ST. MARY'S UNIVERSITY
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ASSESSMENT OF STRATEGIC MANAGEMENT PRACTICES; THE CASE OF ETHIOPIAN ROADS AUTHORITY

BY

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JUNE, 2021

**ADDIS ABABA
ETHIOPIA**

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ACRONYMS AND ABBREVIATIONS

BSC- Balanced Score Card

DDG- Deputy Director General

DCI- Domestic Industry Competitiveness

ERA – Ethiopian Roads Authority

ERAMS- Ethiopian Roads Authority Management System

FIDCA- Federal Infrastructure Development Cooperation Agency

GOE- Government of Ethiopia

GIS- Geographic Information System

PPMD- Plan & Program Management Directorate

ROW- Right of Way

SPSS- Statistical Package Social Science

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ABSTRACT

Strategic management emerged as an important management tool in or to cope up with the dynamism and retain competitive advantage. Strategic management is a series of decisions taken to determine long term objectives and includes the phases of environmental scanning, strategy formulation, strategy implementation and strategy monitoring and evaluation. The major objective of this study was to describe the strategic management practices of Ethiopian Roads Authority. The study compares strategic management practices of Ethiopian Roads Authority with the widely accepted theoretical concepts in the field. As result, its strategic management has been determined by selecting four major strategic component variables and other related concepts. This research has a descriptive nature which describes the existing phenomenon as it exists. Furthermore, managerial and non-managerial employees were selected based on their proportion to the population size. Out of 410 employees, 201 employees were taken as a sample. Qualitative data was collected via interview from two members of the organization intensively involved in the strategic management. 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. Under the section dealing with analysis and interpretation of data, the four phases of the strategic management process in Ethiopian Roads Authority are assessed as per prior literature. Results of the study based on the analysis showed that, lack of trained professionals with some environmental scanning, the strategic plan preparation is not aligned with strategy of other economic sectors, employee and management aren't rewarded for achieving the strategic plan, the strategy monitoring and evaluation tools based on which implementation of strategies are evaluated are not clear and the major challenges are over ambition, unexpected issues, un expected weather condition, poor coordination between Federal Infrastructure Development Cooperation Agency and the effect of delay. The recommendation based on the results from the study is that, the management should also be regularly scheduled formal reviews processes to ensure the plan is performing as designed and fulfill the SMART criteria (Specific, Measurable, Attainable, Realistic and Timely), to reflect the specific desired accomplishments.

Key words: *ERA, strategic management, strategy formulation, strategy implementation, strategy monitoring and evaluation.*

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The construction industry is an important part of any economy. Infrastructures delivered by the construction industry and its key allies affect economic growth. Construction, which has the responsibility of creating, defining and maintaining the built environment within which most other social and economic activities take place (Morton, 2002; Cain, 2003) is one of the most important ways in which societies create new values (Winch, 2002). The industry provides society with delivery mechanisms for many aspects of economic, social, political, environmental needs making its products essential to mankind's physical and social day-to day activities.

Moreover, the industry provides significant amounts of fixed investment, contributes considerably to national output and is a major source of employment, directly and indirectly through its multiplier effect (Walker and Flanagan, 1991). In this regard, in most countries, construction constitutes more than half of capital investment, contributes up to 10% of GDP and accounts for almost 28% of all industrial employment (Winch, 2002; CSIR, 2003). In addition, due to its multiplier effect, construction contributes towards employment in other industrial sectors. For example, according to the SECTUER Study quoted in COM (1997), in the European Community, one job created in the construction industry will be associated with two further jobs in other sectors.

One of the most important institutions in the construction industry is the Ethiopian Roads Authority (ERA) which is a Federal Government institution with responsibility to plan, design and construct major roads linking the capital Addis Ababa with regional capitals, neighboring countries and ports and other major or urban centers and administer the main road network that has been built over the past 70 years.

The Government of Ethiopia has well recognized that limited road network coverage and poor condition of the existing road network has been an impediment to economic recovery and economic growth. Therefore, to address the problems in the road sector; the Government has launched the Road Sector Development Program (RSDP) in 1997. Since then, five phases of RSDP were implemented over the period of 1997/98 – 2015/19 and the fifth phase; RSDP V has been implemented since July 2015.

- RSDP I -From July 1997 to June 2002 (5 years plan)
- RSDP II -From July 2002 to June 2007 (5 years plan)
- RSDP III -From July 2007 to June 2010 (3 years plan)
- RSDP IV -From July 2010 to June 2015 (5 years plan)
- RSDP V - From July 2015 to June 2020 (Completed)

Each of the five phases of RSDP mentioned above are strategic plans of ERA. Which are prepared through strategic plan formulation process. Strategic management in the context of ERA refers to policies, systems, structures and technology that have been adopted to translate (implement) each of the five phases of RSDP (Strategic Plans) in to action. The success of strategic management practice in ERA is measured by efficiency, effectiveness and outcome of implementation of the past five phases of RSDP.

The program will be financed from different sources including Government of Ethiopia (GOE) and development partners. GOE will finance 70.4% of the total cost of the program including matching funds. Donors will finance 17.3% of the total cost of the program and the Road Fund Office will finance 9.1% of the cost of the program, the cost of maintenance activities on the road network that are included under the plan. Sources for the remaining 3.2% of the cost of the program, amounting to ETB 4,023.9 million have not yet been identified, although there is expectation that GOE and donors will meet the financing gap.

In the context of Ethiopia, road is the most important infrastructure that provides access to rural and urban areas in the country. Road plays crucial role to reduce transportation cost and support economic growth in the country. However, in the late 1990's; the road network coverage was limited to major urban areas and some rural areas. Most areas in the country were isolated from economic centers, market and basic social services. The existing road network was largely deteriorated and in poor condition.

The aim of this study to examine the strategic management practices of ERA. The study compares these practices with the widely accepted theoretical concepts in the field and 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. This study finds that generally, all strategies management system positively and significantly achieve firm objectives through performance measurement. Specifically, firms' strategic plan /RSDP/ has a direct and significant impact on firm performance through financial and non-financial measures. Furthermore, the research strives to find out the major problems or challenges for strategic management system of the given company.

The research is inspired to see the assessment of strategic management practice of ERA and what are the gaps existed in the practice. By providing detail information on the strategic management practices of the company the research intends to incite for management of the organization a better strategic management system in order to fill the existing gaps and/or take corrective action on the system in a way that enables to achieve the objectives of the organization.

1.2. Background of the Organization

According to the Ethiopian Roads Authority Profile, it was prior to the second Italian occupation i.e. between the years 1896 and 1936 that a great success was made in road construction. Emperor Menilik was said to be a successful road builder participating himself in the construction. In 1903, the road from Eritrea to Addis Ababa and the road from Addis to Addis-Alem were built. The first Asphalt roads were also appeared during this time that the first Asphalt roads appeared in Addis.

