THE EFFECT OF STRATEGIC MANAGEMENT PRACTICES ON ORGANIZATIONAL PERFORMANCE AT AWASH INSURANCE COMPANY

A Thesis Submitted to the School of Graduate Studies of Jimma University in Partial Fulfillment of the Requirements for the Award of the Degree of Master of Business Administration (MBA)

BY:

ADONIAS NEGASH DEMIE

JIMMA UNIVERSITY

COLLEGE OF BUSINESS & ECONOMICS

MBA PROGRAM

July, 2020 G.C

ADDIS ABABA, ETHIOPIA

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Under the Guidance of

Zerihun Ayenew (Associate professor)

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July, 2020 G.C

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Declaration

I hereby declare that this research work entitled

"**The effect of strategic management practices on organizational performance at** *Awash Insurance Company*" submitted to Research and Postgraduate Studies' Office of Business and Economics College is original and it has not been submitted previously in part or full to any university or institutions.

Researcher's Name	Date	Signature
Adonias Negash Demie	July – 2020 G.C	

Certificate

This is to certify that the thesis entitled "**The effect of strategic management practices on organizational performance at** *Awash Insurance Company*" submitted to Jimma University for the award of the Degree of Master of Business administration (MBA) and is a record of bona fide research work carried out by Mr. Adonias Negash Demie under my guidance and supervision.

Therefore, I hereby declare that no part of this thesis has been submitted to any other university or institutions for the award of any degree or diploma.

Adviser's Name	Date	Signature
Zerihun Ayenew (Associate Professor)	July - 2020 G.C	

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List of Acronyms

AIC	Awash Insurance Company
ANOVA	Analysis of Variance
GLM	General Linear Model
SM	Strategic Management
SPSS	Statistical Package for Social Sciences
SWOT	Strength Weakness Opportunity Threat
VIF	Variance Inflation Factor
MFIs	Micro Finance Institutions
NBE	National Bank of Ethiopia
SC	Share Company

Abstract

The purpose of this study is to examine the effects of strategic management practices on organizational performance at Awash Insurance Company. . Source of data used was a close ended Likert Scale based Questionnaire and gathered from a sample of 110 employees that were selected using simple random sampling method. The data obtained from the survey were then analyzed with the use of SPSS. Data was collected through questionnaire using statistical tools such as mean, standard deviation, correlation, and multiple regression analysis. Results of this study indicate that, strategic management practices dimensions such as (environmental scanning, strategic formulation, strategic implementation, and evaluation and control) have positive and significant relationship with organizational performance, but less effect was contributed by the strategic implementation practice. This research was concluded as strategic management practices had major influence on the performance of the insurance company. Forwarded recommendations include strong effort should be given on strategic implementation by improved goal communication and rewarding systems, evaluation tool advancement and effectivity linked with technology, taking proactive corrective actions will improve the organizations effectivity. Researcher also suggests further studies on Strategic management practices specifically on Africa and Ethiopia cases where we lack information that is practical to us.

Key terms: Strategic management, Organizational Performance, Environmental scanning, Strategy formulation, Strategy implementation, and Evaluation and control

CHAPTER ONE

INTRODUCTION

This chapter contained introductory part of the entire study. It provides some insights about the ground and assumptions where the study is conducted. It states background of the study, statement of the problem, basic research questions, objectives of the study, hypothesis of the study, significance of the study, scope of the study, definition of key terms, and organizations of the thesis.

1.1 Background of the Study

Even though the word strategy is defined in many approaches, one of the very common definition is, a direction and scope of an organization over the long term, which achieves advantage in change of environment through its configuration of resources and competencies, (Johnson & Scholes, 2009).

Strategic management is defined as the process of evaluation, planning, and implementation designed to maintain or improve competitive advantage. Tanya Sammut, (2017) states strategic management as a set of managerial decisions and actions determining the long-run performance of an organization, it identifies what needs to change in an organization and how that would take place (Wheelen, &. Hunger, et al, 2015). Strategic management is concerned with complexity arising out of ambiguous and non-routine situations with respect to the organization and not operation and task specific (Johnson, Scholes & Whittington, 2008). It consists of four basic elements namely environmental scanning, strategy formulation, strategy implementation and evaluation and control.

Environmental scanning, also referred to as environmental analysis, is the first step in the strategic planning process and is the way by which organizations identify the main issues affecting them (Johnson, *et.al.*, 2007). Strategic planning is a systematic, formalized approach to strategy formulation (Grant, 2003). Scarf (1991) as cited by Alkhafaji (2003) defines strategic planning as a management tool to look at the future and see tomorrow's opportunities or challenges to gain competitive position.(Alkhafaji, 2003). Zafar *et al*., (2013) define strategy implementation as the process of making the strategy work as intended or putting the chosen strategy into action. As a process of putting the strategy into action, it involves getting individuals and organizational subunits to go all out in executing their part of the strategic plan successfully (Nedelea & Paun, 2009). Strategic control involves monitoring the extent to which the strategy is achieving the objectives and suggesting corrective action or a reconsideration of the objectives (Johnson *et al*., 2007).

Insurance companies besides the dynamism of the field are highly vulnerable to challenges with high failure rate as they bear the risks inherent in their operation and the risks transferred to them by way of insurance. Strategic management emerged as an important management tool in order to cope up with the dynamism and retain or gain a competitive advantage. Strategic management, a corner stone for corporate survival, is important to ensure better performance of an insurance company by facilitating effective decision making.

The key for effective strategy formulation and execution is when managers consider the organization as a whole and not as any entity made of distinct and independent business units, and must include everyone in the organization because strategy is a detailed plan for a business in achieving success, Dauda (2010). To successfully implement strategies both short- and long-term strategic plans need to be in place. Adequate and early planning and an all-inclusive process will prevent resistance by employees in the organization. In order to improve the level of employees' confidence in strategy implementation process, their level of competency and empowerment would be observed. (Mbwaya 2012), Reneta

(2012), concludes that the management should be competent so as to ensure good strategy objective setting, and manage resistance to strategy implementation.

Amelework (2015), compares these practices with the widely accepted theoretical concepts on strategic management and her findings show the strong aspects of the strategic management process and also loopholes in the process. Dinberu (2016), argues bank's weak use of SWOT analysis results, misalignment or linkage of strategic plans with work units and individual tasks were observed. In this context the study intends to investigate to what extent strategic management is being adopted along with the aim of identifying the gaps between the theory and the practice on particularly selected private insurance company' which is the most historic and leading private insurance companies in the country, Awash Insurance Company (AIC).

Therefore, as a business entity manager/owner, strategic management responsibilities include establishing the overall direction of the unit, ongoing analysis of the changing business situation, selecting a competitive strategy and the specific tactics needed to carried out, and for most part managing and utilizing internal and external resources to achieve a sustainable competitive advantage is very crucial and demandable. The purpose of this research was therefore, to assess and critically review how the strategic management practices executed by Awash Insurance Company S.C to sustain in the business and gain a competitive advantage over rivals.

1.2 Statement of the Problem

The overall strategic management process should be flawless with due concern being given for all components. Before the strategy formulation, a comprehensive environmental scanning should be undertaken. To achieve high performance, top managers must provide a strong sense of strategic direction and organizational members must be active players in the strategy making process. (Alkhafaji 2003), in solidifying his position on the criticality of strategy implementation argues that incorrect implementation would even make the best strategy worthless. Thus, the strategic management process is becoming more widely used by small firms, large companies, nonprofit institutions, governmental organizations and multinational conglomerates alike. Strikingly, organizations fail to implement about 70 percent of their new strategies (Miller, 2002).

The reputation of any insurance company and consumers demand for insurance depends, to a large extent, on the sort of claims services provided by the company to its customers. An insurance company which intends to maintain a competitive edge must perform better than competitors in its management of the claims function (Earnest, 2012). Wheelen & Hunger (2004), found that implementing strategy is more difficult than crafting strategy as it affects the organizational culture, structure, resources and in fact the whole texture of an organization.

Browning (2011) investigated the impact of strategic management on organizational performance and development of selected transport Sacco's in Nigeria and found that strategic management was not employed. Isdor (2015) from Kenya, concludes from his study that awareness of strategy gap on, the top management does all the strategic planning and innovations in the company but it is not communicated to the staff. Mohamud *et al.* (2015) from Somalia has findings that revealed the existence statistically significant has a positive relationship between strategic management and organizational performance.

Wubishet (2018), on his study concluded that private commercial banks focus more on the strategy formulation while giving less emphasis to strategy implementation, evaluation and control. Dinberu (2016), using descriptive statistics argues that the bank he chose have given less attention on the environmental scanning and thus suffers on formulating and communicating the strategic plan. Addisie (2015) using descriptive statistics, concludes and recommends should effectively communicate the strategic plan to concerned stakeholders to ensure the same level of understanding, find sustainable sources of finance to support the implementation of strategies and should work on capacity development of its employees.

As Ndirangu (2013) noted that strategic management is not a theory but a practical approach that can be used in organizations to bring about the achievement of goals and objectives set out by the organization, this research would address the question arose from the strategy-to-performance gap as it analyzes the theory against practice relationships at Awash Insurance Company. Amelework (2015), recommends that future research could include an in-depth and wider study of the most appropriate strategy practices by showing the link between the four phases of the strategic management process. To enable Awash Insurance Company maintain the existing market share and its leading position in general, this study therefore extends from relationship between strategic management practice within themselves and with organizational performance to assessing the existing practice of strategic management and the level of organizational performance so as to give information about recent and timely issues on the leading private insurance sector use of strategic management as this study is incorporated after vital time gap of 5 years in the new development growth and development plan (GDP) and was conducted after the latest vision of Awash Insurance Company. The study also analyzes the contribution of each strategic management practice on organizational performance that portray and indicate filling the research gap.

Therefore the research raises the following questions:

i. How is the existing practice of strategic management in Awash Insurance Company?
ii. What is the level of organizational performance as it is perceived by its employee?
iii. What is the relationship between strategic management practice and organizational performance?
iv. How does the strategic management practice contribute to the performance of organization?

1.3 Objectives of the Study

1.3.1 General Objective of the Study

The main objective of the study is to examine the effect of the strategic management practices on organizational performance in Awash Insurance Company.

1.3.2 Specific Objectives of the Study

- To assess the existing practices of strategic management in Awash Insurance Company.
- To identify the level of organizational performance as it is perceived by its employee in Awash Insurance Company.
- To determine the relationship between strategic management practices and organizational performance in Awash Insurance Company.
- To examine the contribution of strategic management practices on organizational performance in Awash Insurance Company

1.4 Significance of the Study

This research has significance in providing information for other researchers on the strategic management design and implementation practice of Awash Insurance Company S.C. since the survival of organizations mainly depends on their strategic management, the findings of this research are quite interesting and useful for the Insurance itself. The findings of this research will further help in adding further vital input to policy makers inside or out of the company as concerned to strategically aggravate the performance of such firms to effectivity.

The findings of this research will add to the knowledge of the subject of strategic management by deepening readers' understanding of the subject of strategic management from the perspective of insurance companies. Besides contributing to the existing pool of knowledge, it would also contribute to the academia by jump starting future researches.

1.5 Research Hypothesis

1. **H1 (Alternative hypothesis):** There is a positive and significant relationship between environmental monitoring and organizational performance.

2. **H1 (Alternative hypothesis):** There is a positive and significant relationship between strategy formulation and organizational performance.

3. **H1 (Alternative hypothesis):** There is a positive and significant relationship between strategy implementation and organizational performance.

4. **H1 (Alternative hypothesis):** There is a positive and significant relationship between strategy evaluation and control, and organizational performance.

1.6 Scope of the Study

The study is would focus on the effect on strategic management on organizational performance of Awash Insurance Company with strategic management tools such as environmental scanning, strategy formulation, strategy implementation, and strategy evaluation and control are independent variables which effect on the dependent variable of organizational performance. This study is delimited to Awash Insurance Company Head Office.

The study would examine the relationships among the dimensions of strategic management practices, and the dependent variable is organizational performance. The study used extensively a quantitative research method in which it confines itself to questionnaire survey on employees of Awash Insurance Company. This research is focused on cross sectional survey, which ends within one-year, starting on July, 2019 and ending on July, 2020.

1.7 Operational definition of key terms

Strategic management: is a set of managerial decisions and actions that determines the long run performance of a corporation. It includes environmental scanning (both external and internal), strategy formulation (strategic or long-range planning), strategy implementation, and evaluation and control, (Thomas L. Wheelen J. David Hunger, 2012).

Environmental scanning: Environmental scanning (analysis) is the process by which strategists monitor the environmental sectors (economic, political/legal, social/cultural, technological or ecological) to determine opportunities for and threats to the organization (Pearce and Robinson, 2009).

Strategy formulation: 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 (SWOT). It includes defining the corporate mission, specifying achievable objectives, developing strategies, and setting policy guidelines (Thomas L. Wheelen J. David Hunger, 2012).

Strategy implementation: Strategy formulation is the process of developing long term plans to deal effectively with environmental opportunities and threats. It starts when a leader tries to change the thinking of people (Azhar, et al., 2013).

Evaluation and control: Alkhafaji (2003), defines evaluation and control as the step succeeding implementation and entails monitoring the organization's performance to ensure that the chosen strategy achieves the desired objectives.

