlines' organizational performance. Similar result of the study conducted on the private banks of Ethiopia and had indicated that the elements of strategic management (strategy formulation, strategy implementation and strategy evaluation or control) are positively correlated with each other and have a largely significant positive influence on organizational performance (Enkuselassie, 2022).

On the other hand, Muriithi (2015) conducted study on strategic management practice adopted by Postbank Kenya financial institution and concluded that on

his study, compared to strategy formulation and implementation, there is a strong association between strategy monitoring and control and company performance. However, it was also clear from the study that the company has shown greater emphasis on strategy planning and implementation which results in poor performance. Similarly, the study conducted by Kasera (2017) concluded that strategic thinking has a weak relationship with performance while strategic planning and implementation have negative relationships in the performance of the health sector in Nairobi county, Kenya.

Birinci & Eren (2013) performance was observed to benefit from strategic planning, evaluation and controlling and positively correlated, but implementation of strategies did not appear to have a positive impact on it. Other study found that Nib International Bank practice of communicating the strategy plan and participation of stakeholders was poor. Furthermore, the bank demonstrated a poor use of SWOT analysis results and there was lack of integration of strategic plans cascading to divisions and individual level as well the strategic plan lacks having end to end performance measurements, as a result the strategic plan is unrelated to strategic management (Dinberu, 2016).

IX. METHODOLOGY

This research used the explanatory type of research to explain the strategic management practices that influence the organization's performance of the company. In addition, descriptive research was applied to describe the behavior of a sample population and explain the findings of the variables. Moreover, the study used quantitative research approaches, as the research questions requiring results in numerical data, to examine the influence of strategic management practices on the organization performance of Ethio telecom.

Target Population

The target populations of the study cover 517 employees of the Strategic and program management division and other cross functional divisions of Ethio telecom in Addis Ababa, at the corporate level, who have a direct involvement in the process of strategic management practices.

Sampling Technique and Size

For this research study, to ensure fair representation and generalization of finding to the general population, probability sampling technique is used. The stratified sampling technique were applied to represent adequately each stratum in the sample and the respondents were selected using simple random samples are then drawn after determining the sample size from each stratum to collect survey questionnaires.

Due to time, budgetary constraints and the nature of the population, a sample of 226 employees both management and non-management position from all functional divisions at corporate office was chosen, based on Toro Yemane (1967) sample size determination formula. And an online survey questionnaires were distributed using the link created through google form.

Data Types and Sources

For this study both primary and secondary data were used to address the research question. The primary data sources for this study are Ethio telecom management members and concerned staffs who are actively involved in the company strategic management process through dispatching survey questionnaires. Secondary data of the study is used from different sources and were collected from company reports, websites, strategy and program management division strategy and performance management department, library books, journal articles, thesis and dissertations which were relevant to guide the researcher on the background of the study and to prepare literature review.

Method of Data Analysis

For reliability, Chronbach's Alpha coefficient was applied as the measurement value to verify the reliability of the items. Descriptive analysis is used to describe the demographic factors for more clarification and mean values, and standard deviations were utilized to further illustrate the relationship between variables.

To test all the hypothesis, correlation analysis was performed to determine the strength and linear relationship amongst the variables. Finally, regression analysis was used to show the impact of independent variables on its dependent variable, how well the entire bundle of predictor predicts the outcome, which means the strategic management practices on organization performance.

Reliability Test Result

The degree of reliability of the instrument had been checked with the Cronbach's Alpha statistics. The reliability measure helps to determine the extent to which the items in the questionnaire are related to each other, and get an overall index of the repeatability or internal consistency of the scale as a whole. Most frequently the Cronbach's alpha value is 0.70 and higher is an acceptable and good measure of reliability of internal consistency of the items in the scale (Hair et al., 2003). Cronbach's alpha found for the measures were 0.905 for strategic formulation, 0.826 for strategic implementation, 0.904 for strategic evaluation, 0.943 for overall strategic management and 0.913 for organization performance. The result for each dimension used in the study has shown a high degree of internal consistency and is thus reliable in measuring what it was intended to measure.

X. RESULTS AND DISCUSSION

This chapter deals on the presentation, analysis and interpretation of the collected data through the link created on Google forms. This form of data gathering is appropriate if respondents have internet connection and computer knowledge. 226 questionnaires were distributed to employees for the aim of the study, of these 210 were returned and 4 incomplete response cancelled and 206 (91%) valid responses thus used for analysis.