During the Italian occupation, the roads were built to meet the requirements of the military control, rather than to promote the overall development of the country's economy during the Italian occupation. Following the eviction of the Italian occupiers, Imperial Highway Authority (IHA) was established with the responsibility of rehabilitating/restoring and expanding the road network throughout the country, and with specific duties to plan, design, construct, and maintain roads. The Ethiopian Roads Authority (ERA) has been reestablished incorporating, among others, the Rural Roads Department in addition to the Highway Department.

In 1980, the Military Government that took power in 1974 reformed the agency into the Ethiopian Transport Construction Authority (ETCA). Following the shift from a commandbased economy to a market oriented in 1991, ERA was re-established with a view to providing a strong administration of travel and transport on the road. As part of its reform, the government assigned administration of rural roads to the regional self-governments and main roads to ERA as part of the Federal Government's responsibility. ERA's role regarding rural roads was then limited to rendering support such as overall network planning, training and technical assistance as required by Regional Governments. To cope up with existing situations, ERA was again re-established by 1997 with the objective to develop and administer highways, and to ensure the standard of road construction. With the establishment of the new cabinet of Ministers in October 2001, a Ministry of Infrastructure and later on Ministry of Works and Urban Development has been formed with the responsibility of developing the infrastructure of the nation. ERA, which is one of the organizations, is responsible for planning and formulating long and short-term plans and programs for road construction, design, maintenance of trunk and major link roads, as well as for administration of contracts.

Currently, the main responsibilities of ERA are network planning; management of contract projects and force account operations. The long-term objective is to focus on policy, planning and contract administration and to pull out gradually from direct operational works. ERA's mission is to develop and Manage Sustainable Roads through institutional competency and Optimal Utilization of Resources. Its vision is to Global Competence and Great Roads to Prosperous Ethiopia by 2030. ERA's values are Candor, Family, School, Army, Sustainability, Excellence, & Innovation

In 1997, the government recognized the importance of road transport in supporting social and economic growth and its role as a catalyst to meet poverty reduction targets, the Government formulated the Road Sector Development Program (RSDP) in 1997 under four phases of RSDP during the last 23 years. The twenty three years of the RSDP has seen significant improvements in the restoration and expansion of Ethiopia's road network. Over the last twenty three years, the performance was improved but still there is a big gap for improvement. Weak implementation capacity can be cited as one of the major challenges. (http://www.era.gov.et).

1.3. Statement of the Problem

It is known that the road sector in Ethiopia has been experiencing strong problem in completing projects according to contract agreement because of these, time and cost that incurs government additional cost and time overrun. The common problems faced during the strategic planning document preparation in poor goal setting. Having poor goal will lead to have no clear goals across all working unit of the organization which will result no clarity on priorities and responsibilities. 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, (2008). It undeniably helps an organization to achieve clarity of future direction. It also helps organizations to think strategically and develop effective strategies, establish priorities, deal effectively with changing circumstances, build teamwork and expertise, and solve major organizational problems and improve organizational performance. To ensure this, 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.

Although strategic management has now become more widely used by many large organizations who are allocating substantial resources to the task (price, Ganier & Newson, 2003). ERA has strategic management practices adopted in the past 23 years. Reports on assessment of implementation road sector development program (RSDP) indicates that improvement of the strategic management system is necessary to enable the organization maintain its competitive edge. ERA to steadily improve road network planning, road construction contract administration, management of design study of road and road asset management. Moreover, the strategic management practices adopted have enhanced ERA’s institutional capacity to administer construction contract of more than 200 road projects at a time and manage increasing size of the main road network in the country. Besides, as large amounts of resources are required.

Betts and Ofori (1999) suggest that in developing countries, the large construction firms will need to undertake strategic management and process analysis. Ethiopian Roads Authority has a huge responsibility of creating road access for all Ethiopians that is why the organization has been made a lot of reformations to meet public demand. Furthermore, road sector development is a key government focus areas which requires big investment.

However, from the preliminary interview with the strategic management team and my experience of working on Ethiopian Roads Authority for a decade, I witnessed a delays relating with the back lock completion of projects. Road construction project delays carries a rippling effect on the contracting parties and the citizens in an economy. The effects of delays are time overrun, cost overrun, and negative social impact. Various studies indicate that among the projects undertaken in recent years, almost all of them are delayed beyond the expected time for completion.

In addition, strategic management studies building on either practical cases or empirical findings related to these topics in locally appears to be limited. This study is proposed to delineate the loopholes in the strategic management process which is environmental scanning, strategy formulation, strategy implementation, monitoring and evaluation undertaken by ERA. Identifying areas of strategic management practice where there is deviation from the generally accepted theoretical framework is an issue that should be addressed with utmost urgency. This is a significant step in ensuring successful implementation of strategic management by the organization and hence achievement of its overall scope, direction and goals.

1.4. Basic Research Questions

Having the above stated research problem in mind, this study attempted to answer the following research questions;

1. How does ERA conduct environment scanning?
2. How does ERA formulate strategies?
3. How does the strategy execution process look like at ERA?
4. What strategy monitoring and evaluation schemes are put in ERA?
5. What are the major challenges to the strategic management process in ERA?

1.5. Objective of the Study

1.5.1. General objective

The main objective of this study is to assess the strategic management practices by exploring the extent to which it is adopted and comparing this with documented practices in theory in the case of ERA (Ethiopian Roads Authority)at the head office level.

1.5.2. Specific Objectives

To be specific, the study has the under listed objectives:

- To explore how ERA undertakes environmental scanning.
- To illustrate how ERA undertakes strategy formulation.
- To assess strategy implementation practices at ERA.
- To assess the strategy monitoring and evaluation schemes in ERA.
- To identify the major challenges to the strategic management process of ERA.

1.6. Scope of the Study

Conceptually, this study is delimited to assessment of the strategic management practices. Geographically, this study was delaminated to one organization called Ethiopian Roads Authority head office located in Addis Ababa. It mainly focuses on core departments. And facts collected from the Plan and Program Management Directorate, Engineering and Procurement Directorate and Road Asset Management Directorate. Time scope of the study covers from 23 years Road Sector Development Program. The study also delimited by four strategic variables those are; environmental scanning, strategy formulation, strategy implementation and strategy monitoring and evaluation and major challenges of those strategic management component variables. The source of information for the research are organizational members involved directly in the strategic management process, managerial staff and also non managerial employees. Methodologically, the study relied on both primary and secondary sources of data and applied mixed research approach and descriptive design.