Organizational Performance: According to Yamin (1999), firm performance refers to how well a firm achieves its market-oriented goals as well as its financial goals. Financial performance measurements are the accounting-based measurements such as ROI, percentage in market share, rapid turnover of inventories, and return on asset.

1.8. Organization of the study

The research was organized in five chapters as follows, Chapter one includes background of the study, statement of the problem, basic research questions, objectives of the study, research hypothesis, significance of the study, scope of the study, operational definitions of key terms, and organizational of the study. Chapter two includes review of relevant related literature. In this second chapter, theoretical and empirical foundations of the study were presented. Chapter three encompasses research methodology which includes, sampling techniques, methods of data collection and methods of data analysis. In chapter four results and discussion of the study was presented in detail. The last chapter presents the summary of findings, conclusions and recommendations of the study. The summary of findings were made based on the results under chapter four. The conclusions was drawn from the summary of findings with practical recommendations at the end.

CHAPTER TWO

RELATED LITERATURE REVIEW

This chapter reviews related literature on the study so as to have an insight in to the research topic and briefly expose the reader to some of the major areas the subject matter under consideration. The chapter is presented in two sections. The first part is theoretical literature review of different theories related with subject matter. The second section empirically review different research findings.

2.1 Theoretical Review

2.1.1 Strategy and Strategic Management Concepts

2.1.1.1 Strategies

Jauch and Glueck (1998) define a strategy as a unified, comprehensive and integrated plan that relates the strategic advantages of the firm to the challenges of the environment. A strategy is a commitment to undertake one set of actions rather than another (Strickland *et al*, 2007). This is designed to ensure that the basic objectives of an enterprise are achieved through proper execution by the organization. According to Johnson and Scholes (2002), strategy is the process that matches resources and activities of an organization to the environment in which it operates.

An organization's strategy forms a comprehensive plan stating how the organization will achieve its mission and objectives (David, 1991). According to Howe (1993) the purpose of a strategy is to take the organization from its present position towards the goals it has identified for itself. Ansoffs (1965) viewed that strategy is the 'common thread' among an organization's activities and product/markets that defined the essential nature of the business that the organization was in and planned to be in the future. It is a pattern of decisions in a company that determines and reveals its objectives, purposes or goals, produces the principal policies and plans for achieving those goals (Andrews, 1987).

2.1.1.2 Strategic Management Concepts

David (2011) defined strategic management as art and science of formulating, implementing, and evaluating cross functional decisions that enable an organization to achieve its objective. However, the argument Alkhafaji (2003) on strategic management is different it is a concept which is concerned with making decisions and taking corrective actions to achieve long term targets and goals of an organization. According to Smith (1994) strategic management has been touted as one of the effective management tools in strengthening organization performance through effective decision making and systematic strategic formulation and implementation. Strategic management was also more prevalent in the private sector.

Strategic Management refers to the series of decisions taken by management to determine the long-term objectives of the organization and the means to achieve these objectives. Basically, it is concerned with the complexity arising out of ambiguous and non-routine situations with organization wide rather than operation-specific implications (Johnson, Scohles & Whittington, 2008). It includes understanding the strategic position of an organization, making strategic choices for the future and managing strategy in action (Johnson *et al*., 2008). Strategic management entails specifying the organization's mission, vision and objectives, developing policies and plans in terms of projects and programs and then allocating resources to implement the policies and plans, projects and programs. In the Corporate sector, the emergence of strategic management started after the culmination of Second World War (Zafar, Babar & Abbas, 2013).

The most critical challenge facing most organizations today is coping up with today’s game of business, dynamism. For a past few decades, organizations have been facing fierce competition in their external environment in which they operate (Alkhafaji, 2003 & Ayub, Razzaq, Aslam & Iftekhar, 2013). Strategic approach to management has become modus operandi in most major organizations in the past several decades (Asghar, 2011). Strategic management as a concept is concerned with making decisions and taking corrective actions to achieve long term targets and goals of an organization. Strategic Management is one of the efforts of management to confront situations that arise in an organization's daily routine while trying to achieve organizational goals and objectives (Alkhafaji, 2003). It is the art and science of formulating, implementing, and evaluating cross-functional decisions that enable an organization to achieve its objectives (AbuBakar, Tufail & Yusof, 2011 and Kaplan & Norton, 1996).

Roney (2010) asserts that the purpose of strategic management is to discover the nature and sources of competitive advantage. For Teecei, Pisan & Shuen (1997) and Njagi & Kombo (2014) also, the fundamental question in the field of strategic management is how firms achieve and sustain competitive advantage. The assertion by It provides overall direction to the enterprise (Kayale. 2012). It is a tool that has been successfully used by the ailing corporate organizations to prepare for the challenges of the future and improve their long-term performance (Zafar *et al*., 2013).

The crucial element in strategic management is strategy. According to Higgins (2005), strategies are formulated to achieve an organization's purpose. Strategy is a comprehensive, long-term plan indicating how the corporation will achieve its missions and objectives (Alkhafaji, 2003:8 & Kayale, 2012). It is the direction and scope of an organization over the long-term which achieves advantage for the organization through its configuration of resources within a challenging environment, to meet the needs of markets and to fulfill stakeholder expectations (Johnson *et al.* 2008). Strategy sets direction, focuses effort, promotes coordination of activity and affects overall welfare of the organization (Ahlstrand and Lampel, 1998).

In order to facilitate the strategic management process, strategies are formulated and implemented at three levels; corporate, business and functional. This is helpful in achieving both the annual as well as long term objectives. Corporate strategy, the highest level of strategy, is concerned about the overall purpose and scope of the organization and provides direction for a firm on what type of business it should invest in (Johnson *et al*., 2007). It addresses questions of where the organization is today, where it wants to be and how it wants to get there. Business level strategies and operational strategies are concerned on how to compete successfully in particular markets and on how the component parts of an organization deliver effectively the corporate and business-level strategies respectively (Johnson *et al.,* 2007). Functional level strategies are the means or steps taken to effectively implement the higher level of strategies and deals with relatively restricted plan providing objectives for specific function. (Zafar *et al.,* 2013*).*

Michael porter proposes cost leadership and differentiation as two generic strategies (Wheelen & Hunger, 2012). When these strategies are focused on the market niche, they are known as cost focus and differentiation focus. Cost leadership is a lower cost competitive strategy that aims at the broad mass market and requires aggressive construction of efficient scale facilities, vigorous pursuit of cost reductions from experience, tight cost and overhead control, avoidance of marginal customer accounts, and cost minimization in areas like R&D, service, sales force, advertising, and so on (Wheelen & Hunger, 2012). The logic is, because of its lower costs, the cost leader is able to charge a lower price for its products than its competitors and still make a satisfactory profit. For the same authors, differentiation strategy involves the creation of a product or service that is perceived throughout its industry as unique justifying the imposition of a premium price for the product. The specialty can be associated with design or brand image, technology, features, a dealer network, or customer service. For them differentiation is a viable strategy for earning above average returns in a specific business. Wheelen & Hunger (2012) define cost focus as a low-cost competitive strategy that focuses on a particular buyer group or geographic market and attempts to serve only this niche, to the exclusion of others.

Differentiation focus, like cost focus, concentrates on a particular buyer group, product line segment, or geographic market. They further state that this strategy is valued by those who believe that a company or a unit that focuses its efforts is better able to serve the special needs of a narrow strategic target more effectively than can its competition. Porter argues that to be successful, a company or business unit must achieve one of the previously mentioned generic competitive strategies.

2.1.2 Theories in Strategic Management

Igor Ansoff Growth Matrix

The Igor Ansoff Growth Matrix model, (1957) is a strategic planning tool that provides a framework to help executives, senior managers, and marketer's device strategies for future growth by helping a business to determine its product and market growth strategy. It is a business technique provides a framework enabling growth opportunities to be identified as it helps firms to device the strategies they adopt and each of these growth options draws on both internal and external influences. The matrix offers a structured way to assess potential strategies for growth. The four strategies are: *market penetration, product development, market development and diversification*. Market penetration involves selling more established products into existing markets, often by increased promotion or price reductions or better routes to market, for example online. Product development involves developing new products or services and placing them into existing markets. Market development entails taking existing products or services and selling them in new markets. Diversification involves developing new products and putting them into new markets at the same time. Diversification is considered the riskiest strategy because the business is expanding into areas outside its core activities and experience as well as targeting (Joy *et al.,* 2013).

Resource-Based Theory

The Resource Based View (RBV) of the firm is a dominant perspective of strategic management that seeks to find out why some firms consistently outperform others Lilly and Juma (2014) and invokes the concept of competitive advantage to explain firm performance (Barner, Wright & Ketchen, 2001). The Resource-Based theory (RBT) of the firm suggests that enterprises have a bundle of capabilities and resources that provide a more sustainable competitive advantage and contribute to higher returns (Peteraf & Barney, 2003). Resource Based View theory is based on the idea that the effective and efficient application of all useful resources that a company possesses helps determine its competitive advantage, and its performance. It assumes that organizations must be successful in obtaining and managing valued resources in order to be effective (Barner, Wright & Ketchen, 2001). In this way, the firm product development strategy is determined by the resources available and the capability to deploy them in the best way to obtain a good performance.

The resource-based perspective rests on two major theories; TGF; "The Theory of the Growth of the Firm", Penrose (1959) and RBV; "The Resource Based View", Wernerfelt (1985) and Barney (1991). According to Barney (1991), to obtain competitive advantage, resources have to be strategic, valuable, rare, inimitable, immobile and in some contexts not even tradable. The resource-based perspective in a contemporary view also includes company elements such as structure, control system and compensation policies in order to fully ensure proper resource exploitation, Barney (1997).

Resource-based view RBV is an approach to achieving competitive advantage that emerged in the 1980s and 1990s, after the major works published by Wernerfelt, B. ("The Resource-Based View of the Firm"), Barney, (1991) "Firm resources and sustained competitive advantage" and others. Other resources are hard to copy because they evolve over time and they reflect the unique aspects of the firm. Southwest’s culture arose from its very humble beginnings (Kioy, 2011).

Stakeholders Theory

The stakeholder theory is a theory of organizational management and business ethics that address morals and values in managing an organization. It was originally detailed by R. Edward Freeman in the book Strategic Management: A Stakeholder Approach identifies and models the groups which are stakeholders of a corporation, and both describes and recommends methods by which management can give due regard to the interests of those groups. In short, it attempts to address the "principle of who or what really counts (Graeff, 2009).

In the traditional view of a company, the shareholder view, only the owners or shareholders of the company are important, and the company has a binding fiduciary duty to put their needs first, to increase value for them. Stakeholder theory instead argues that there are other parties involved, including employees, customers, suppliers, financiers, communities, governmental bodies, political groups, trade associations, and trade unions. Even competitors are sometimes counted as stakeholders – their status being derived from their capacity to affect the firm and its stakeholders. The nature of what constitutes a stakeholder is highly contested with hundreds of definitions existing in the academic literature (Johnson, 2009).

Dynamic Capabilities Theory

Dynamic capability philosophy draws on Schumpeterian reasoning, which sees dynamic capability as another rent-creating mechanism based on the competences of organizations (Schumpeter, 1950). Eisenhardt and Martin (2000) defined dynamic capabilities as ‘a set of specific and identifiable processes’ that are ‘idiosyncratic’ in details and somehow ‘dependent’ in their emergence. Dynamic capability is about organizational competitive survival. Dynamic capability theory explains the capacity of an organization to purposefully create, extend or modify its resource base which refers to the choice of strategy an organization adopts to achieve its goals. Dynamic capabilities of firms may account for the emergence of differential firm performance within an industry (Zott, 2000). Zott (2000) synthesizing insights from both strategic and organizational theory, found performance relevant attributes of dynamic capabilities such as innovativeness of products to be the timing of dynamic capability deployment and learning to deploy dynamic capabilities.

2.1.3 Strategic Management Practices

Robbins and Coulter (2002) have mentioned that strategic management is the process that encompasses strategic planning, implementation and evaluation. On the other hand, Thompson and Strickland (1989) outlined five tasks in the strategic management process: developing a strategic vision and mission, setting objectives, crafting a strategy; implementing the strategy and evaluating performance, initiating corrective adjustments. Johnson and Scholes (2009) developed a model for strategic management which consists of strategic analysis, planning, choice and strategy implementation. Alkhafaji (2003) and Wheelen and Hunger (2008) noted that strategic management is the domain of top-level management and involves four basic components; Environmental scanning, Strategy formulation, Strategy implementation and Monitoring and control. Ahlstrand and Lampel (1998) and; Zafar, *et al*. (2013) also noted that strategy passes through four stages:

environmental scanning, strategy formulation, strategy implementation and evaluation or monitoring. All of these four components are crucial to successful business (Baroto, Arvand & Ahmad, 2014).

For the purpose of this study a model is adopted from Wheelen and Hunger (2015) as a reference the model is segmented to four sections. Such as; environmental scanning (gathering information), strategy formulation (developing long-range plans), strategy implementation (putting strategy into action) and evaluation and control (monitoring performance).

2.1.3.1 Environmental Scanning

Environmental scanning (analysis) is the process by which strategists monitor the environmental sectors (economic, political/legal, social/cultural, technological or ecological) to determine opportunities for and threats to the organization (Pearce and Robinson, 2009). Environmental scanning, also referred to as environmental analysis, is the first step in the strategic planning process and is the way by which organizations identify the main issues affecting them (Johnson, *et.al*., 2007).