XI. DESCRIPTIVE ANALYSIS

The answers of the respondents for the variables indicated below were measured on five point Likert scale with 1= strongly disagree, 2= disagree, 3 = neutral, 4= agree and 5= strongly agree to evaluate the extent how Ethio telecom practices strategic management and organization performances well. However, while making interpretation of the results of mean and standard deviation the below mean score decision rules were considered to interpret the result easily.

1 - 1.5= Poor, 1.51 - 2.5 = Fair, 2.51 - 3.5= Medium/Average, 3.51 - 4.5= Good and 4.51 - 5 = Excellent/Very Good (Poonlar, 1987) as cited by Aklilu T., (2021).

Strategic Management Analysis

Table 4.4: Strategic Formulation

Items	N	Mean	Std. Deviation
SFQ1	206	4.165	0.8790
SFQ2	206	3.767	0.9075
SFQ3	206	4.068	0.7872
SFQ4	206	4.398	0.7694
SFQ5	206	4.204	0.8247
SFQ6	206	4.359	0.8128
SFQ7	206	3.845	0.8696
SFQ8	206	4.112	0.7977
SFQ9	206	3.830	0.9552
SFQ10	206	3.587	1.012
The overall result of the dimension		4.033	0.8615

Source: Own survey data result, 2023

Table 4.4 showed the main effect of the Strategic Formulation variables on strategic management practices. The table indicates that the mean score for strategic formulation variable items ranges from 3.587 to 4.398. The highest mean score of 4.398 is recorded from the fourth scale item i.e. "Ethio telecom define or redefine the vision, mission and core values of the company during strategic plan process, where necessary, in a way to convey the purpose, and direction of the organization" and

Environmental scanning is one of the crucial part of strategy formulation as the second mean value is on "the relevance of environmental analysis to effectively formulate Ethio telecom strategy" in the sixth item, with a mean score of 4.359, followed by "Ethio telecom identify and analyze in depth its internal and external factors to use as basis for developing strategy with mean of 4.165 in the first scale item.

Among the strategic formulation variable items, the least mean score of 3.587 and standard deviation 1.012 is recorded on item number ten which is on "the company strategic plan cascaded well in horizontal integration among functional units" and this shows Ethio telecom needs a little bit improvement on inter functional plan alignment and integration.

To conclude, the aggregate mean score for strategic formulation variables 4.033 shows Ethio telecom employees believe that the extent to which strategic formulation practices is being managed is good and more of the respondents agree with the strategic formulation items. And the standard deviation shows the respondent varies in their opinion from 0.7694 to 1.012 with their response to the variables and the overall standard deviation for strategic formulation is 0.8615.

Table 4.5: Strategic Implementation

Items	N	Mean	Std. Deviation
SIQ1	206	3.728	0.7864
SIQ2	206	3.864	0.8560
SIQ3	206	3.650	0.8912
SIQ4	206	3.801	0.8967
SIQ5	206	3.670	0.8310
SIQ6	206	3.398	0.9509
SIQ7	206	2.733	1.0507
The overall result of the dimension		3.549	0.8947

Source: Own survey data result, 2023

Table 4.5 showed the main effect of the Strategic Implementation variables on strategic management practice. The table indicates the mean score for strategic implementation variable items ranges from 2.733 to 3.864.

The highest mean score from the second variable item "there are effective and efficient working systems (policy, process, procedure) to support strategic plans execution in a systematic way" with a mean score of 3.864 and "top management commitment and support to execution of strategic plans" from fourth scale item is the second mean score of 3.801.

The least mean of 2.733 is scored on item number seven which is "our company has designed appropriate motivational and reward system linking to enhance strategic plan execution", it shows more of the respondents

gave rating medium and Ethio telecom needs to improve in devising motivational scheme to ensure planned strategies effectively implemented because the mean value of the respondents scored below three.

To summarize, when we evaluate the overall perception of respondents towards strategy implementation practices, the overall mean score is 3.549, implies that the company practices in strategic implementation is good and more of the respondents agree with the strategic implementation items. And the standard deviation shows the respondent varies in their opinion from 0.7864 to 1.0507 with their response to the variables and the overall standard deviation is 0.8947.