1.7. Limitations of the study

The researcher has faced some limitations during conducting the research some of the managerial staff were not willing to interview because they are busy on their daily routine and Covid-19 pandemic. Questionnaires were not returned on time because some of the employees were out of their principal work place for field works. As a result, the response rate is to some extent negatively affected.

1.8. Significance of the Study

It is intended that the findings of this research project will add to Clearer sense of strategic vision for the firm, Sharper focus on what is strategically important, improved understanding of a rapidly changing environment the knowledge of the subject of strategic management by deepening readers' understanding of the subject of strategic management from the perspective of government organizations. The findings of this research will also help ERA in improving its strategic management process. The study highlights the major areas where loopholes are noticed in the strategic management process so that they could further be investigated by the organization. It will also provide an evaluation framework for assessing the strategic management process that can be readily used by government organizations. Furthermore, this research could also be used as a ground for further researches in this title.

1.9. Definition of key terms

In this part the researcher has put definition of terms as used in the study.

Strategy: - is a comprehensive, long-term plan indicating how the corporation will achieve its missions and objectives (Alkhafaji, 2003 & Kayale, 2012).

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 and involves four basic components; Environmental scanning, Strategy formulation, Strategy implementation and Monitoring and control (Alkhafaji, (2003) & Wheelen and Hunger (2008).

Environmental scanning: - a critical step in the planning process that must be performed to gather all the information necessary to develop appropriate strategies. Simply stated, it is the process of analyzing internal and external factors affecting the organization and its ability to pursue a given course of action. (Ruocco and Proctor (1994).

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, (2013).

Strategy Implementation: - is a crucial process that aims to bring the strategy to life. Implementation includes the arrangement of tasks and responsibilities to the individuals or groups in the organization (Alkhafaji, (2003).

Monitoring and Evaluation: - is the final step of the strategic management process the step succeeding implementation and entails monitoring the organization's performance to ensure that the chosen strategy achieves the desired objectives. (Zafar, (2013).

1.10. Organization of the Study

The study is contain five chapters. The first chapter contains background of the study, background of the organization, statement of the problem, research questions, objective of the study, scope of the study, limitation of the study, significance of the study, definition of key terms and organization of the study. The second chapter have review of related literature which is related with the topic of the study. The third chapter presents the research methodology and includes research approach & research design, source of data, data gathering tools, sample size and sampling techniques, and method of data analysis. The fourth chapter depicts data presentation analysis and interpretation. The fifth chapter, focuses on summary of findings, conclusion and recommendations.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2. Introduction

The intent of this literature review is to present a framework for this study on strategic management. It is not to reach consensus on definitional aspects, rather to enlighten the reader as to the research and literature that currently exists regarding strategic management. The review begins with an overview of strategic management process and then goes on and deals with Components of the strategic management process. The review then narrows the focus to BSC which is being used as a strategic management and performance management tool by ERA.

2.1. Theoretical review

Under this section, theoretical literatures on the subject of strategic management are explored.

2.1.1. Strategic Management

The term strategy originated from a Greek word "strategos", meaning army guidance from the position of Commander General. The use of this concept dates to at least 400 years B.C. (Jeżak 1990). Prussian military general and theoretician Karl von Clausewitz argued that strategy is concerned of creation of the war plan and determination of war campaigns and individual undertakings under their scope (Pszczołowski 1976). The word "strategy" gains recognition in other fields of human activity, particularly in politics and, noticeably later, in economy.

However, in the second half of the 19th century, down with development of the U.S. economy, phenomena of strategic element occurred. Business strategies caused speeding up of business development and resulted also in the changing of the modern management (Gliński, Kuc&Szczepankowski, 2000). This latter on led to the spread of the concept to corporate management. There is no single definition of strategic management, which is generally acceptable (Markiewicz 2011). Despite all that, we present here some of the definitions found in the extant literatures. It is a top management activity, which deals with decisions making in, regards to the purpose of the organizational mission, vision, philosophies, objectives, strategies and well-designed policies. It also encompasses the development of long term plans for efficient management of environmental opportunities and threats in line with the organizational strengths and weaknesses (Sababu, 2007).

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). 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: 11). It includes understanding the strategic position of an organization, making strategic choices for the future and managing strategy in action (Johnson, et.al., 2008: 12 & 2007:16). 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).

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).

2.1.2 The purpose of strategic management process

Strategic management plays a key role in the success of your organization. As its name suggests, this process involves making and implementing strategic decisions to meet your objectives. It defines the steps you need to go through to bring your vision to life and ignite business growth. According to Pearce and Robinson (1991), Strategic Management involves a combination of decisions and actions that guide toward the formulation and implementation of plans intended to achieve organizational objectives. Strategic management entails the planning, directing, organizing and controlling of firm's strategies that reflects decisions and actions that enhances a company's competitiveness. Irwin (1995) opined that strategic management is a business operating game plan game plan, for enhancing firm's competitiveness, creating customer satisfaction and achieving targeted performances.

Strategic management led to business continuous success, growth and competitive advantage brought about by implementing the predetermine plans efficiently and effectively. This action facilitates the means, through which organizations analyze the environment, create their desired position, fashion out appropriate strategies and implement them accordingly. Strategic management process entails understanding the strategic situation of an organization, making strategic options for the future and turning strategy into action. It involves strategic analysis, choice and execution. More so, Porter (1985) opined that strategy is the aspirations and practices an organization employ in order to stay afloat amidst severe competition. A well-managed organization should have the ability to seriously find a place for itself in the contemporary competitive business environment.

Strategy is a management technique which gives an organization direction. This refers to holistic actions that are tailored towards actualizing the future of the organization. Porter (1980) affirmed that analysis of strategy or strategic analysis is part of strategic management method that examines the forces of the external environment, organization capability and expectation of stakeholders. Strategy execution is the conversion of strategy plans into action. It entails implementation of strategies and managing the resulting changes.

2.1.3 Benefits and uses of strategic management

Organizations can reap several benefits from appropriately practicing strategic management. At first, strategic management provides better guidance to the entire organization on the crucial point of "what it is we are trying to do and achieve?" (Thompson & Strickland III, 1992, p. 17). The second benefit is seen financially as an effective strategic management system increases profitability (Certo& Peter, 1988, p. 7) since it provides managers with a rationale to evaluate competing budget request for investing capital and new staff (Thompson & Strickland III, 1992, p. 17). In addition, we need not to forget, that strategic management systems provide consistency of actions, and clear objectives and direction for employees; therefore, boosting their commitment for the sake of the sacred objective of achieving corporate synergy.