The scanning gives planners time to anticipate opportunities and plan to take optimal responses to them thus developing appropriate measures to mitigate negative deviations. If a firm ceases to adjust its strategy to the environment, the result is lessened achievement of corporate objectives (Gabriel *et al*, 2005). Before an organization can begin to formulate strategy, management must scan the environment in order to identify opportunities, threats, strengths and weaknesses of the organization. To be successful over time, an organization must be dynamic and change oriented. There must be a strategic fit between what the customer wants and what the organization has to offer, as well as between what the organization needs and what the market can provide (Powell, 1992).

Effective strategic management requires an understanding of organizational resources and competencies as well as how each contributes to the formation of organizational strengths and ultimately to the development of a competitive advantage (Duncan, Gintei & Swayne, 1998). For Alkhafaji (2003) success of a strategy depends on its alignment with the company's environment. This is done using environmental scanning. Environment scanning or situational analysis is the starting point of the whole strategic process (Azhar, *et.al*., 2013). It is also known as environmental assessment and includes analysis and forecasting of the firm's relevant economy, markets and industry structure (Roney, 2010).

The corporate appraisal should be one of the first steps in the process of preparing strategic plans, and should provide both the platform based on which the corporate objectives are established and the baseline of the strategic plan (Hussey, 1998). Ruocco and Proctor (1994) suggest that an environmental analysis is a critical step in the planning process that must be performed to gather all the information necessary to develop appropriate strategies. It is done by way of evaluating the environmental factors at macro and micro level in order to identify the organizational threats and opportunities (Zafar, et.al., 2013). The macro environment refers to the general layer of the environment and consists of broad environmental factors that impact almost all organizations (Johnson, et.al., 2007). These authors recommend external environmental analysis tools such as SLEPT Analysis (Analysis of Social, Legal, Economic, Political and Technological analysis) and PESTEL Analysis (Analysis of Political, Economic, Social, Technological, Environmental and Legal factors). Within the broad general environment, the next layer is called an industry or a sector which consists of a group of competitors (Johnson, et.al., 2007). The five forces competitive model developed by Michael Porter can be used as an analytical tool for assessing competitiveness of the environment. The external environmental analysis is crucial in identifying opportunities and threats. Internal environmental analysis is crucial to understanding own capabilities and weaknesses. The resultant findings are classified as organizational Strengths and Weaknesses and Opportunities and Threats.

SWOT analysis summarizes the key issues from the business environment and the strategic capability of an organization that are most likely to impact on strategy development (Johnson, *et al*., 2007). SWOT helps in identifying an organization's core competencies i.e. potential strengths and utilizing those in exploiting opportunities and counteracting threats and identifying weaknesses in order to diminish them (Ayub, *et al.*, 2013). Asghar (2011) explains the essence of SWOT Analysis by stating that it is crucial in coming up with a good strategy that matches with the organization's external and internal environment. Under SWOT approach the attempt is to establish what has to be done to maintain the satisfactory things and correct the faults by ensuring that opportunities are exploited and threats are avoided (Hussey, 1998). Identifying strengths and weaknesses is difficult because characteristics that appear as one or the other may, on closer examination, possess little or no significance for competitive advantage or disadvantage (Duncan, *et al*., 1998). It requires introspection, self-examination and a more systematic analysis (Duncan, *et al*., 1998).

One of the most important tasks during strategy making is management of the interface between the many, often competing, demands of an organization's different stakeholders in relation to its strategic goals (Ackermann & Eden 2011: 180). Bryson (2007) also argues that attention to stakeholders is important throughout the whole strategic management process. Ackermann and Eden (2011) contend that top management while crafting an organization's strategy needs also to attend to the strategic management of stakeholders if it wants to ensure the strategy's robustness. This could be done by way of stakeholder analysis. A stakeholder analysis involves identifying the major internal and external stakeholders, their interests and concerns, and how these groups can be satisfied. Bryson (2007) argues that wise use of stakeholder analysis can help frame issues that are solvable in technically feasible and politically acceptable ways. A basic stakeholder analysis involves identification of criteria and decision on how each stakeholder influences the organization and what they need in return (Bryson, 2007). The result is ranking of each

stakeholder according the level of importance to the organization. Steyn (2002) mentions the definition given by Harrison and St John (1998) that stakeholder analysis involves identifying and prioritizing key stakeholders, assessing their needs, collecting ideas from them, and integrating this knowledge into strategic management processes.
Stakeholders can be classified based on their stake in the organization; ownership, economic or social stake or their influence; formal, economic or political power (Steyn, 2002).

Stakeholders are those individuals or groups who; depend on an organization to fulfill their own goals and on whom, in turn, the organization depends (Johnson *et al*, 2007), have direct interests in the organization and without whose direct involvement the company would have difficulty surviving (Alkhafaji, 2003) and; Freeman & Reed (1983) as cited by Ackermann and Eden (2011). Asghar (2011) uphold Dewhurst and Fitzpatrick's (2005) definition of stakeholder as any individual or group that has the resources you need to deliver an initiative successfully or that has a stake in the initiative and stand to win or lose something from the plan. Ashgar (2011) noted that stakeholder analysis is necessary to craft strategies that helps to meet their interest.

Porter (2008) identified five key forces that shape an industry. His basic contention is that, a thorough analysis of the five competitive forces could enable a firm in gaining a complete picture of what is influencing profitability. One of these five forces is rivalry among existing competitors. He argues that rivalry between existing competitors influences profitability of an industry. Bargaining power of buyers, one of such forces, according to Porter can create more value by forcing down prices, demanding better quality or more service and generally playing industry participants off against each other. Buyers being large, few in number and being able to switch easily to another supplier are identified by Porter (2008) as factors raising their bargaining power. Substitute products and services also pose a threat as they could limit the potential profit by defining a cap for the prices of existing products or services. Threat of new entrants is one component of the five forces which could bring new capacity and a desire to gain market share that puts pressure on prices, costs and the rate of investment necessary to compete. The power of customers is one of the factors affecting competition. Customers can force firms to down prices. An analysis of the five competitive forces is critical to contemplate retaliation actions by showing ways to redesign the forces in the firm's favor. A careful five forces analysis could reveal important competitive threats. It indicates ways that can be used by the company to attain competitive advantage over rivals. It is also important to rate overall attractiveness of the industry.

Industry analysis also falls under environmental scanning. It is a sort of half-way house between SWOT analysis and strategy formulation (Hussey, 2006). Hussey (2006) further contends that it is another way of measuring the internal elements of the organization against what is going on in the wider world and is a way of looking at the relative power of all the players. The environmental research has direct impact on the formulation of strategies (Zafar, et.al., 2013). Effective environmental scanning must be undertaken to successfully manage the external forces since environment influences organizational decision making. Roney (2010) upholds Drucker's (1969) assertion that continuous assessments of present and potential business environments and re-planning are required for long term success in an age of discontinuity.

2.1.3.2 Strategy Formulation

Strategy formulation is the process of developing long term plans to deal effectively with environmental opportunities and threats. It starts when a leader tries to change the thinking of people (Azhar, *et al*., 2013). It comprises the articulation of a mission, vision and a set of long-term objectives to be achieved within the stated mission and selection of strategies (Kibicho, 2014 and Baroto, *et al*., 2014). Strategic planning is a systematic, formalized approach to strategy formulation (Grant, 2003). Scarf (1991) as cited by Alkhafaji (2003) defines strategic planning as a management tool to look at the future and see tomorrow's opportunities or challenges to gain competitive position. Haycock, Cheadle & Bluestone (2012) define strategic planning as the systematic and logical identification of strategies. For Liedtka (2006), strategic planning is an analytical process aimed at programming already identified strategies and leads to a strategic plan. Salih & Doll (2013) argue that employee engagement encourages a sense of ownership of the strategy and further develops organizational capabilities. Mission and vision statements have been overwhelmingly accepted as an indispensable part of the strategic management process for organizations of all sectors (Phanuel and Darbi, 2012).

A mission is a general expression of the overall purpose of the organization, which, ideally, is in line with the values and expectations of major stakeholders and concerned with the scope and boundaries of the organization (Johnson *et al*., 2007). Mission can be described as an organization's raison d'être, or reason for being (Niven, 2006). Alkhafaji (2003) defines mission as a clear definition of the organization's business stating the overall strategy and the strengths the company has. Mission tells the world who the organization is, what it does and why it is herewith (Neluheni, Pretoriu & Ukpere, 2014). It describes the organization's identity, product, market, and the particular methodology or technology of emphasis, size of the organization, what it hopes to achieve, the scope of endeavor and number and diversity of the organization's businesses, markets, and customers (Alkhafaji, 2003).

Mission must include who the company is, what it wants to accomplish, the type of commitments it provides to customers and employees (Alkhafaji, 2003). It should embody the values of the organization to which members should always comply with, describe the business domain and explain why it is attractive, include a clear, concise expression of the company's purpose, philosophy and commitment, be easy to read and understand (Niven, 2006), identify key stakeholders and states the organizations commitment to meet these stakeholders needs (Mullane, 2002), illustrate overriding purpose or reason for being established (Mullane, 2002), reflect the basic beliefs, philosophies, tenets, principles, values and aspirations of the organization, define organizational customers (Raynor, 1998), show the organizations scope and boundaries in terms of products, markets and geography, long term (Niven, 2006), depict the organizations commitment to financial and economic objectives (pearce, 1982) & Kaplan &Norton (1996), show the organizations commitment to long term survival and growth, reflect the organization identity to distinctive capabilities and basis for competitive advantage and show how the organization aims to create value for stakeholders including shareholders, employees and customers.

Values are the timeless principles that represent the deeply held beliefs within the organization and are demonstrated through the day-to-day behaviors of all employees (Niven, 2006). BSC can be used as a tool to communicate your values, review them over time from top to bottom in the organization (Niven, 2006). Core values define the guiding principles or tenets by which a company would like to operate and are intended to help shape attitudes, beliefs, and ultimately, the culture of the organization (Adams, 2005).

Alkhafaji(2003) states that a company's mission must be turned into objectives and goals. Johnson *et al* (2007) define goal as the general statement of aim or purpose and objectives as precise statements derived from the goals. Goals and objectives both point to a desired result (Nutt, 2006). Goals are the foundation for an effective plan that moves beyond paper to action. Goals are driven by mission statement (Alkhafaji, 2003).

Objectives are the ends or the desired results depicting smaller targets necessary to achieve the long-term objectives and providing direction and motivation. Objectives must; relate directly to the goal (Mullane, 2002), be clear, concise, and understandable (Phanuel and Darbi, 2012), be measurable and stated in terms of results (Phanuel and Darbi, 2012) & (Kaplan & Norton, 1996), begin with an action verb, specify a date for accomplishment (Mullane, 2002), be cascaded from goals, fulfill the SMART criteria (Specific, Measurable, Attainable, Realistic and Timely), reflect the specific desired accomplishments, be aggressive and challenging (Kaplan & Norton, 1996), but yet realistic and achievable, specify a result rather than an activity and have a time frame.

2.1.3.3 Strategy Implementation

Strategic implementation or strategy in action has to do with making strategy happen or making sure that created and planned strategies actually work in practice (Johnson *et al*., 2008). Implementation involves transforming the chosen strategies into action and includes the methods and techniques used to execute strategy. Krassnig, James & Ribière (2011) define strategy implementation as all measures, activities and processes dedicated to integrate a newly developed strategy into an existing business organization. Implementation includes the arrangement of tasks and responsibilities to the individuals or groups in the organization (Alkhafaji, 2003). Zafar *et al*., (2013) define strategy implementation as the process of making the strategy work as intended or putting the chosen strategy into action. As a process of putting the strategy into action, it involves getting individuals and organizational subunits to go all out in executing their part of the strategic plan successfully (Nedelea & Paun, 2009). For Azhar, *et al.* (2013) the process in which planned strategies are converted into real actions constitutes implementation. Strategy implementation is the dynamic activity within strategic management process in which strategies and policies are put into action (Sorooshian, Norzima, Yusof & Rosnah, 2010).

Strategy implementation includes the sum total of activities for putting the strategic plans into action and is a critical cornerstone and an ally in building a capable organization (Smith, 2011). Without effective implementation, no business strategy can succeed (Andersen & Lie, 2013). With the same notion Sterling (2003) states that effective implementation of an average strategy beats mediocre implementation of a great strategy every time. Njagi & Kombo (2014) argue that execution is critical to success; without a carefully and well-planned approach to execution, strategic goals cannot be attained. Formulated strategies are nothing if they could not be implemented efficiently (Azhar, et.al., 2013). Waweru (2011) in explaining the essence of implementation upholds Argyris's (1989) stance that success or failure of strategies is linked, to a great measure to how they are implemented. He further states that poor implementation can make even sound strategic decisions ineffective, while successful implementation can make a doubtful strategic choice successful. Ability to implement strategy is the deciding factor between success and failure of a strategy in any company (Kibicho, 2014). Without proper implementation, even the most superior and fine strategy would not make the grade as established (Kibicho, 2014). Well formulated strategies only produce superior performance for the firm when they are successfully implemented (Mbaka & Mugambi, 2014). A strategy can only add value to the organization if it is successfully implemented (Smith, 2011).