Table 4.6: Strategic Evaluation

Items	N	Mean	Std. Deviation
SEQ1	206	3.621	0.8624
SEQ2	206	3.500	0.9615
SEQ3	206	3.699	0.8592
SEQ4	206	3.801	0.8691
SEQ5	206	3.379	0.9588
SEQ6	206	3.563	0.9178
SEQ7	206	3.485	0.9092
The overall result of the dimension		3.578	0.9054

Source: Own survey data result, 2023

Table 4.6 showed the main effect of the Strategic Evaluation variables on strategic management practice. According to table 4.6, the mean score for strategic evaluation variable items ranges from 3.379 to 3.801.

The highest mean score of 3.801 is recorded from the fourth variable item i.e. “the strategic performance measures are balanced in terms of including both financial indicators and non-financial (customer, internal process and human resource capacity related indicators” with a mean score of 3.801 and the third item, i.e. “strategically key performance indicators measures are identified, reviewed and evaluated timely” is scored the second mean value of 3.699.

Among the variable items, the least mean of 3.379 is recorded on item number five which is “there is effective performance data collection methods for strategic plan progress review and performance evaluation”, it shows more of the respondents gave average rating with the item and the company is not paying enough attention to system based strategic performance monitoring.

To conclude, the overall mean score of 3.578 implies that the company strategic review and evaluation is good and more of the respondents agree with the strategic evaluation items. And the standard deviation shows the respondent varies in their opinion from 0.8592 to 0.9615

with their response to the variables and the overall standard deviation is 0.9054.

Table 1.7: Overall Strategic Management Practices Measure

Summary result for each dimension		
Dimension	Mean	Std. Deviation
Strategic Management	3.760	0.8840
Strategic Formulation	4.033	0.8615
Strategic Implementation	3.549	0.8947
Strategic Evaluation	3.578	0.954

Source: Own survey data result, 2023

According to table 4.7, the overall mean score of the independent (Strategic Management) variable is 3.76. As indicated in the table, variables mean score is greater than the midpoint of the scale which is 3.5. Therefore, it concludes that the Ethio telecom employees perceive that the Strategic Management practices of the company is good and most of the respondents agree with the strategic management dimension items. In addition, this result suggests that Ethio telecom more focused on strategy formulation with a highest mean value of 4.033, standard deviation 0.8615 and strategy evaluation with a second mean score of 3.578 and standard deviation 0.954, followed by strategy implementation with a mean of 3.549 and standard deviation 0.8947.

Organization performance Measures Analysis

Table 4.8 Organization Performance Measure

Items	N	Mean	Std. Deviation
OPQ1	206	4.126	0.7985
OPQ2	206	4.199	0.7550
OPQ3	206	3.908	0.9299
OPQ4	206	4.058	0.7818
OPQ5	206	3.752	0.8954
OPQ6	206	3.704	0.9185
OPQ7	206	3.976	0.8051
OPQ8	206	4.044	0.8457
OPQ9	206	3.485	1.0487
The overall result of the dimension		3.917	0.8643

Source: Own survey data result, 2023

As shown in above table 4.8, the mean score ranges from 3.485 to 4.199 for organization performance level dimension items with respect to the strategic management practices in Ethio telecom. The highest mean score of 4.199 is recorded from the second variable item i.e. “Increased revenue” followed by item one, “Increased customer base” with mean value 4.126 and item four (Increased profit growth) with mean score 4.058 and Mean value 4.044 from eighth item, i.e. increased diversified product and service solutions. And the least mean score is recorded from item number nine “increased the skill and knowledge of employees” with a mean score of 3.485. The least mean score implies that most of the respondents are neutral about this item and the company expected to do a little bit of improvement in enhancing its employees’ capability through strategic human resource training and development.

The overall mean score i.e. 3.917 shows that, the Ethio telecom organization performance (dependent variable) with respect to strategic management practices dimension is good and most of the respondents agree with the performance measurement items. Thus, it indicated that the mean can measure central tendency effectively. And the standard deviation shows the respondent varies from

0.755 to 1.0487 with their response to the variables and the overall standard deviation for the organization performance dimension is 0.8643.