Strategic management's emphasis on assessing the organization's environment allows firms to anticipate changing conditions, and therefore makes it less likely to be surprised by movements within the market place, or by actions of competitors that could put the organization at a sudden disadvantage. It also gets managers into the habit of thinking in terms of the future as they launch strategic offensives to secure sustainable competitive advantage and then use their market edge to achieve superior financial performance; therefore, aggressive pursuit of a creative, opportunistic strategy can propel a firm into a leadership position, paving the way for its products/services to become the industry standard. Moreover, the business entities that perform strategic management are more effective, and therefore have a higher probability of success than those who do not. This is due to the following reasons:

- Strategic management is one way to systemize the most important of business decisions. Business involves great risk taking, and strategic management attempts to provide data so that reasonable and informed gambles can be made when necessary.
- Strategic management helps educate managers to become better decision-makers. It helps managers examine the basic problems of a company.
- Strategic management helps improve corporate communication, the coordination of individual projects, the allocation of resources, and short-term planning such as budgeting (Jauch&Gluek, 1988, p.19).

Finally, while strategic management will never be a cure-all, especially for incompetent management, it can go a long way toward improving an organization's long-term performance. However, there are situations where the benefits are not guaranteed. There are two compelling reasons for holding off on a strategic planning effort. At first, strategic planning may not be the best choice to make if the organization has its "roof falling". At second, strategic planning should not be implemented and is considered a waste of time if the leaders lack the appropriate skills, resources, and commitment to go through the whole process of strategic planning (Bryson, 1988, p. 12).

According to AndraPicincu (2018), the strategic management process has several phases, including situation analysis. Once you've set goals for your business, you need to make sure you can actually meet those objectives. This requires a good understanding of the internal and external factors that impact your organization. At this point, it's necessary to assess the market and gather information relevant to accomplishing your goals. Consider the local and national economy as well as your competition and the market trends. Evaluate your company's strengths and weaknesses, its tangible resources and the threats it may be facing. The next step is to formulate and implement a strategy that aligns with your vision. This process not only helps you reach your goals but also allows you to identify new opportunities and areas of improvement. For example, if you're planning to launch a new product, strategic management can give you a better understanding of the market. Additionally, it provides the information you need to make smart decisions and set your priorities straight.

2.1.4 Strategic Management Process

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, 2012:186).

Furthermore, the strategic management process can give you a competitive edge.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.

2.1.5. Components of the Strategic Management Process

Strategic management is the domain of top level management and involves four basic components; Environmental scanning, Strategy formulation, Strategy implementation and Monitoring and control (Alkhafaji, 2003 &Wheelen and Hunger 2008:14). 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).

2.1.5.1. Environmental scanning

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). Environmental scanning is the acquisition and use of information about events, trends and relationships in an organization’s environment, the knowledge of which would assist management in planning future courses of action. It is crucial in identifying the main issues affecting organizations by helping to detect SWOT.

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). 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: 19). 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. Simply stated, it is the process of analyzing internal and external factors affecting the organization and its ability to pursue a given course of action.

External environmental analysis involves examining the conditions and forces affecting the organization’s strategic options that are typically beyond the firm’s control. 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: 102). 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: 92). 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: 167). 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., 1998:7). It requires introspection, self-examination and a more systematic analysis (Duncan, et.al., 1998). In order for a SWOT to be useful it should be undertaken in comparison with that of competitors.

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. Simply stated, they are groups or individuals affected by the organization as well as can affect it and could be stockholders, employees, management, major creditors, major consumers, major suppliers, etc. Stakeholder analysis should involve people with information that can't be gained otherwise. Information may be garnered through the use of interviews, questionnaires, focus groups or other techniques. Ashgar (2011) noted that stakeholder analysis is necessary to craft strategies that helps to meet their interest.

The job of a strategist is basically to understand and cope up with competition. In order to create a strategy it is very important to have enough knowledge about the competitors. 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.

2.1.5.2. 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 incorporates decision as to which business to pursue and how to allocate resources. 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: 51). Strategic planning is a systematic, formalized approach to strategy formulation (Grant 2003: 492). 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). The mission, vision and core values help describe why the organization exists and what values it holds as it progresses to its desired future state. An organization also identifies goals to fulfill the mission, uphold the core values, and achieve the vision. 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: 73). 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: 12). It must be, written in a positive tone, relevant, reliable and able to set the company apart from its competitors and energize all employees toward fulfilling the mission. Some of the important elements of the mission are the corporation’s goals and objectives, philosophy, and its basic values, ambitions, and beliefs. Mission must be carefully worded with the participation of all members of the organization to provide proper direction. It should also 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, 206). 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: 26). Vision is a statement that defines where an organization wants to go in the future and is crafted based on the mission and values (Niven, 2006). Azhar, et.al. (2013:34) define vision as the hub of the organization and the heart of strategic management process. It is an expression of the longer term objectives and values of the organization, in a way that shows what the firm is trying to achieve (Hussey, 2006: 278). Vision is the bold and noble direction the organization is about to pursue (Neluheni, et.al., 2014). It includes a clear, compelling description of the organization as it carries out its mission at some point in the future (Adams, 2005: 26). Vision describes a picture of a relatively remote future. For Nutt (2006) vision can provide direction, create focus, create the enthusiasm, produce clarity about what is wanted, and direct human action. It helps to clarify the direction of the organization.

Vision should; be simple so that everyone can easily understand (Nutt, 2006), be challenging but yet workable enough to evoke employees (Phanuel and Darbi, 2012), be inspirational so that it stirs people's blood to an extent that they would not like to fall asleep when thinking about it (Neluheni, et.a.l., 2014), include core values and core ideologies that distinguish one organization from another (Hussey, 1998) & (Mintzberg and Quinn, 1996), create possibilities that are creative, unique, vibrant and offer a new order (Nutt, 2006), be value centered incorporating the interests of key stakeholders, contain a concrete picture of the desired state, provide the basis for formulating strategies and objectives, appeal to all stakeholders, show the desired scope of business activities, be concise, be verifiable, be feasible, be future casting and be purpose driven in a way employees will have sense of belongingness towards the organization.

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: 41). An effective goal should; guide how the firm operates, indicate which opportunities to pursue, inform business exit decisions, tie measures to drivers of success, provide a verified path to the achievement of a firms strategy, track the past, the present and the future, take stakeholders into account, be simplified, be changed when the organization's strategy changes, support the mission, deal with just one issue, represent a desired result that can be achieved and encompass a relatively longer period.

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.

Components: Objectives, Corporate level, Business level and Functional level Tools used: Scenario Planning, SPACE Matrix, Boston Consulting Group Matrix, GE-McKinsey Matrix, Porter's Generic Strategies, Bowman's Strategy Clock, Porter's Diamond, Game Theory, QSP Matrix.