Strategy implementation or the action stage of strategic management, as per Kaplan and Norton (1996) requires a firm to establish annual objectives, develop a strategy supportive culture, create an effective organizational structure, prepare budgets that are strategy supportive, develop and utilize information system, devise policies to guide decision making, motivate employees and allocate resources so that formulated strategies can be executed. Organizational structure refers to communication processes, work flow, and authority and responsibility relationships (Alkhafaji, 2003). Kayale (2012) defines structure as all the people, positions, procedures, processes, culture, technology and related elements that comprise the organization and how all this work together. Kayale (2012) asserts that structure must be totally integrated with strategy for the organization to achieve its mission and goals. Alkhafaji (2003) defines organizational culture as the collection of beliefs, expectations and values shared by organizational members and transmitted from one generation to the next. The success of strategy depends on components human capital that embrace competencies and capabilities, budget and accountability and rewards (Neluheni *et al*., 2014). Execution cannot succeed unless the strategy itself is designed to be executable (Kibicho, 2014). Successful strategy implementation depends on working through others, organizing, motivating, culture-building and creating strong fits between strategy and how the organization does things (Musyoka, 2011). Managers must determine what internal conditions are needed to execute the strategic plan successfully (Njagi & Kombo, 2014). It involves delicate and sensitive issues such as resource mobilization, restructuring, cultural changes, technological changes, process changes, policy and leadership changes (Lihalo, 2013). Support and commitment by the majority of employees and middle management is identified by Mbaka, *et al*. (2014) and Niven (2006) as a necessary component of successful strategy implementation. Everyone should understand the need for change and should contribute their effort to efficiently implement the strategies (Azhar, *et al*., 2013). Strategy implementation fully depends upon efficient decision making (Azhar, *et al*., 2013). Cooperation of all stakeholders, collaboration of different departments and coordination of implementation activities independently and in conjunction with each other are instrumental in making the goals of strategic plan happen (Asghar, 2011). Effective communication that explains the new responsibilities, duties and tasks plays a vital role in implementation (Mbaka & Mugambi, 2014). Management should ensure that every staff member understands the strategic vision, the strategic themes and what their role will be in delivering the strategic vision.

2.1.3.4 Strategy Evaluation and Control

According to Pearce and Robinson (2009), evaluation and control is the process by which an organization's activities and performance results are monitored and actual performance compared with desired performance. Alkhafaji (2003) defines evaluation and control as the step succeeding implementation and entails monitoring the organization’s performance to ensure that the chosen strategy achieves the desired objectives. This final step of the strategic management process includes analysis of the effect of internal and external factors on present strategies, measuring performance, and taking remedial or corrective steps. It is a tool to ensure effective implementation of the process (Zafar *et al*., 2013). Strategic control involves monitoring the extent to which the strategy is achieving the objectives and suggesting corrective action or a reconsideration of the objectives (Johnson *et al*., 2007). Johnson *et al*. (2007) further assert that control is the monitoring of action steps to assess effectiveness of strategies and actions. Kaplan & Norton (1996) in trying to show how crucial measurement is argue that if something can't be measured it can't be managed. Strategy evaluation is the primary means for obtaining information on whether or not strategies are working well (Kaplan & Norton, 1996).

There are several methods of control such as strategic, financial, management, operational and performance. Budget is one of the most commonly used means of controlling strategy implementation. It refers to the process of identifying, gathering, summarizing, and communicating financial and nonfinancial information about the organization's future activities. It provides managers with the opportunity to carefully match the goals of the organization with the resources necessary to accomplish those goals. In such cases actual performance will be compared to the standards. It can also be performed by comparing the amount of money actually spent to the amount that is budgeted for it (Alkhafaji, 2003). Balanced Scorecard, developed by Kaplan and Norton in 1997 (Krassnig, et.al., 2011), is also one of the most frequently applied performance measurement systems. Management should put in place proper tools for monitoring the implementation of strategies and the standards in light of which performance is evaluated are also clear.

2.1.4 Organizational Performance

Organizational performance refers to how well an organization fulfilled its market and financial goals (Yamin, 1999). The short-term objectives of warehousing management are primarily to increase productivity and reduce inventory and cycle time, while a long-term objective is to increase market share and profits for all members of the supply chain (Tan, 1998). According to Yamin (1999), firm performance refers to how well a firm achieves its market-oriented goals as well as its financial goals. Financial performance measurements are the accounting-based measurements such as ROI, percentage in market share, rapid turnover of inventories, and return on asset. Li (2006) measured firm performance through its market share, return on investment, the growth of market share, and the growth of sales, growth in return on investment, profit margin on sales, and overall competitive position.

Organization performance refers to the effectiveness of the organization in fulfilling its purpose. Some organizations aim to trade successfully to return financial benefits to shareholders, while others have non-financial objectives such as service to the community. Organizational performance encompasses three specific areas of firm outcomes; financial performance which is concerned with profits, returns on assets, and return on investment; product market performance which centers on sales and market share; and shareholder return that involves total shareholder return and economic value added. Therefore organizational performance comprises the actual output or results of an organization as measured against its intended outputs which are its goals and objectives (Richard, 2009).

Organizational performance refers to a function of an organization's ability to meet its goals and objectives. How successful an organization achieves its objectives, satisfies social responsibilities or both depends upon how well an organization carries out its activities (West, 1990). Organizational function is an important factor in the performance of a society or nation. How well the organizations of the society do their job organizational performance, gives rise to debate (Stoner, 1989). Organizational performance is evaluated regardless of the system being used, either formal or informal. Systematic ways of appraising organizational performance throughout the company are however desirable so that each manager can help to improve current performance and identify individuals who show the greatest potential for higher management positions (Pigers, 1989).

2.1.4.1. Financial Indicators for Measuring Organizational Performance

The financial indicators, called and classic indicators (traditional) represent the fundamental management tool by which performance it can be measured the financial performance of organization and who show the way to lead in a certain perspective. The usual financial indicators are expressed in the form of some significant reports between two sizes of balance sheet or the profit or loss account of society. For the calculation and interpretation of the financial indicators, the managers use as a starting point the financial statements which are like a “scorecard” for business. With the help of financial statements, the company activities are transposed into a set of numbers that provide valuable information about the organization’s performance, which play an important role in managerial decisions substantiation. Since there is an unlimited number of financial indicators by which it can measure the organizational performance, there are financial indicators widely accepted, which have proved their worth in financial analysis. Depending on aspects of performance that it detects, these indicators are grouped in three main categories: cash position (refers to the property of patrimonial elements to change into money) - equity structure (entail the leverage degree of company) - return (indicator that measures the company’s earning power) (Achim, 2010).

2.1.8.2. Non-Financial Indicators for Measuring Organizational Performance

Nonfinancial indicators, of activity or qualitative, characterize better the company’s performances because they directly touch the sensitive points of the organization. With the help of the nonfinancial indicator we measure the organization’s performance, regarding the social and ecological issues, unlike financial indicator that measure the economical (financial) performance of organization. Thus, it can be appreciated the analysis based on nonfinancial indicators comes to complete the analysis made based on financial indicators, (Achim, 2010).

In the specialty literature exist an unlimited number of nonfinancial indicators, making it impossible to identify a complete set of nonfinancial indicators, which ensures a standard system for organizational performance measurement, with universal applicability. Due to the increasing complexity of company's activity, the experts recommend that to use some multiples nonfinancial indicators that are well tested and that produce signals apparently unambiguous such as time, productivity, customer satisfaction, quality, and cost indicators of non-financial performance.

2.2 Empirical Literature Review

Wubishet (2018) assessed the strategic management practices of private commercial banks in Ethiopia. This descriptive study adopting a quantitative research techniques answers two basic research questions, Asystematic random sampling method was used to select four representative private commercial banks in Ethiopia. Proportionate sampling method was applied to selected sample size. Data collection instrument, AMCES questionnaire was adopted after securing written approval and in consultation with the advisor. The questionnaire was administered to 246 randomly selected employees, who have an involvement on the strategic management process. From the findings, it was learnt that the result obtained for strategy implementation and evaluation & control practice of private commercial banks was below the mean score. Therefore, the study concluded that private commercial banks focus more on the strategy formulation while giving less emphasis to strategy implementation, evaluation and control.

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

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

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

Mohamud *et al.* (2015) even if there are many studies across the world that are related to the strategic management practices, most of them conducted in the developed countries, but unfortunately there are limited studies in developing countries that attempt strategic management and organizational performance in Mogadishu-Somalia, they have focused the relationship between the strategic management and organizational performance in some selected companies in Mogadishu for the first time in the capital of Somalia. The findings revealed the existence statistically significant has a positive relationship between strategic management and organizational performance.

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

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

Mbwaya (2012) investigated the Strategic Management Practices at Barclays Bank of Kenya. The study revealed that a continuous scanning of the environment will not only assist the organization understand the changes in business needs but also which strategies to employ. To successfully implement strategies both short- and long-term strategic plans need to be in place. Adequate and early planning and an all-inclusive process will prevent resistance by employees in the organization. In order to improve the level of employees' confidence in strategy implementation process, their level of competency and empowerment would be observed.

Reneta (2012) sought to determine practices and challenges of strategic management in the city council of Nairobi. This was a case study where primary data was collected using interview guide. The study found that early involvement of employees in the strategy process helped members understand super-ordinate goals, style, and cultural norms and thus become essential for the continued success of a firm strategy implementation. It also prevents them from being taken by surprise, puts all members at the same platform, and helps the employees to own the process thus ensuring better results. The study concluded that the management should be competent so as to ensure good strategy objective setting, and manage resistance to strategy implementation.

Gichunge (2010) examined the effect of formal strategic management on organizational performance of medium sized manufacturing enterprises in Nairobi, Kenya. It examined the extent to which formal strategic management is adopted by medium sized manufacturing enterprises in Kenya and investigated the effect of various administrative/legal factors on the extent to which formal strategic management are adopted. It also determined the relationship between level of competition and adoption of formal strategic management and investigated the effect of administrative/legal factors on organizational performance. The data was analyzed statistically using the SPSS and R packages through tabulation, proportions and logic analysis. Results showed that the MEs have not adopted any formal strategic management. Competition also influences adoption of formal strategic management. Organizations with formal strategic management perform better than those without formal strategic management.

Graeff (2009) examined the effect of formal strategic management on the organizational performance of medium-sized manufacturing enterprises in Nairobi, Kenya. It examined the extent to which formal strategic management is adopted by medium-sized manufacturing enterprises in Kenya and investigated the effect of various administrative/legal factors on the extent to which formal strategic management are adopted. It also determined the relationship between the level of competition and the adoption of formal strategic management and investigated the effect of administrative/legal factors on organizational performance. The data were analyzed statistically using the SPSS and R packages through tabulation, proportions and logit analysis. Results showed that the MEs have not adopted any formal strategic management. The competition also influences the adoption of formal strategic management. Organizations with formal strategic management perform better than those without formal strategic management.

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

Pearce & Robinson (2007) conducted a study on the effect of strategic management on the flower industry in Kenya. A descriptive survey design was used with a target population of 21 floricultural firms out of which 10 firms were selected by simple random sampling, and 5 respondents from each of the 10 firms purposively chosen. Structured questionnaires were used to collect primary data. Chi-Square (X^2) test was used to test the four hypotheses to establish the significance of the association. The findings established that the majority of the firms had a strategic plan, implemented their strategic plans as planned, conduct strategy evaluation and control of their strategic management practices. Further, that strategy formulation, implementation, evaluation, and control had a significant influence on the performance of flower firms to a moderate extent.

Eisenhardt and Martin (2000) in an extensive study of American companies, found that competitive strategy are at two different levels, the first being general strategic actions and orientation, which captures the overall strategic posture of the firm, either by focusing on a broader set of strategic decision variables such as R&D, investment, marketing, and product and market scope, and by relying on broader constructs of competitive strategy such as differentiation and cost leadership strategies. The researchers assert that both strategic levels have significant effects on corporate performance.

2.3. Conceptual Framework

A conceptual model shows how the researcher theorizes the relationships among several factors identified as being important to the research questions. In strategic management process, the main variables that conceptual model has been developed based on the reviews of previous knowledge to discuss the interrelationships among the variables deemed integral parts are discussed below, Figure 1.