XII. CORRELATION ANALYSIS

The correlation analysis helps to determine if a relationship between variables exists and how strong it is. The Pearson correlation coefficients were calculated to support the finding about the relationships between the dependent and independent variables as the data is scale data. As cited by Thomas (2020) to interpret the strengths of relationships between variables, the guidelines suggested by Evans (1996), the value of correlation coefficient is divided into five areas. A correlation coefficient between 0.00 and 0.29 indicates very weak, a correlation coefficient between 0.30 and 0.49 indicates a weak correlation, between 0.50 and 0.69 indicates moderate, a correlation coefficient between 0.70 and 0.89 indicates a strong correlation and a correlation coefficient between 0.90 and 1.00 indicates a very strong correlation.

Table 4.9: Relation between strategic management practices and organization performance

		Strategic Formulation	Strategic Implementation	Strategic Evaluation	Organization Performance
Strategic Formulation	Pearson Correlation	1	.649**	.677**	.701**
	Sig. (2-tailed)		.000	.000	.000
Strategic Implementation	Pearson Correlation		1	.698**	.692**
	Sig. (2-tailed)			.000	.000
Strategic Evaluation	Pearson Correlation			1	.715**
	Sig. (2-tailed)				.000
Organization Performance	Pearson Correlation				1
	Sig. (2-tailed)				

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

Source: Own survey data result, 2023

As per the results from table 4.9, there is a significant correlation between all strategic management practices indicators and organization performance in Ethio telecom and the correlation is significant at the 0.01 level. There is a strong correlation between organization

performance measures and strategic formulation (0.701) and strategic evaluation (0.715). And, the correlation coefficient was moderate and represents statistically significant positive relationship between strategy implementation and organizational performance with a value of 0.692.

Table 4.10: The relation between overall practices of strategic management and organization performance

		Strategic Management	Organization Performance
Strategic Management	Pearson Correlation	1	.794**
	Sig. (2-tailed)		.000
Organization Performance	Pearson Correlation		1
	Sig. (2-tailed)		
**. Correlation is significant at the 0.01 level (2-tailed).			

The above table 4.10 shows that the relationship between the overall practice of strategic management and organizational performance in Ethio telecom. Based on this correlation between the study variables (strategic management and organizational performance), there is statistically significant and strong relation between overall practice of strategic management and organizational performance in the organization with value of 0.794. This implies that, there is a high practice in overall strategic

management to the organizational performance of Ethio telecom.

Regression Analysis

Regression analysis was used to anticipate the impact of independent variables (strategic management practices) on dependent variables (organization performance) and to determine how much dependent variables are affected by changes in independent instrument behavior.

Table 4.12: Model Summary

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.794 ^a	.630	.628	3.65628	1.993

a. Predictors: (Constant), Strategic Management

b. Dependent Variable: Organization Performance

Source: Own survey data result, 2023

The model summary in above table shows that strategic management practices of Ethio telecom showed a very strong positive influence on organizational performance. independent variables predict the dependent variable with R square is 63% with adjusted R Square 62.8% the remaining 37.2% are other extraneous variables

that can affect organization performance. This indicates that 63% of the variance in organizational performance can be explained by practice of overall strategic management in Ethio telecom. The remaining 37% of the variance is explained by other variables that are not included in this model.

Table 4.14: Regression Coefficient for overall predictors

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.558	1.665		2.737	.007
	Strategic Management	.340	.018	.794	18.650	.000

a. Dependent Variable: Organization Performance

Source: Own survey data result, 2023

According to table 4.14, the regression analysis results show that there is a direct and positive effect exists between the practice in strategic management and organizational performance with a Beta value of 0.794 and the unstandardized coefficient value of 0.34, which is statistically significant at 99% confidence level (Sig .000). It means if the practice of strategic management increases by 1, the dependent variable organization performance of Ethio telecom will increase by 34%, other things remain constant. This indicates the respondents perceive that effective practice of strategic management in place at Ethio telecom, organizational performance grows significantly.

Moreover, the below table 4.15 refers the standardized coefficients to identify which components of strategic management practices have significant influence over organizational performance than the others in Ethio telecom. As shown in the regression coefficients table below, strategy evaluation practice had the highest standardized coefficient (0.316) followed by strategy formulation (0.313) and least predictor is strategic implementation practice (0.268). This indicates that the practice of strategy evaluation as part of the strategic management process, has a comparatively eater impact on the organizational performance of Ethio telecom.