Successful situation analysis is followed by creation of long-term objectives. Long-term objectives indicate goals that could improve the company's competitive position in the long run. They act as directions for specific strategy selection. In an organization, strategies are chosen at 3 different levels:

- **Corporate level strategy.** At this level, executives at top parent companies choose which products to sell, which market to enter and whether to acquire a competitor or merge with it. They select between integration, intensive, diversification and defensive strategies.
- **Business level strategy.** This type of strategy is used when strategic business units (SBU), divisions or small and medium enterprises select strategies for only one product that is sold in only one market. The example of business level strategy is well illustrated by Royal Enfield firms. They sell their Bullet motorcycle (one product) in United Kingdom and India (different markets) but focus on different market segments and sell at very different prices (different strategies). Firms may select between Porter's 3 generic strategies: cost leadership, differentiation and focus strategies. Alternatively strategies from Bowman's strategy clock may be chosen (Johnson, Scholes, & Whittington, p. 224[6]).
- **Functional level strategies** are the actions and goals assigned to various departments that support your business level strategy and corporate level strategy. These strategies specify the outcomes you want to see achieved from the daily operations of specific departments (or functions) of your business.

  Managers may choose between many strategic alternatives. That depends on a company's objectives, results of situation analysis and the level for which the strategy is selected.

2.1.5.3. 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. For them strategy implementation is a crucial process that aims to bring the strategy to life. Implementation includes the arrangement of tasks and responsibilities to the individuals or groups in the organization (Alkhafaji (2003). It involves transforming the chosen strategies into action and methods and techniques the organization adopts to execute management's selected strategy. Zafar, et.al. 2013 define strategy implementation as the process of making the strategy work as intended or putting the chosen strategy into action. It includes designing the organization's structure, distributing resources, developing decision making process, and managing human resources. 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: 61). A strategy can only add value to the organization if it is successfully implemented (Smith, 2011: 23).

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 these 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 corporate culture must support the strategic plan.

Effective strategy execution needs translating the vision, communicating and linking, business planning, feedback and learning and leadership. The success of strategy depends on components human capital that embrace competencies and capabilities, budget and accountability and rewards (Neluheni, et.al. 2014). Lower-level managers as active players in the implementation process must determine what is required to achieve successful strategy implementation and guide the implementation process in their individual areas of responsibility. Execution cannot succeed unless the strategy itself is designed to be executable (Kibicho, 2014: 8). This can be done by breaking long-term corporate objectives to operational short-term objectives and developing specific functional, unit or departmental strategies and drawing action plans to achieve the objectives. 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: 1127). Effective communication that explains the new responsibilities, duties and tasks plays a vital role in implementation (Mbaka&Mugambi, 2014: 61). 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.

At this stage managerial skills are more important than using analysis. Communication in strategy implementation is essential as new strategies must get support all over organization for effective implementation. The example of the strategy implementation that is used here is taken from David's (2013), on implementation. It consists of the following 6 steps:

- Setting annual objectives;
- Revising policies to meet the objectives;
- Allocating resources to strategically important areas;
- Changing organizational structure to meet new strategy;
- Managing resistance to change;
- Introducing new reward system for performance results if needed.

The first point in strategy implementation is setting annual objectives for the company's functional areas. These smaller objectives are specifically designed to achieve financial, marketing, operations, human resources and other functional goals. To meet these goals managers revise existing policies and introduce new ones which act as the directions for successful objectives implementation.

The other very important part of strategy implementation is changing an organizational chart. For example, a product diversification strategy may require new SBU to be incorporated into the existing organizational chart. Or market development strategy may require an additional division to be added to the company. Every new strategy changes the organizational structure and requires reallocation of resources. It also redistributes responsibilities and powers between managers. Managers may be moved from one functional area to another or asked to manage a new team. This creates resistance to change, which has to be managed in an appropriate way or it could ruin excellent strategy implementation.

2.1.5.4. Monitoring and evaluation of strategies

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: 15). Johnson, et.al. Further assert that control is the monitoring of action steps to assess effectiveness of strategies and actions. It is an essential function for validating the success or failure of a strategy. It is undertaken with the aim of ensuring the achievement of organizational objectives. Evaluation is undertaken by evaluating performance in light of strategic plan. The aim is to determine if the selected strategies are implemented successfully, the resources are used and widely set objectives are achieved. Monitoring is the internal management process, by which systematic information about plan implementation is gathered and analyzed, with a view to identifying strengths and weaknesses and formulating practical proposals for taking the necessary action (correction of problems or reinforcement of successes) in order to reach the planned results (IIEP, 2010: 17).

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). Control can enhance the chances of success. A strategy control system is also necessary to measure and track the execution of the strategy and take corrective actions.

To ensure effective control system, management should identify the areas that need monitoring. The processes must be designed for all areas in a way that can be measured periodically and in a consistent manner (Alkhafaji, 2003).

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.

2.1.6. Measurement of Organizational Performance

Performance assessment is commonly encountered in a number of activities and processes related to engineering, economics, health, and so on. Its definition in this context is straightforward, in that performance essentially refers to how successfully a task, system or operation functions. From this perspective, performance measurement is a task required for assessing and improving characteristics and operations of a system, process, or infrastructure. A comprehensive definition of performance measurement is offered by the US Federal highway Administration (Shaw, 2003) "Performance measurement is a process of assessing progress toward achieving predetermined goals, including information on the efficiency with which resources are transformed into goods and services (outputs), the quality of those outputs (how well they are delivered to clients and the extent to which clients are satisfied) and outcomes (the results of a program activity compared to its intended purpose), and the effectiveness of government operations in terms of their specific contributions to program objectives." In the road sector, performance can be measured from a number of different perspectives and for a number of reasons (Haas et al. 2009):

To assess current and future conditions of road infrastructures, To evaluate road agency efficiency with respect to provided services, productivity, protection of the environment, cost-effectiveness and so on. Indeed, the road sector involves a number of different stakeholders, often with contradicting interests and expectations. These lead to the need for assessing and measuring various dimensions of performance in this area.

2.1.6.1 Balanced Scorecard

Balanced scorecard is a new approach to strategic management which was developed in the early 1990s by Robert Kaplan & David Norton. Lawson, Hatch &Desroches (2008) cited Horngren, Datar& Foster's (2005) definition of BSC as a framework for implementing strategy that translates an organization's mission and strategy into a set of performance measures. Cobbold&Lawri (2002) also propose BSC as a basis for strategic management system. BSC can also be associated with communication and articulation of strategy at operational levels (Shulver&Antarkar). It is also a management system that enables organizations to clarify their vision & strategy and translate them into action. As a performance management system it enables an organization to translate its vision and strategy into objectives and measurements (Lawson, et.al. 2008). Generally speaking, BSC is a communication tool, measurement system and strategic management system.