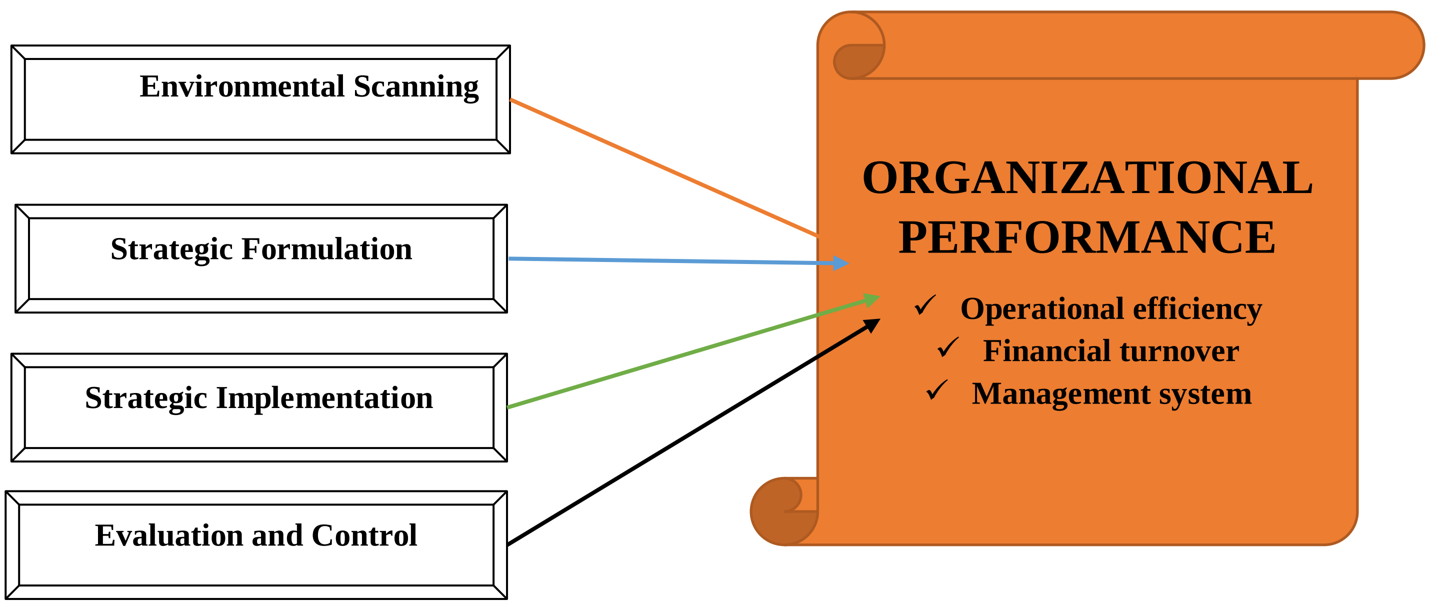

Figure 1: Conceptual framework

Source: Alkhafaji, (2003), Wheelen and Hunger (2008) and Wubeshet (2018)

CHAPTER THREE

METHODOLOGY

This chapter discusses the processes and techniques used in carrying out the study. It also gives a description of the respondents including information on the study population, the number of respondents and how they are selected. It also provides an outline of research design and the instruments for data collection. The methods adopted in the administration of the research instrument, data collection procedure, data analysis and measures are used to ensure validity of the instrument was used.

3.1. Research Design

The study was employed both descriptive and explanatory research design method. Explanatory method is where researcher gets an idea or observed something and tries to study further more about it. Furthermore, the concept of causality is grounded in the logic of hypothesis testing, which, in turn, produces inductive conclusions though such conclusions are probabilistic and thus can never be demonstrated with certainty (Cooper, R. D. & Schindler, S. P. 2014). Kaliyadan and Kulkarni (2019) argues that descriptive statistics give a summary about the sample being studied without drawing any inferences based on probability theory. The inferential questions or hypotheses relate variables or compare groups in terms of variables so that inferences can be drawn from the sample to a population plus it provide a rationale for the choice of statistical test and mention the assumptions associated with the statistic (Creswell, 2014).

3.2. Research Approach

There are three types of research approach quantitative, qualitative and mixed. Therefore, this study utilizes quantitative research approach. Since it is used with predetermined and highly structured data collection techniques under this study. Thus, the study used explanatory methods approach as a design in methods in which the researcher collects quantitative data analyzes the results, and then uses the results to find conclusion and recommendation.

The study used in quantitative where survey research is followed since it provides a quantitative or numeric description of trends, attitudes, or opinions of a population by studying a sample of that population that includes a cross-sectional study using survey questionnaires for data collection with the intent of generalizing from a sample to a population, (Fowler, 2008).

3.3. Data type and source

The principal source of data for a research is primary data source. One of the primary source tools i.e. the questionnaire, has three parts: demographic profile, strategic management practices and organizational performance. The questionnaire used was adopted from (Anna 2015**) .**The questionnaire was used to collect data from every individual respondent.

3.4. Target Population and Sample size determination

3.4.1. Target population

The study is aimed at examining the effect of strategic management practices on organizational performance of Awash Insurance Company S.C. In view of the fact that the strategic management is led by the Head Office located in Addis Ababa, the study focused on the employees of the organization at Head office and has a direct and indirect relationship towards strategic activities. Here, the researcher has recognized as the employees in the different outlets of the company in Addis Ababa as well as in other parts of the country (Ethiopia) are the integral members of the company.

3.4.2. Sampling Technique

Creswell (2003), asserted individual researchers have freedom of choice. They are "free" to choose the methods, techniques, and procedures of research that best meet their needs and purpose. Since the aim of this study is to get actual information about effects of strategic management practices on organizational performance in Awash Insurance SC, this study used probability sampling techniques in order to give equal opportunity for the target population.

Sampling is the process or technique of selecting a suitable sample for the purpose of determining parameters or characteristics of the whole population. To carry out a study, one might bear in mind what size the sample should be, and whether the size is statistically justified and lastly, what method of sampling is to be used (Adams, 2007).Since the purpose of this study is to examine the effect of strategic management practices on organizational performance in Awash insurance SC, the target population of this study is head office employees which exist in Addis Ababa. Accordingly, the total population of AIC head office is 150. After having the representative sample size, simple random sampling technique was used for identification of respondents to the quantitative questionnaire. Since, simple random sampling is the most practical way of sampling to give every population equal chance to be representative sample for this study.

West (2016) stated that simple random sampling is where each and every member of a population has the same chance of being included in the sample and where all possible samples of a given size have the same chance of selection. In this study simple random sampling was applied suitably to select target population of Awash Insurance Company in Addis Ababa Head office as it mainly include the office of groups of branch and department managers, decision making committee and board's offices. From the total of 150 in Addis Ababa, sample specimen was taken from 110 employees that were selected by lottery method using the sample determination formula discussed below to give equal opportunity to the employees. "So that it's major concern is to get relevant data for the study and to give equal opportunity for the representatives of the population" (Kothari, 2004).

3.4.3. Sample Size Determination

Sample size determination is a scientific task that should be performed with proper care, (Zikmund 2010). The following formula is used by the researcher to determine the sample size for a given population. A representative sample size with known confidence level which is 95% is selected, based on the formula of (Yamane 1967). Therefore, considering the above given points the sample size for this study is calculated as follows:

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

Where:

n = the sample size/ required sample size

N = Population Size of AIC main Branch and head office

1 = designates the probability of the event occurring.

e= the level of precision (Sampling error that can be tolerated which is 5%).

Assumptions: A **95%** confidence level, and **e = ±5%**

Therefore:

$$n = \frac{150}{1+150\,(0.05)^2}$$

$$n = \underline{110}$$

So**,** a total of 110 respondents was selected to gather relevant data to complete the research work.

3.5. Methods of Data Collection

A survey questionnaire is adopted (close ended questionnaire) to obtain primary data that enables the researcher to measure the relevant constructs in a quantitative manner through the use of statistical techniques to analyze the respondents' level of agreement or disagreement in the differences between the variables employed in the study and the questionnaire uses a five-point Likert scale to measure the variables employed to obtain quantitative data. The survey conducted using close ended questionnaires in the head office level.

3.6. Methods of Data Analysis

First, descriptive statistics of the variable calculated in line with (Malhotra 2007), which states that using descriptive statistics method helps the researcher in picturing the existing situation and allows relevant information. In the descriptive analysis percentage, mean and standard deviation were used on the study. Frequency tables used to summarize the respondents profile in the form of frequency and percentages whereas the descriptive statistics such as mean and standard deviations of employee' answers to strategic management practices and organizational performance scales calculated in order to determine employee' perceptions of strategic management practices and organizational performance. Inferential analysis was also used according to Aamir (2014:103), “inferential statistics involves making an inference for the general population based on the results from a sample of the study population” to analyze our data further.

Pearson Product Moment Correlation

According to (Stigler 1989), Pearson Product Moment Correlation is a measure of the linear correlation between two variables x and y giving a value between +1 and -1 inclusive, where 1 is total positive correlation, 0 is no correlation, and -1 is total negative correlation. The sign of the coefficient tells us whether the relationship is positive or negative, whereas the numerical part of the coefficient indicates the magnitude of the correlation. The closer the correlation coefficient is to 1 or -1 the greater the relationship between the variables.

The Pearson Product Moment Correlation Coefficient was used. Pearson Product Moment Correlation is used to determine the following relationships for the sample respondents.

- The relationship between environmental scanning and organizational performance at Awash Insurance Company.
- The relationship between strategic formulation and organizational performance at Awash Insurance Company.

- The relationship between strategic implementation and organizational performance at Awash Insurance Company.

- The relationship between strategic evaluation and control and organizational performance at Awash Insurance Company

Multiple Regression Analysis

The purpose of multiple regressions is to learn more about the relationship between several independent or predictor variables and dependent variable. Multiple regressions analysis takes into account the inter-correlations among all variables involved. In multiple regressions analysis more than one predictor is jointly regressed against the dependent variable, (Cohen & Swerdlik, 2002). This method is used to investigate the effects of strategic management practices (environmental scanning, strategic formulation, strategic implementation, strategic evaluation and control) and organizational performance.

Regression Model Specification

The model of multiple regressions on this study was built around the dependent variable which is organizational performance and the dimensions of the independent variables (environmental scanning, strategic formulation, strategic implementation, strategic evaluation and control). Therefore, the general formula used for the model is:

$$\mathbf{Yi=\alpha+\beta xi+e}$$

The left hand variable Yi denote the dependent variable organizational performance, α is the intercept term which gives the mean or average effect on Y of all the variables excluded from the equation, although its interpretation is the average value of Y when the stated independent variables are set equal to zero; β is the coefficient of x variables(independent variables) which measures the change in the mean value of Y; per unit change in their respective independent variables, xi is the different independent variables which are environmental scanning, strategic formulation, strategic implementation, strategic evaluation and control and e is the error term. Finally, the above general least square model is converted to incorporate all the variables to test the hypothesis of the study as follows:

Organizational Performance = f (environmental scanning, strategic formulation, strategic implementation, strategic evaluation and control)

$$\mathbf{OP = \alpha + \beta 1EM\ \beta 1 + SF\ \beta 2 + SI\beta 3 + SEC\ \beta 4 + e}$$

Where

OP= Organizational Performance

EM = Environmental scanning

SF = Strategic formulation

SI = Strategic implementation

SEC= Strategic evaluation and control

e = Error Term

3.7. Validity and Reliability

It is important to make sure that the instrument that we develop to measure particular concept is indeed accurately measuring the variable and then in fact, we are actually measuring the concept that we set out to measure. Therefore, the content validity for this study addressed through the review of literature and adapting instrument used in the previous research, (Hair 2007). Although the instruments in this study tested as reliable instruments, another reliability tested occurred to confirm the reliability of each instrument to ensure the data reflected internal consistency. Nunnaly (1978), also stated that reliability is the consistency of a test, survey, observation or another measuring device. To confirm the reliability of the instruments. The Cronbach Alpha technique applied to assess reliability of the measurement scales used in the study.

Table 1: Rule of thumb Cronbach alpha

Cronbach's Alpha	Internal Consistency
α ≥ 0.9	Excellent
0.9 >α ≥ 0.8	Good
0.8 >α ≥0.7	Acceptable
0.7 >α ≥0.6	Questionable
0.6 >α ≥0.5	Poor
0.5 > α	Unacceptable

Source: Cortina (1993).

Reliability Analysis

The reliability of scale shows that how free the data is from random error. Therefore, it is always advisable to select that scale that is reliable. One of the most commonly used scales of reliability is internal consistency. Internal consistency refers to "the degree to which the items that make up the scales are all measuring the same underlying attributes (i.e. the extent to which the items "hang together"), (Christopher 2015). The Cronbach Alpha technique was applied to assess reliability of the measurement scales used in the study.

Table 2: Cronbach alpha result

Variables	Cronbach's Alpha Result
Strategic formulation	.759
Strategic implementation	.764
Evaluations and control	.716
Environmental scanning	.773
Organizational performance	.842

Source: Own Survey, 2020

As can be seen in table 2, the independent variables scored from good to acceptable alphas. Organizational performance has a high reliability compared to other independent variables with α= .842, and this shows that Cronbach Alpha lays where $\alpha \geq 0.8$, so has a good reliability. Environmental scanning also has a good reliability with α = 0.773, followed by strategic implementation with α = 0.764 indicating that strategic implementation has a good reliability, evaluations and control has a good reliability with α = 0.716, strategic formulation has an acceptable reliability with Cronbach Alpha α = 0.759. According to Cronbach (1951), a Cronbach Alpha of 0.70 is an acceptable level; this means that there is internal consistency in the items considered.

3.8. Ethical Issues

This study was governed by the general rules of research ethics in such a way that respondents requested to provide information on voluntary basis, there was a prior communication about the purpose of the study. Any confidential information of the organization or the employees is not disclosed since the main intention is to gather data for the research purpose. Moreover, I at my best level tried to abide by the rules and regulations of the University and conduct the study on the basis of objective judgment.