Table 4.15: Regression coefficients of the predictors

Coefficients ^a					
Model		Unstandardized Coefficients		Standardized Coefficients	t
		B	Std. Error	Beta	
1	(Constant)	4.835	1.725		2.803
	Strategic Formulation	.296	.058	.313	5.090
	Strategic Implementation	.365	.086	.268	4.225
	Strategic Evaluation	.376	.078	.316	4.837

a. Dependent Variable: Organization Performance

Source: Own survey data result, 2023

Table 4.16: Summary of the Hypothesis Test

Hypothesis	Description	Regression Result	Conclusion
H1	There is a significant positive relationship between strategic formulation and organization performance.	B =0.296, sig=0.000, p<0.01	Accepted
H2	There is a positive relationship between strategic implementation and organization performance.	B=-0.365, sig=0.000, p<0.01	Accepted
H3	There is a significant positive relationship between strategic evaluation and organization performance.	B=0.376, sig=0.000, p<0.01	Accepted

XIII. CONCLUSION

All the three components of strategic management (strategic formulation, implementation and evaluation practices) had a significant and positive relationship with organization performance.

Strategic evaluation is the most important predictor and greater influence on organization performance in Ethio telecom, followed by strategy formulation, while strategic implementation is the least

predictor in magnitude of the effect on organization performance.

The overall strategic management analyses findings in the study shows that the extent to which the practice of strategic management which incorporates strategic formulation, strategic implementation and strategic evaluation being applied by Ethio telecom is good, particularly the highest score belongs to strategic formulation, which can be concluded that Ethio telecom is doing better on effective strategic planning activities and it shows that the level of strategic management practice is good and more over the company employees are perceived

that Ethio telecom is doing a good job in exercising and implementing effectively the concept strategic management by understanding its effect on the overall organization performance.

RECOMMENDATIONS

- The findings of this study indicates that the extent to which strategic formulation practices is being managed in Ethio telecom is good while the items in this dimension regard to strategic plan cascading in horizontal functional work units has the least score compared to other items. Thus, the researcher recommends Ethio telecom thoroughly work on its strategic plan cascading to ensure horizontal alignment among divisions in which can be achieved by empowering the company strategy and program office and divisional strategy planning and program work units, as they can enable proper coordination centrally and manage sub group or intra functional discussion in a way ensuring plan integration both horizontal and vertically to streamline business operations and help the organization enhance company planning culture which will lead to improve its overall performance and corporate objective achievement.
- The researcher recommends also as per the finding on the strategic implementation dimension, “our company has designed appropriate motivational and reward system linking to enhance strategic plan execution” has the least scored item with medium mean. Therefore, it is recommended that Ethio telecom should require careful consideration to improve in devising incentive and reward scheme aligning with corporate objectives to enhance employee engagement and commitment to strategy implementation and at large the intended strategic outcomes are successfully implemented.
- The researcher recommended Ethio telecom should give attention and put an effort to make system based strategic performance data recording and monitoring to track strategic execution status timely and identify, review gaps and take corrective actions for effective strategic plan execution, as the finding shows in strategic evaluation dimension the least scored item on “there is effective performance data collection methods for strategic plan progress review and performance evaluation”.
- The analysis result indicates, identifying corrective actions based on strategic plan implementation review and implementing the improvement action for effective strategic plan execution are relatively least score. So, it is recommended that, the Ethio telecom should set proper improvement action based on

strategic performance analysis and review and focus to address first on those critical areas to ensure strategic plans are being implemented as planned and aligned with company goals and objectives.

- According to Ethio telecom employees the overall score for organization performance of Ethio telecom is “good”. However, the researcher recommended should be based on the findings, one of the least score is increasing the skill and knowledge of employees with respect to strategic management practices. So it is recommended that Ethio telecom should work in enhancing its employees’ capability in order to improve its organization performance through implementing strategic human resource training and development.
- Considering the emerging and current telecom market competition in Ethiopia, Ethio telecom should strive and exert at most effort to enhance implementation of an effective strategic management practice consistently as there is always a room for improvement. Moreover, the researcher suggests that the organization should continue on working on what has been labeled as “good” and try to improve on the items in each dimension that scored the least when compared to the others in order to enhance overall organizational performance and outperform in competitive environment.

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