According to Niven (2006), BSC provides the framework for an organization to move from deciding to live its strategy to doing it since it is crucial in translating mission into concrete objectives that align all employees. BSC as a strategic management tool helps to measure, monitor, and communicate strategic plans and goals throughout the organization in a way that is understood by everyone (Lawson, et.al. 2008). It enables the monitoring of current performance and attempts to capture information about how well the organization will perform in the future. BSC can be applied to monitor and report strategy execution. The overall strategy is articulated, appropriate KPIs are selected, and targets are set before results can be measured and scores used for control purposes (Lawson, et.al. 2008).

BSC measures organizational performance in terms of four balanced perspectives: financial, customer, internal business process, and learning and growth (Kaplan & Norton, 1996). BSC is ideally created through a shared understanding and translation of the organization's strategy into objectives, measures, targets, and initiatives in each of the four Scorecard perspectives. Under customer perspective the focal point is identifying target customers and their expectations. It includes measures with direct impact on customers. In the Internal Process perspective of the Scorecard, key processes the firm must excel at are identified to continue adding value for customers and shareholders. It includes measures reflecting the key business processes. Learning and Growth perspective refers to the foundation upon which BSC is built. Employee skills, employee satisfaction, availability of information, and alignment could all have a place in this perspective. (Niven, 2006). Financial perspective includes measures reflecting financial performance.

The main goals of BSC are to align business activities with the vision and strategy of the organization, improve internal and external communications, and monitor organizational performance against strategic goals (Ak&Öztayşi). BSC provides executives with a comprehensive framework that translates a company vision and strategy into a coherent set of performance measures (Norton & Kaplan, 1996). The success of BSC besides other factors depends on a supportive organizational environment. This is reflected by buy-in from the top-level management, articulation and communication of the organization's strategy and the reasons for implementing the scorecard, alignment of human capital to the strategy, the existence of employees that accept and use the system, use of feedback to understand the progress and make changes where required, suitable automation. An eventual link to compensation and reward systems, use of consultants appropriately, provision of adequate time to implement and realize the benefits and having in place a system that is pervasive. Operational control and strategy management are the two main reasons for implementing BSC.

2.1.6.2 Financial Measures

Financial measures of performance relate to organizational effectiveness and profits. Examples include financial ratios such as return on assets, return on equity, and return on investment. Other common financial measures include profits and stock price. Such measures help answer the key question "How do we look to shareholders?" Such measures have long been of interest to senior management and investors.

Financial performance measures are commonly articulated and emphasized within an organization's annual report to shareholders. To provide context, such measures should be objective and be coupled with meaningful referents, such as the firm's past performance. For example, Starbucks's 2009 annual report highlights the firm's performance in terms of net revenue, operating income, and cash flow over a five-year period.

2.1.6.3 Customer Measures

Customer measures of performance relate to customer attraction, satisfaction, and retention. These measures provide insight to the key question "How do customers see us?" Examples might include the number of new customers and the percentage of repeat customers.

Starbucks realizes the importance of repeat customers and has taken a number of steps to satisfy and to attract regular visitors to their stores. For example, Starbucks rewards regular customers with free drinks and offers all customers free Wi-Fi access. Starbucks also encourages repeat visits by providing cards with codes for free iTunes downloads. The featured songs change regularly, encouraging frequent repeat visits.

2.1.6.4 Internal Business Process Measures

Internal business process measures of performance relate to organizational efficiency. These measures help answer the key question "What must we excel at?" Examples include the time it takes to manufacture the organization's good or deliver a service. The time it takes to create a new product and bring it to market is another example of this type of measure.

Organizations such as Starbucks realize the importance of such efficiency measures for the long-term success of its organization, and Starbucks carefully examines its processes with the goal of decreasing order fulfillment time. In one recent example, Starbucks efficiency experts challenged their employees to assemble a Mr. Potato Head to understand how work could be done more quickly. The aim of this exercise was to help Starbucks employees in general match the speed of the firm's high performers, who boast an average time per order of twenty-five seconds.

One key aspect for organizations producing physical goods (as compared to services) are supply-chain management indicators. Both Walmart and GM are examples of the increased profits that can result from effective management of the supply chain through initiatives such as "just-in-time"' supply-chain management. Of course, to reduce supply inventory, data must be both timely and accurate (or else you run out of key parts and the production line stops…). In the 1990s (pre-Internet) Walmart acquired their own satellite system that allowed them to collect sales by item and ordered replacement to restock their shelves every eight hours, while GM kept only enough tires for four hours of car assembly at any one time!

2.1.6.5 Learning and Growth Measures

Learning and growth measures of performance relate to the future. Such measures provide insight to tell the organization, “Can we continue to improve and create value?” Learning and growth measures focus on innovation and proceed with an understanding that strategies change over time. Consequently, developing new ways to add value will be needed as the organization continues to adapt to an evolving environment. An example of a learning and growth measure is the number of new skills learned by employees every year.

One way Starbucks encourages its employees to learn skills that may benefit both the firm and individuals in the future is through its tuition reimbursement program. Employees who have worked with Starbucks for more than a year are eligible. Starbucks hopes that the knowledge acquired while earning a college degree might provide employees with the skills needed to develop innovations that will benefit the company in the future. Another benefit of this program is that it helps Starbucks reward and retain high-achieving employees.

2.1.7. Challenges in Strategic Management

Hussey (1998) and Abdulwahid, Muhamad&Sehar (2013) identified problems in strategic management as lack of acceptance by the management, confusion about corporate planning and its meaning, failure to use the plan, over sophistication of the plans, conflicting goals and priorities, non-convergence, lack of competent people, lack of team management, ineffective operational arrangement, lack of support from the top level, unclear target of success, non-acceptor organizational culture, divergent organizational structure, lack of commitment of decision makers and ambiguous strategy. These factors hinder successful implementation of strategies. Inaccurate and poorly stated information about change is also one of the challenges (Salih& Doll, 2013). Strategies fail due to unanticipated market changes, lack of senior management (CEO) support, lack of effective monitoring and application of insufficient resources, insufficient buy in to or understanding of the strategy among those who need to implement it (Sterling, 2003). Strategic drift which refers to the situation where strategies progressively fail to address the strategic position of the organization is one of the challenges in strategic management and leads to deterioration of performance (Johnson, et.al. 2007). Adams (2005) identified out of date organizational strategies and the probability that organizational strategies mayn't be detailed as problems. Failure to frequently update the strategic plan irrespective of changes in the internal and external environment has the power of making the plan irrelevant (Adams, 2005). The same goes to failure to adequately consider external events affecting the organization's strategy.

Lihalo (2013) undertook a study to examine the three categories of barriers to strategy implementation faced by mid-sized companies in Kenya. He identified internal challenges in strategy implementation as behavior resistance to change, inappropriate systems (structure, culture, leadership), inadequate human physical and financial resources, poor communication of the organization strategy and lack of proper training and instruction to employees. The external barriers were found to be business macro factors in the operating environment including factors such as stiff competition and un-anticipated new substitute or competing products.