CHAPTER FOUR

DATA PRESENTATION, DATA ANALYSIS AND DISCUSSION RESULTS

The major aim of the study was to find out the effects of strategic management on organizational performance. Therefore, this chapter presents a discussion of the final results and the process through which the results were obtained. In addition to this, background information of respondents was presented. Finally, the statistical methods of analysis were discussed, which included a descriptive analysis, a correlation analysis, and a multiple regression analysis through statistical package for social science (SPSS version 20).

In order to archive the objective of the study and tackle the key research questions the researcher has tried to conduct a detailed and technical investigations related to the study matter. In doing so the researcher has collected relevant and reliable data from primary sources. And thus, the gathered data have been completed and analyzed meaningfully.

4.1 Response Rate

Table 3: Response rate

Number of Questionnaire Returned	Target Number of Respondents	Response Rate (%)
88	110	80

Source: primary data, 2020

A total of one hundred ten (110) questionnaires were distributed to the respondents of Awash Insurance Company Share Company staffs and out of these questionnaires a total of 88 questionnaires were successfully completed and returned. The total response rate was 80%. As a result, the analysis of this research was based on the number of questionnaires collected accordingly.

4.2 Descriptive statistics

In this section, the basic information of the respondents is explored. Table 4 is about the demographic characteristics of the respondents. This information is presented in order to make the reader understand the size of population taken, the age, gender, education level and working experience of respondents. Consequently, the findings are presented below.

Table 4: General Information

		Frequency	Percent
Current job	Managerial	62	71
	Non managerial	26	29
	Total	**88**	**100.0**
Years of service in AIC	Less than a year	2	2.3
	1-4 years	4	4.6
	4-6 years	10	11.4
	6-8 years	24	27.3
	Above 8 years	48	54.6
	Total	**88**	**100.0**
Experience in current position	Less than a year	1	1.1
	1-3	2	2.3
	3-5	16	18.2
	5-7	23	26.1
	7 years and above	46	52.3
	Total	**88**	**100.0**

Source: SPSS data, 2020

On table 4, the current job of the respondents is presented. A total percent of managerial position respondents was 71% and non-managerial respondents were 29%. From the sample taken managerial workers are more than non-managerial workers at the Head office of AIC which gives great advantage on getting a good accurate data on how they processes and manage their strategies. The highest frequency among these employees is above 8 years of age. This implies that the respondents have longer experience in working with different strategies for the organizations effectivity, therefore they are capable of answering the differently situated S.M practice measurement questions. The table shows that those people having the experience of working on that same position has highest percentage, 52.3% and this implies that the data gathered from them will give a quality and assured information to analyze and conclude.

Descriptive Statistics for Strategic Management Dimensions

Descriptive statistics in the form of arithmetical means and standard deviation for the respondents were computed for the multiple dimension of strategic management that have been examined through the questionnaires collected from employees in Awash Insurance Company SC. Hence, this descriptive analysis is used to look at the data collected and to describe data captured through the questionnaire and it is also desired to determine the employee perception to strategic management and organizational performance. Four indicators of strategic management practices are considered for the study. These four broad antecedents are strategic formulation, strategic implementation, evaluations and control, and environmental control. Each factor has incorporated their sub-statements. These statements have the ability to explain the broad dimension (strategic management), while making interpretation of the results of frequency, mean and standard deviation the scales are reassigned as follows to make the interpretation easy and clear. 1 - 1.8= Strongly Disagree, 1.81 – 2.6 = Disagree, 2.61 – 3.4= Neutral, 3.41 – 4.20= Agree and 4.21 – 5 = Strongly Agree, Best (1977), as cited by Yonas (2013).

4.2.1 Descriptive Statistics for Environmental Scanning

Table 5: Environmental Scanning

Environmental scanning items	Mean	Std. D.
It facilitates control	3.8736	.72824
It reduces uncertainty	3.9425	.63532
It facilitates measurement	3.7356	.85535
It provides a link between long and short term goals.	3.6092	.95669
It minimizes resistance to change	4.4000	.8067
It improves understanding of a rapidly changing environment	3.5167	1.1570
It creates shared vision	4.0333	1.0078
It helps to initiate change in the organization	4.4833	.9476
It helps to formulate better strategies	3.5833	1.1393
It significantly improves performance	4.0033	.62868
It brings order and discipline to the organization	3.766	1.03115
It is a learning process	4.550	.72311
It improves involvement and commitment	3.383	1.12131
Cumulative of Environmental scanning	3.91383	0.90294

Source: SPSS data, 2020

On the above table 5 of Environmental scanning, the mean scores 3.8736, 3.9425, 3.7356, 3.6092, 3.5167, 4.0333, shows that the respondents agree on the ideas that It facilitates control, It reduces uncertainty, It facilitates measurement, It provides a link between long and short term goals, It significantly improves performance and their respective standard deviation values were 0.72824, 0.63532, 0.85535, 0.95669, 0.62868 are all less than 1 scale which is acceptable variance can be seen from their responses, their answers are close to each other as they agree. The mean score 4.4000, 4.4833, 4.550 shows that the respondents strongly agree on the ideas It minimizes resistance to change, It helps to initiate change in the organization, It is a learning process with respective Std D. 0.8067, 0.9476, .72311 showing acceptable range of variance of answer. The mean score 3.5167, 4.0333, 3.5833, 3.766, 3.383 shows that the respondents agree on the ideas It improves understanding of a rapidly changing environment, It creates shared vision, It helps to formulate better strategies, It brings order and discipline to the organization, It improves involvement and commitment with respective Std D. 1.1570, 1.0078, 1.1393, 1.03115, 1.12131 showing unacceptable range of variance of answer more than 1 scale. From the overall table we can see that with mean 3.91383, the respondents agree on most environmental scanning questions and have Std, D 0.90294 acceptable range of variance on answer from the mean value. From the Table 4.3.4 we can conclude that the respondents very strongly agreed on environmental scanning initiate change in the organization and that it shares vision to within but chose to be neutral when they were asked if it improves involvement and commitment. With the other items they showed that they fairly agreed.

4.2.2 Descriptive Statistics for Strategic Formulation

Table 6: Strategic formulation

Items of strategic formulation	Mean	Std. D.
Participation on formulations	3.505	.8194
The strategy formulation process in AIC involves concerned stakeholders	3.046	.9389
The vision statement is achievable	3.908	.8301
AIC's mission statement reflects the purpose / main activity of the corporation	3.494	.9985
The objectives of AIC are attainable	3.655	.8869
The goals of AIC are relevant or proper	3.310	1.0001
AIC's corporate strategy is appropriate to the attainment of goals	3.503	0.9310
Cumulative of strategic formulation	3.4887	0.914986

Source: SPSS data, 2020

According to Best (1977), on the above table 6 the mean scores 3.505, 3.908, 3.655, 3.503 shows that the respondents agree on the ideas that the formulations process was participatory for the employees, the vision statement are achievable, AIC's mission statement reflects the purpose / main activity of the corporation, the objectives of AIC are attainable, AIC's corporate strategy is appropriate to the attainment of goals and their respective standard deviation values were 0.8194,0.8301,0.9985,0.8869,0.9310 are all less than 1 scale which is acceptable variance can be seen from their responses, their answers are close to each other as they agree. The mean score 3.046 shows that the respondents choose to be neutral on the ideas the strategy formulation process in AIC involves concerned stakeholders with Std D. 0.8194 showing acceptable range of variance of answer and the goals of AIC are relevant or proper with 1.0001 slightly wide range of variance of answer. From the overall table we can see that with mean 3.4887 the respondents agree on most strategic formulation questions and have Std, D 0.9149 acceptable range of variance on answer from the mean value. On Table 4.3.1 relatively agree response was given from the respondents but it is very vital to count the neutral responses of them on stakeholders' involvement on strategic formulation and goals lacking relevance and properness.

4.2.2 Descriptive Statistics for Strategic Implementation

Table 7: Strategic Implementation

Strategic implementation items	Mean	Std. D.
Strategy has been effectively communicated	4.0805	.75048
Identification of short-term objectives	4.0690	.66110
Formulation of programs	4.1609	.66251
Formulation of policies	4.0230	.73099
Formulation of procedures	3.8391	.62643
Initiation of specific functional strategies	3.8276	.78068
Design of appropriate reward systems	3.0000	3.0000
Mobilization of resources	4.3500	4.3500
Provision of strategic leadership	3.3333	1.05230
Goals and objectives are effectively communicated	3.1167	3.1167
Cumulative of strategic implementation	3.78001	1.573119

Source: SPSS data, 2020

On the table 7 above, the mean scores 4.0805,4.0690,4.1609,4.0230,3.8391,3.8276, shows that the respondents agree on the ideas that Strategy has been effectively communicated, Identification of short-term objectives , Formulation of programs, Formulation of policies, Formulation of procedures, Initiation of specific functional strategies and their respective

Std D = 0.75048, 0.66110,0.66251, 0.73099,0.62643, 0.78068 are all less than 1 scale which is acceptable variance can be seen from their responses, their answers are close to each other as they agree. The mean score 3.0000, 3.3333, 3.1167 shows that the respondents choose to be neutral on the ideas design of appropriate reward systems, Provision of strategic leadership, Goals and objectives are effectively communicated with Std D. 3.0000, 1.05230, 3.1167 with more than 1 scale showing unacceptable range of variance of answer. On the other hand Mobilization of resources with mean value 4.3500 was agreed by the respondents but had Std D of 4.3500 of unacceptable range of variance on their answer. From the overall table we can see that with mean 3.4887 the respondents agree 3.78001 shows on most strategic implementation but questions Std, D 1.573119 is on unacceptable range of variance on answer from the mean value. From the Table 4.3.2 it can be concluded that the respondents agreed with constant response to the items except design of appropriate reward systems, provision of strategic leadership, goals and objectives are effectively communicated to be answered with neutral scale. Also unusual variances were seen on their responses which gives strength to their point on being less aware on the practicing of the strategies and objectives given.

4.2.3 Descriptive Statistics for Evaluation and Control

Table 8: Evaluation and control

Evaluation and control items	Mean	Std. D.
Identification of Changes in planning premises	3.8851	.84117
Determining and Measurement of Performance	3.9080	.81601
Taking corrective action	3.2989	.85065
Tools for evaluation are standard and clear	2.5057	.86096
Consistent and effective evaluation on interval	3.2759	.81682
Cumulative of evaluation and control	3.3747	0.83712

Source: SPSS data, 2020

On the above table 8 the mean scores 3.8851, 3.9080, 3.2989, 3.2759, 3.3747 shows that the respondents agree on the ideas that identification of Changes in planning premises, Determining and Measurement of Performance, Taking corrective action, Consistent and effective evaluation on interval and their respective standard deviation values were 0.84117,0.81601,0.85065,0.81682 are all less than 1 scale which is acceptable variance can be seen from their responses, their answers are close to each other as they agree. The mean score 2.5057 shows that the respondents choose to be neutral on the Tools for evaluation are standard and clear with Std D. 0.86096 showing acceptable range of variance of answer From the overall table we can see that with mean 3.3747, the respondents agree on most evaluation and control questions and have Std, D 0.83712 acceptable range of variance on answer from the mean value. From the table 4.3.3 it is clearly viewed that the respondent employees agreed fairly on identification of Changes in planning premises, Determining and Measurement of Performance are affected by evaluation and control but poor response as in neutral on Taking corrective action, Tools for evaluation are standard and clear that were used by the insurance.

4.2.4 Descriptive Statistics for Organizational Performance

Table 9: Organizational Performance

	Mean	Std. D.
Your organization has set performance objectives	3.7126	.88801
The objectives have clear performance goals	3.9080	.94785
The objectives have enhanced performance	3.6667	.85816
Your organization has evaluation of performance programs	3.4483	.74332
Evaluation programs are used consistently to measure performance	3.5517	.74332
Evaluation Programs have enhanced performance	3.900	.85767
You believe that performance contracts have enhanced performance at your organization	3.350	1.32544
Your organization conducts strategy audit	3.790	.61111
Strategy audit is used to measure performance	3.533	1.0328
You believe that your organization evaluation has enhanced performance	3.416	1.0133
Cumulative of organizational performance	3.62763	0.902098

Source: SPSS data, 2020

On the above table 9, the mean scores 3.7126, 3.9080, 3.6667, 3.4483, 3.5517, 3.900 shows that the respondents agree on the ideas that the organization has set performance objectives, the objectives have clear performance goals, the objectives have enhanced performance, your organization has evaluation of performance programs, evaluation programs are used consistently to measure performance, evaluation Programs have enhanced performance, the organization conducts strategy audit, and their respective standard deviation values were 0.88801, 0.94785, 0.85816, 0.74332, 0.74332, 0.85767 are all less than 1 scale which is acceptable variance can be seen from their responses, their answers are close to each other as they agree. The mean score 3.533, 3.416 shows that the respondents agreed on Strategy audit is used to measure performance, they believe that the organization evaluation has enhanced performance, with Std D. 1.0328, 1.0133showing unacceptable range of variance of answer. The mean score 3.350 shows that the respondents choose to be neutral on the ideas they believe that performance contracts have enhanced performance at your organization with Std D. 1.32544 with more than 1 scale showing unacceptable range of variance of answer. From the overall the respondents' response about the organizational performance was rated as overall mean 3.62. This implies that respondents are agreed with prevailing practice of organizational performance level of Awash Insurance Company. The value of the standard deviation, (SD= .902) implies that the standard deviation value shown the response of the respondents is not dispersed value.