The problems that cause strategic plans to fail are categorized by literature into the strategy planning process, a quality strategy, implementation of the strategy as well as the organization structure and climate (Neluheni, et.al. 2014). Sihab, Ridwan& Marti (2012) uphold Rudd, Greenley&Beatson (2008) contention that strategic management often fails due to problems or barriers encountered at the implementation stage.

Strategy implementation failures may be as a result of unfeasibility of the strategy, weak management, unworthiness or a misunderstanding of strategy, unaligned organization systems and resources, poor coordination, uncontrolled environment factors, linking performance and pay to strategies and resistance to change within the organization (Kibicho, 2014).

2.1.8. Strategic Management in the road sector

The Strategic Plan for Road Services lays out the division's mission, vision, and focused direction for the next 10 years. It aligns the division's employees, services, and programs with the overarching goals of County; informs decisions of the King County Executive and Metropolitan King County Council on matters of policy, operations, and budget; and provides a framework to ensure oversight and management of the division's programs and services. This plan was developed in response to a critical structural funding problem coupled with a backlog of road system maintenance and preservation needs. Road Services recognizes that it may not be able to fully accomplish all of the goals and strategies in this plan. The plan prioritizes goals to guide division staff so their work meets the most critical needs with available funding and resources. It places high priority on immediate operational safety and regulatory compliance.The plan also identified roads and structures by location and level of service with policy that led to the creation of a tiered system. This system gives priority to service to the roadways that provide life safety connections and have the highest volume of users. The 2010 plan was used to develop subsequent budgets and guide investment decisions. Having used this plan extensively over the past three years, the Road Services Division has refined its policies, goals, and strategies. Those refinements are incorporated into this 2014 update to the strategic plan.

2.2. Empirical Review

A thesis entitled ‘A study of strategic management practice on the cases of Ethiopian insurance company’ by Amelework Mekonnen (2015) addresses the strategic planning and environmental scanning activities of the Ethiopian insurance company. The findings reveal lack of formal continuous environmental scanning by both formal and informal planning chains and a significant number of similarities in terms of the scanning methods this research contribution of performance evaluation to the implementation of strategies at Action for effectiveness. The topic however encompasses the effectiveness of the strategic management process.

A thesis entitled ‘A study of strategic planning and environmental scanning in the multiunit Portuguese hotel sector’ by Costa (1997) addresses the strategic planning and environmental scanning activities of the hotel chains operating in Portugal. The findings reveal lack of formal continuous environmental scanning by both formal and informal planning chains and a significant number of similarities in terms of the scanning methods and sources used by the case study organizations.

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 findings reveal lack of formal continuous environmental scanning by both formal and informal planning chains and a significant number of similarities in terms of the scanning methods and sources used by the case study organizations.

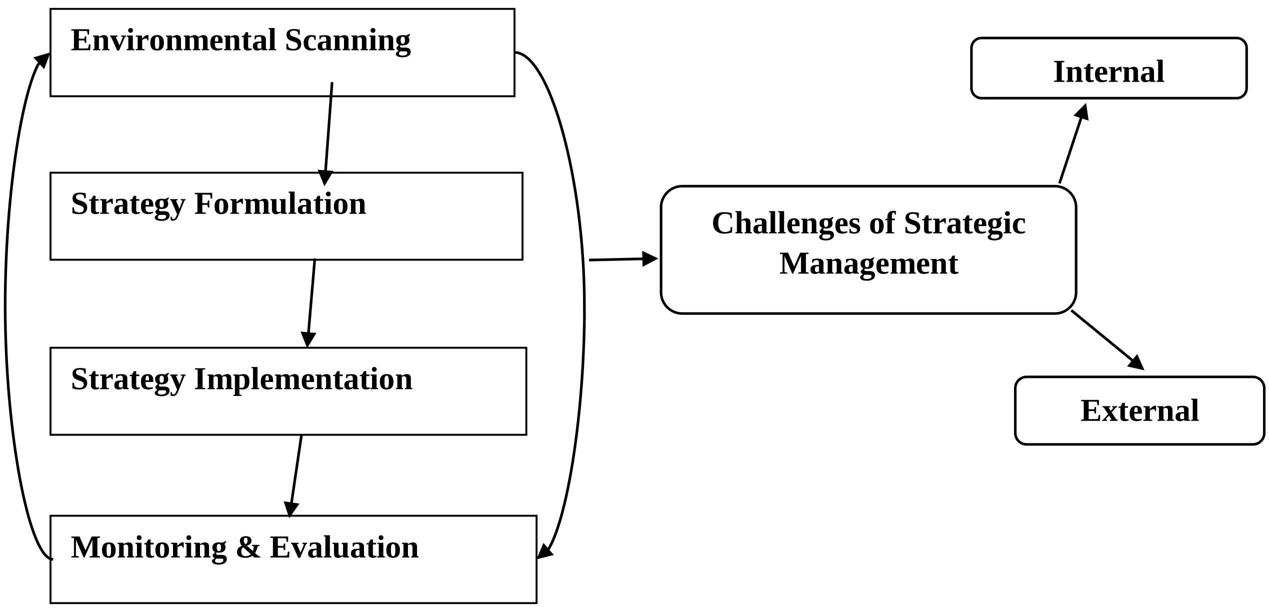
Local studies on strategic management include an assessment of strategic management practices of Action for Development by Addisie (2015). The results indicated that action for development has major drawbacks in the areas of effectively communicating the strategic plan to concerned stakeholders. The 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. The research by Addisie (2015), unlike its topic, focuses on some aspects of the strategic management process namely the level of stakeholder participation, the level of communication and the contribution of performance evaluation to the implementation of strategies at Action for Development. The topic however encompasses all aspects of the strategic management process.

2.3. Conceptual or theoretical framework of the Study

In relation to the literature review, the conceptual framework has underlined a number of factors that determine the strategy execution process at Ethiopian roads authority. It outlined variables in strategic management in road construction projects that is affected by the variables interaction. The variable in this case is the strategic management practice in Ethiopian roads authority and the subsequent outcomes of strategic plan. These are environmental scanning, strategy formulation, strategy implementation and strategy monitoring & evaluation. A conceptual model shows how the researcher theorizes the relationships among several factors identified as being important to the research questions. With this in purview, a conceptual model has been developed based on the reviews of previous knowledge to discuss the interrelationships among the variables deemed integral parts of the strategic management process.

The overall strategic management process and variables falling under each component are depicted in Figure 2.2 below.