From this table it is visible to conclude that the respondents answer on the questions respondents agreed on Strategy audit is used to measure performance, they believe that the organization evaluation has enhanced performance shows inconsistent response but somehow agreed and on their belief towards performance contracts have enhanced performance at your organization was weak as neutral that needs to be worked on, with all the rest questions they have constantly agreed on their organizational performance measurements.

Inferential Analysis

4.4.1 Pearson Correlation Analysis

In this section, correlation analysis conducted in the light of each research questions is mentioned. The relationship between strategic management practice and organizational performance was investigated, using Pearson correlation analysis. This provided correlation coefficients which indicated the strength and direction of relationship. The p-value also indicated the probability of this relationships‟ significance.

4.4.2. Assessment of Autocorrelation

Data were assessed to ensure that the autocorrelation is not a threat for the use of regression analysis. This assumption can be tested with the Durbin-Watson test which test for serial correlation between errors and the value closer to 2 are acceptable, Field (2009). If the Durbin-Watson is substantially less than 2, there is evidence of positive serial Correlation. The Durbin-Watson statistics value are 1.712 suggests that there is no severe autocorrelation among error terms. The interpretation was made based on the following measurement scale intervals or range. 1 perfect, 0.8-0.9 very strong, 0.5-0.8 strong, 0.3-0.5 moderate, 0.1-0.3 modest, >0.1 weak, 0 zero, -1 perfect, -0.8 - -0.9 very strong, -0.5- -0.8 strong, -0.3 - -0.5 moderate, -0.1 - -0.3 modest, and > -0.1 weak, by (McDanail and Gates 2006). These findings are presented below.

Table 10: Correlation analysis result

		Organizational performance
Strategic formulation	Pearson Correlation	.514**
	Sig. (2-tailed)	.000
Strategic implementation	Pearson Correlation	.492**
	Sig. (2-tailed)	.000
Strategic evaluation and control	Pearson Correlation	.546**
	Sig. (2-tailed)	.000
Environmental scanning	Pearson Correlation	.738**
	Sig. (2-tailed)	.000

Source: SPSS data, 2020

According to table 10 above, using McDanail and Gates (2006) scales, the Pearson results show, there is strong positive and significant correlation was found between Strategic formulation and organizational performance with r= 0.514 and p-value<0.05. Next we can see there is a moderate positive and significant correlation was found between Strategic implementation and organizational performance SC (r =0.492**, p-value <0.05). Also shown here, there is strong positive and significant correlation was found between evaluation and control and organizational performance (r= 0.546**; p-value=0.05). The table indicates that there is strong positive and significant correlation was found between evaluation and control and organizational performance (r= .738; p-value<0.05). Also here we can see there is strong positive and significant correlation was found between environmental scanning and organizational performance(r =0.738**, p-value <0.05). The finding on table 4.4.1 above further indicates that the highest and significant relationship is found between environmental scanning and organizational performance ($r = .738^{**,}$ $p < 0.01$), however the lowest statistically significant relationship is found between strategic implementation and organizational performance ($r = .492^{**,}$ $P < 0.01$).

Assumptions Testing

When someone choose to analyze the data using linear regression, part of the process involves checking to make sure that the data that one wants to analyze can actually be analyzed using linear regression. Therefore, it is needed to do this because it is only appropriate to use linear regression if the required data "passes" four assumptions that are required for linear regression to give a valid result. Let us look at whether the following assumptions are met or not. While on analysis, assumptions using SPSS Statistics and linearity assumptions should be checked first, before moving into others assumptions.

4.4.2.1 Multi Collinearity

Multi Collinearity is checked using correlations between the variables in the model. Independent variables show at least some relationship with dependent variable (above 0.3 preferably), (Tabachnick and Fidell, 2001).

Table 11: Multicollinearity test

Variables	Tolerance	VIF
Strategic formulation	.704	1.421
Strategic implementation	.598	1.673
Evaluation and control	.757	1.321
Environmental scanning	.713	1.402

Source: SPSS data, 2020

This test seeks to see whether the regression model has a correlation between independent variables. The multicollinearity is used to show the linear relationship among those variables. As depicted in table the above, it is found that the multiple regression test has no multicollinearity problem because the VIF on strategic formulation (1.421), strategic implementation (1.673), evaluation and control (1.321), and environmental scanning (1.402) shows a value lower than a value of 10 and the values of tolerance statistics being well above 0.3 preferably.

4.4.2.2 Test of Normality (Skewness and the kurtosis Test)

To check that a distribution of scores is normal, we need to look at the values of kurtosis and Skewness. The values of Skewness and kurtosis should be zero in a normal distribution. Positive values of Skewness indicate a pile-up of scores on the left of the distribution, whereas negative value indicates a flat distribution. The further the value is from zero, the more likely it is that the data are not normally distributed. If either score divide by its standard error and the result is greater than ±1.96, it suggests that the data are not normal with respect to statistic. Thus, the three is Skewness issues problem whereas, with regard to the kurtosis is normally distributed.

Table 12: Skewness and Kurtosis

		Strategic formulation	Strategic implementation	Evaluations and control	Environmental scanning	Organizational performance
N	Valid	88	88	88	88	88
	Missing	0	0	0	0	0
Skewness		-1.093	-.381	-.523	-.682	-1.048
Std. Error of Skewness		.258	.258	.258	.258	.258
Kurtosis		3.172	.424	2.402	.838	.870
Std. Error of Kurtosis		.511	.511	.511	.511	.511

Source: SPSS data, 2020

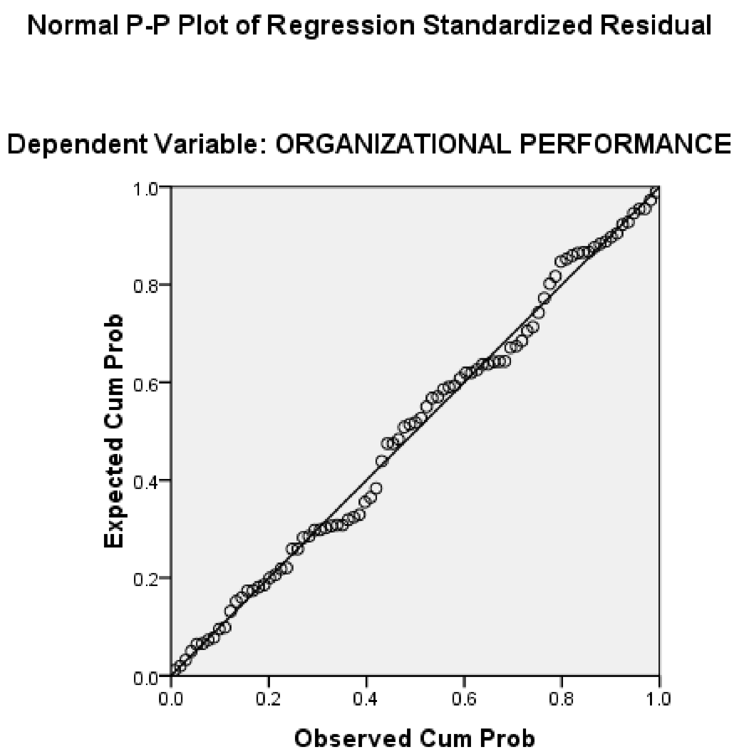

Figure 2: Normality test

4.4.3.1 Linearity test

Test for linearity is necessary because of correlation, regression and others members of the general linear model (GLM) assumes linearity. The study checks the patterns in scatter plots of strategic management (strategic formulation, strategic implementation, evaluation and control, and environmental scanning) against organizational performance if they have linear relation and the assumption have met or not. The scatter plot in figure below indicated that the dimensions of strategic management and organizational performance have linear relationship. In regression as a rule of thumb, an indicator of possible linearity is when the standard deviations of the residual exceed the standard deviations of the dependent. Therefore, as residual statistics in descriptive statistics Table showed that the standard deviation of the residual is exceeding the standard deviation of the dependent variable (organizational performance). Therefore, there is a liner relationship between strategic management variables and organizational performance.

Table 13: Linearity test

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	2.1563	4.6025	3.6575	.54139	88
Std. Predicted Value	-2.773	1.746	.000	1.000	88
Residual	-.87233	.87528	.00000	.37332	88
Std. Residual	-2.282	2.289	.000	.976	88
a. DV: Organizational Performance					

Source: SPSS data, 2020

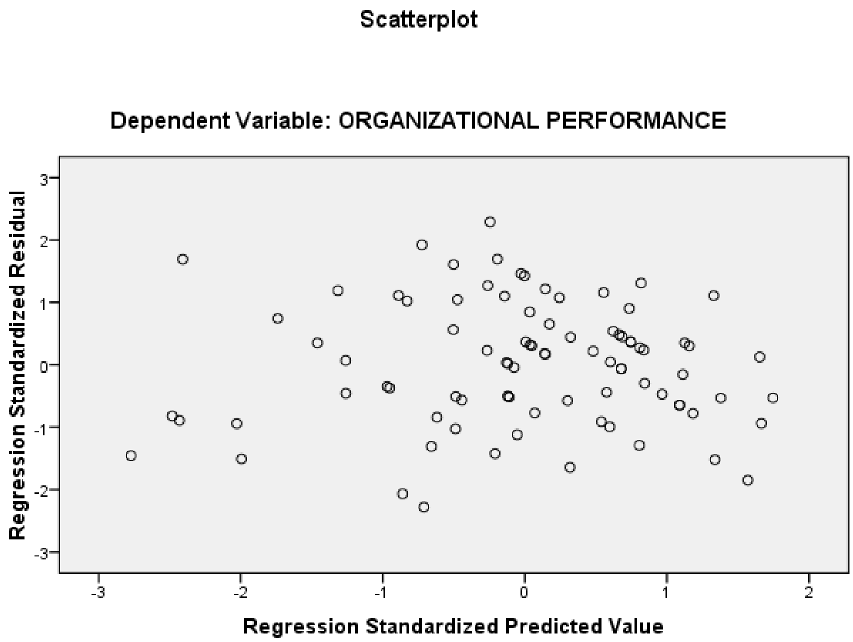

Figure 3: Linearity test

4.4 Multiple Regression Analysis

Multiple regression analysis was employed to examine the effect of strategic management (strategic formulation, strategic implementation, evaluations and control, and environmental scanning) on organizational performance. Multiple regression analysis was chosen because it helps to predict the linear relationship of a dependent variable. Here, the dependent variable is regressed and independent variable is regressed or, which will show the influence on the relationship of these variables by one another. Before explaining the table, the effect of values of the coefficient and R-square are discussed briefly.

Coefficient value: It shows the negative or positive effect of the variables. If the coefficient value is positive, it shows that independent variable is affecting the dependent variable in a positive way. If the sign is negative, it shows that the effect is negative.

R-square: R-square is the coefficient of determination; it explains how much variation in the dependent variable is taking place due to the strategic management variables.

Constant: Constant is basically the intercept. Therefore, the value of constant cannot be ignored but it does not affect the result in a direct or indirect way. It just shows that even if the independent variable has zero value, there will be still some value of the dependent variable.

Probability: Probability and t-statistics basically indicate the same results. Either both of them or just one of them can be taken because in any way the results will show similar indication overall.

Table 14: Model Summary result

					Change Statistics					
	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change	Durbin-Watson
1	.823[a]	.678	.662	.38232	.678	43.114	4	82	.000	1.712
b. Dependent Variable: Organizational Performance										

Source: SPSS data, 2020

Table 14 is showing the variation of variables used in the analysis. R-square, which is the coefficient of determinant, is telling that how much variation is taking place in organizational performance (dependent variable) due to strategic formulation, strategic implementation, evaluations and control, and environmental scanning). When the table is analyzed, it is seen that the value of R-square shows 67.8% change taking place in organizational performance due to the strategic formulation, strategic implementation, evaluations and control, and environmental scanning.

Statistical equation as per Model: **(Y= β0+ β1X1+ β2X2+β3X3+β4X4+E….)**

($Y = - -.254 + .179X_1 - .028X_2 + .305X_3 + .587X_4 + E$....)

Table 15: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	25.207	4	6.302	43.114	.000[a]
	Residual	11.986	82	.146		
	Total	37.193	86			
b. DV: Organizational Performance						

Source: SPSS data, 2020

According to table 15 the analysis of variance (ANOVA) for these data, if the F ratio is large and probability is less than 0.05 then it is termed statistically significant, (Sau 2012). Thus, the F-statistic of each independent variables is 43.114, which is more than 4 this indicates that the model is overall good fit and significant at $p < 0.05$. Therefore, it can be concluded that the regression model overall predicts organizational performance significantly well.

Table 16: Regression Coefficient result

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-.378	.372		-1.017	.312		
	Strategic formulation	.184	.077	.179	2.393	.019	.704	1.421
	Strategic implementation	-.039	.112	-.028	-.349	.728	.598	1.673
	Evaluation and control	.350	.083	.305	4.237	.000	.757	1.321
	Environmental scanning	.623	.079	.587	7.909	.000	.713	1.402
a. DV: Organizational performance								

Source: SPSS data, 2020

Hypothesis 1

H1:1 Strategic formulation has a positive and significant relationship with organizational performance.

H01:1 Strategic formulation has no positive and significant relationship with organizational performance.

The results of multiple regressions, as presented in table 16 above, revealed that strategic formulation has a positive and significant effect on organizational performance with a beta value (beta =.179), at 95% confidence level ($p < 0.05$). This implies that, if strategic formulation increases by 1 percent, organizational performance will increase by 17.9%.

Therefore, the null hypothesis is rejected and it is accepted that strategic formulation has a positive and significant effect on organizational performance.

Hypothesis 2

H1:2 Strategic implementation has a positive and significant relationship with organizational performance.

H0:2 Strategic implementation has no positive and significant relationship with organizational performance.

The results of table 16 showed that the standardized coefficient beta and p-value of strategic implementation has negative and insignificant effect with (beta =-.028, $p > 0.05$). This implies that, if strategic implementation decreases by 1 percent, organizational performance will decrease by -2.8%. Therefore, the null hypothesis is rejected and it is accepted that strategic implementation has a negative and insignificant effect on organizational performance.

Hypothesis 3

H1:3 Evaluation and Control has a positive and significant relationship with organizational performance.

H0:3 Evaluation and Control has no a positive and significant relationship with organizational performance.

The result of table 16 showed that the standard coefficient of beta and p-value of evaluation and control has positive and significant effect at (beta = .305, $p < 0.05$). This implies that, if evaluation and control increase by 1 percent, organizational performance will increase by 30.5%. Therefore, the null hypothesis is rejected and it is accepted that evaluation and control has a positive and significant effect on organizational performance.

Hypothesis 4

H1:4 Environmental scanning has a positive and significant relationship with organizational performance.

H0:4 Environmental scanning has no a positive and significant relationship with organizational performance.

Table 16 further shows that, environmental scanning has a positive and significant effect on organizational performance with a beta value (beta = .587), at 95% confidence level ($p < 0.01$). This implies that, if environmental scanning increases by 1 percent, organizational performance will increase by .58.7%. Therefore, the null hypothesis is rejected and it is accepted that strategic formulation has a positive and significant effect on organizational performance.

Summary of Hypothesis Testing

Table 17: Hypothesis testing results

Hypothesis	**Method**	**Test**
Environmental scanning has statistically positive and significant effect on organizational performance.	Regression	Accepted
Strategic formulation has statistically positive and significant effect on organizational performance	Regression	Accepted
Strategic implementation has statistically positive and significant effect on organizational performance	Regression	Rejected
Evaluation and control has statistically positive and significant effect on organizational performance	Regression	Accepted

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

This chapter deals with summary of findings, conclusions and recommendations. Summary of findings is done based on the data collected through questionnaires presented, analyzed, interpreted and discussed using statistical package for social science (SPSS version 20). Thus, based on the analysis, the following, conclusions are drawn, and recommendations forwarded for the practitioners of the strategic management practices in Awash Insurance Company SC and researchers who are interested to conduct in-depth study on this issue on the same organization or other sectors in the country in general and Addis Ababa in particular.

5.1. Summary of findings

The mean score of strategic management processes indicated that most of employees agreed with the practice of strategic management activities were demonstrating effectively. The correlation result shows that there is positive and significant relationship between strategic management and organizational performance. Regarding to the regression result, the findings show there is negative and insignificant effect of strategic implementation on organizational performance

Strategic implementation shows negative and insignificant on the variation in organizational performance, but environmental scanning, strategic formulation and evaluation and control has a significant effect on organizational performance on variation. And the overall variation in organizational performance can be explained by the four strategic management dimensions and other unexplored factors can affect the overall performance organizational as well.

5.2 Conclusion

The aim of this study is to examine the effect of strategic management practices on organizational performance at Awash Insurance Company. Except strategic implementation all of the independent variables such as environmental scanning, strategic formulation and; evaluation and control have significant effect on operational efficiency, financial turn over and management system. Therefore, it was concluded that strategic management practices had major influence on the performance of the insurance company.

5.3. Recommendation

Strong effort on improvement of strategic implementation practice is needed as the gap shows. On goal and objective communication and also rewarding system followed by strong leadership will motivate employees too manifest the vision formulated and shared and bring performance effectivity.

It is very vital to count the neutral responses of the respondents on stakeholders' involvement on strategic formulation and goals lacking relevance and properness, so as to relocate the focuses of operations in the direction of good service and investor benefits.

Proactive corrective actions supported by well-organized and followed up evaluation tools shall be implemented, especially the use of technologies like different management software, easily accessible data storage devices and continual feedback taking systems will facilitate and give clarity the success ahead.

As the key to minimizing resistance to change, the environmental scanning shows many positive results it is suggested to work on strength more as well to move forward to long term objectives easily. Nevertheless from the neutral responses of the respondents it is suggested that the environmental scanning should be shared in commitment by possible employees to increase their sensitivity to information and change and improve efficiency.

On this continent and specifically country there is lack of information and studies to rely on. Further study is needed on Strategic management practices and improving factors will further help organizations and policy makers' effectiveness and also rescues from big failure.

5.3. Future study area

The study has highlighted various relevant issues that this research did not cover. Therefore, future research is recommended in similar area using other variables which might have an effect on the performance of the insurance company. Since the study only focused on Awash Insurance Company head office further study on branch and/or similar industries is strongly recommended.

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Appendices

Appendix 1

Questionnaire to AIC Employees

Dear Respondent,

I am MBA student at Jimma University, ABH, Post-Graduate Program. As part of the requirements in completion of the MBA program, I am undertaking a research under the title “The effect of Strategic Management practices at Awash Insurance Company on Organizational performance”. To this end, I am collecting data from people working in the company and you have been selected as a valuable participant for this research.

In order for the research to yield valid results, it is important that you answer all questions as honestly and truthfully as possible. It is solely for an MBA Thesis and responses will remain anonymous and confidential. Leave those non applicable. For more information, you can contact at any time needed through my address;

Thank you for your willingness to participate in this study. It is highly appreciated.

Regards

Adonias Negash

Tel + 251911 576488, E-mail adoniassjs@gmail.com

I. Demographic Information

1 What is your current Job position? ________________________________

2. How many years have you served in AIC?

- Less than a year 4 – 6 years above 8 years
- 1 – 4 years 6 – 8 years

3. Number of years in the current position.

- Less than a year 3 – 5 years above 7 years
- 1 – 3 years 5 – 7 years

1. Strategy Formulation

S.No	Statement	No emphasis	Low emphasis	Moderate emphasis	Strong emphasis	Very Strong emphasis
1	Participation on formulations					
2	The strategy formulation process in AIC involves concerned stakeholders					
3	The vision statement is achievable, inspiring and easy to understand					
4	AIC's mission statement reflects the purpose / main activity of the corporation and whom it serves					
5	The goals and objectives of AIC are attainable					
6	The goals and objectives of AIC are relevant or proper					

7	AIC's corporate strategy is appropriate to the attainment of Mission, vision, values, goals & objectives					

2. Strategy Implementation

S.No	Statement	No emphasis	Low emphasis	Moderate emphasis	Strong emphasis	Very Strong emphasis
1	Strategy has been effectively communicated					
2	Identification of short term objectives					
3	Formulation of programs					
4	Formulation of policies					
5	Formulation of procedures					
6	Initiation of specific functional strategies					
7	Design of appropriate reward systems					
8	Mobilization of resources					
9	Provision of strategic leadership					
10	Goals and objectives are effectively communicated					

3. Strategy Evaluation and Control

S.No	Statement	No emphasis	Low emphasis	Moderate emphasis	Strong emphasis	Very Strong emphasis
1	Identification of Changes in planning premises					
2	Determining and Measurement of Performance					
3	Taking corrective action					
4	Tools for evaluation are standard and clear					
5	Consistent and effective evaluation on interval					

4. Motivating factors for Adoption of Strategic Management

S.No	Statement	No emphasis	Low emphasis	Moderate emphasis	Strong emphasis	Very strong emphasis
1	It facilitates control					
2	It reduces uncertainty					
3	It facilitates measurement					
4	It provides a link between long and short term goals.					

5	It minimizes resistance to change					
6	It improves understanding of a rapidly changing environment					
7	It creates shared vision					
8	It helps to initiate change in the organization					
9	It helps to formulate better strategies					
10	It significantly improves performance					
11	It brings order and discipline to the organization					
12	It is a learning process					
13	It improves involvement and commitment					

5. Performance

S.No		No emphasis	Low emphasis	Moderate emphasis	Strong emphasis	Very strong emphasis
1	Your organization has set performance objectives					
2	The objectives have clear performance goals					
3	The objectives have enhanced performance					
4	Your organization has evaluation of performance programs					
5	Evaluation programs are used consistently to measure performance					
6	Evaluation Programs have enhanced performance					
7	You believe that performance contracts have enhanced performance at your organization					
8	Your organization conducts strategy audit					
9	Strategy audit is used to measure performance					
10	You believe that your organization evaluation has enhanced performance					

Appendix 2

SPSS output Results used for the Analysis

Items of strategic formulation	Mean	Std. D.
Participation on formulations	3.505	.8194
The strategy formulation process in AIC involves concerned stakeholders	3.046	.9389
The vision statement is achievable	3.908	.8301
AIC's mission statement reflects the purpose / main activity of the corporation	3.494	.9985
The objectives of AIC are attainable	3.655	.8869
The goals of AIC are relevant or proper	3.310	1.0001
AIC's corporate strategy is appropriate to the attainment of goals	3.503	9310

Strategic implementation items	Mean	Std. D.
Strategy has been effectively communicated	4.0805	.75048
Identification of short-term objectives	4.0690	.66110
Formulation of programs	4.1609	.66251
Formulation of policies	4.0230	.73099
Formulation of procedures	3.8391	.62643
Initiation of specific functional strategies	3.8276	.78068
Design of appropriate reward systems	3.0000	3.0000
Mobilization of resources	4.3500	4.3500
Provision of strategic leadership	3.3333	1.05230
Goals and objectives are effectively communicated	3.1167	3.1167

Evaluation and control items	Mean	Std. D.
Identification of Changes in planning premises	3.8851	.84117
Determining and Measurement of Performance	3.9080	.81601
Taking corrective action	3.2989	.85065
Tools for evaluation are standard and clear	2.5057	.86096
Consistent and effective evaluation on interval	3.2759	.81682

Environmental scanning items	Mean	Std. D.
It facilitates control	3.8736	.72824
It reduces uncertainty	3.9425	.63532
It facilitates measurement	3.7356	.85535
It provides a link between long and short term goals.	3.6092	.95669
It minimizes resistance to change	4.4000	.8067
It improves understanding of a rapidly changing environment	3.5167	1.1570
It creates shared vision	4.0333	1.0078
It helps to initiate change in the organization	4.4833	.9476
It helps to formulate better strategies	3.5833	1.1393
It significantly improves performance	4.0033	.62868
It brings order and discipline to the organization	3.766	1.03115
It is a learning process	4.550	.72311
It improves involvement and commitment	3.383	1.12131

	Mean	Std. D.
Your organization has set performance objectives	3.7126	.88801
The objectives have clear performance goals	3.9080	.94785
The objectives have enhanced performance	3.6667	.85816
Your organization has evaluation of performance programs	3.4483	.74332
Evaluation programs are used consistently to measure performance	3.5517	.74332
Evaluation Programs have enhanced performance	3.900	.85767
You believe that performance contracts have enhanced performance at your organization	3.350	1.32544
Your organization conducts strategy audit	3.790	.61111
Strategy audit is used to measure performance	3.533	1.0328
You believe that your organization evaluation has enhanced performance	3.416	1.0133

		Organizational performance
Strategic formulation	Pearson Correlation	.514**
	Sig. (2-tailed)	.000
Strategic implementation	Pearson Correlation	.492**
	Sig. (2-tailed)	.000
Strategic evaluation and control	Pearson Correlation	.546**
	Sig. (2-tailed)	.000
Environmental scanning	Pearson Correlation	.738**
	Sig. (2-tailed)	.000

		Strategic formulation	Strategic implementation	Evaluations and control	Environmental scanning	Organizational performance
N	Valid	88	88	88	88	88
	Missing	0	0	0	0	0
Skewness		-1.093	-.381	-.523	-.682	-1.048
Std. Error of Skewness		.258	.258	.258	.258	.258
Kurtosis		3.172	.424	2.402	.838	.870
Std. Error of Kurtosis		.511	.511	.511	.511	.511

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	2.1563	4.6025	3.6575	.54139	88
Std. Predicted Value	-2.773	1.746	.000	1.000	88
Residual	-.87233	.87528	.00000	.37332	88
Std. Residual	-2.282	2.289	.000	.976	88
a. DV: Organizational Performance					

	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.823[a]	.678	.662	.38232	.678	43.114	4	82	.000	1.712
b. Dependent Variable: Organizational Performance										

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	25.207	4	6.302	43.114	.000[a]
	Residual	11.986	82	.146		
	Total	37.193	86			
b. DV: Organizational Performance						

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-.378	.372		-1.017	.312		
	Strategic formulation	.184	.077	.179	2.393	.019	.704	1.421
	Strategic implementation	-.039	.112	-.028	-.349	.728	.598	1.673
	Evaluation and control	.350	.083	.305	4.237	.000	.757	1.321
	Environmental scanning	.623	.079	.587	7.909	.000	.713	1.402
a. DV: Organizational performance								