Figer 2.2 Conceptual framwork of the study



Source: Brianne Manning (2016)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research Approach and Design

3.1.1 Research Approach

This research follows a mixed approach. Mixed methods approach is a more complete and synergistic utilization of data than do separate quantitative and qualitative data collection and analysis. Mixed methods are especially useful in understanding contradictions between quantitative results and qualitative findings. Mixed methods have great flexibility and are adaptable to many study designs, such as observational studies and randomized trials, to elucidate more information than can be obtained in only quantitative research. By carefully selecting the mixed method that best suits the evaluation's questions and meets its resource constraints, evaluators can facilitate deeper, more meaningful learning regarding the effectiveness and implementation. Mixed research approach is opted for since it allows gaining a fuller understanding of the strategic management process at ERA.

3.1.2 Research Design

The primary purpose of this study is to describe strategic management practices of ERA in light of the theoretical framework and hence it can be said that it has a descriptive nature. The major purpose of descriptive research is to describe characteristics of a certain phenomenon. This research also aims to describe the strategic management process in ERA. Descriptive research designs describe the characteristics of objects, people, or organizations (Zikmund, Babin, Carr & Griffin, 2012:15). Descriptive research paints a picture of the specific details of a situation, social setting, or relationship. By giving answers to who, what, when, where, and how questions. For Kohtari (2006), descriptive research aims at describing a situation in terms of its characteristics. This research is also try to give details on the strategic management process in ERA by portraying all of the four components of the process ranging from environmental scanning to strategy monitoring and evaluation and also the challenges of the strategic management process.

Descriptive research design is chosen for this research as it is suitable to accurately portray components of a given process, strategic management in this case. Punch (2006) argues that descriptive research design basically gives answer to the question of 'what is the case or situation here?' So does this research as far the strategic management process in ERA is concerned. Descriptive research is opted for since it helps in drawing a clear picture of a phenomenon and acquisition of a lot of information. Descriptive research's purpose of describing how reality is perfectly aligns with the general objective of this research which is describing the strategic management practices of ERA.

3.2 Population, Sample Size and Sampling Techniques

3.2.1. Target Population

Population refers to the full set of cases from which a sample is taken (Saunders, 2009:21). It refers to the larger group from which individuals are selected to participate in a study. For this study, the population constitutes 1,553 permanent employees at the head office. Target Population refers to the set of all elements belonging to a certain defined group to be studied. The target population in the case at hand comprises 410 employees of the organization. This constitutes managerial staff and non-managerial employees above the position of senior officer. It was not found necessary to include the remaining segment of the population and aren't considered as part of a team and the organization scorecard is cascaded up to the level of teams.

3.2.2. Sample size

One of the important activities of any research will determination of sample size. Sampling will concerned with the choice of a subgroup of individuals from the target population to enable the estimation of the characteristics of the entire population (Singh and Masuku, 2014). It is vital to use an adequate number of sample size as to ensure a higher probability that results of the study will be more generalizable and interpretable (Mugenda, 2008).

Sample size determination is an important element in any research. Exact test to check sample size is adequate for the analysis can be carried out by using statistical methods such as significance tests (John, et al, 2007). Therefore, representative sample of these employees was calculated based on formula for sample size determination for finite population. To determine the sample size, the below sample determination formula has been used.

The desired sample size is 202. This is calculated using the following sample size determination formula. (Yamane, 1967)

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

Where:-

N = Target population

n = sample size

e = level of precision=0.05

Given confidence level of 95% and precision rate of ±5 percent

The total number of n = 410 /(1+410(0.05)2) = **202 staff**

The above sample size, 202, is proportionately distributed into these two strata to guarantee appropriate and equal representation. Strata one consists of 147 managerial staff and strata two consists of 263 non-managerial employees.

However, the above sample size, 202, is proportionately distributed into these two strata to guarantee appropriate and equal representation.

The applicable formula to identify the respective sample size for each strata is:-

$$\boxed{N_s = (D1 / N) * n}$$

Where; Ns=Sample size for each strata

N=Total Number of population

D1=Population size of the strata

n=sample size

The total number of sample from managerial staff, Strata one is 72.

$$\boxed{N_s 1 = (147 / 410) * 202 = \mathbf{72}}$$

The total number of sample from the employees, Strata two is 129.

$$\boxed{N_s 1 = (263 / 410) * 202 = \mathbf{129}}$$

3.2.3 Sampling Techniques

A sampling techniques has concurrent sampling in which probability and non-probability sampling are combined in this research. Purposive or judgmental sampling is used to extract qualitative data. A purposive sampling method enables the researcher to use personal judgment in selecting cases that is best enable him/her answer research question(s) and meet objectives (Saunders, 2009). Denscombe (2007) states that sample, in case of purposive sampling, is hand-picked. It is important when the researcher wishes to select managerial staff that are particularly informative.

Taking in to account the nature of the study and structure of the organization, the researcher is implemented a stratified systematic sampling technique to have a more representative sample. In other words, each division has been considered as a stratum and the sample was determined proportionally in each of the stratum. A stratified sampling is chosen as the target population comprises of two strata, managerial staff and non-managerial staff. If the population from which a sample is to be drawn does not constitute a homogeneous group, then stratified sampling technique is applied so as to obtain a representative sample (R. Kothari, 2004).

Table 3.1 Sample Size Determination

No.	Strata	Population	Proportion	Sample
1	Managerial Staff	147	50	72
2	Non-managerial Staff	263	50	129
Total		**410**	**100**	**201**

3.3. Sources and type of Data Collection

In this study both primary and secondary data has been collected. Primary data are those which are collected afresh and for the first time, and happen to be original in character (Kohtati, 2004:95). As sources of primary data, interviews were conducted and questionnaires were distributed. Interview was used to collect data from the sample drawn based on purposive sampling (the strategic management team leader and the Directors of different departments). This plus its ability to enable the researcher gain insights into the respondents' opinions, feelings, emotions and experiences makes the interview method appropriate in this case. Questionnaires has been used to collect data from the employees drawn based on stratified sampling. Saunders (2009) affirmed de Vaus's (2002) definition of questionnaire as a general term which includes all techniques of data collection in which each person is ask to respond to the same set of questions in a predetermined order. Questionnaires will used in this case since they can be administered to a large number of people at less cost and reach respondents who are not easily approachable. Questionnaires also give respondents adequate time to give well thought out answers (Kohtari, 2004).

Besides, as a secondary data, policy and strategies, related reports, journals articles and various manuals is also be used as sources of data. In order to avoid the risk of distortion in the quality of data, the secondary data has been collected from already published data and recognized reports.

Besides,as a secondary sources of data will be concerned, the study made intensive use of ERA’s strategic plan for the period from 1997/1998 to 2019/2020 and also reviewed are RSDP, BPR, Modernization documents of ERA and strategic plan and budget preparation guideline of the organization. Documents as sources of secondary data are chosen since they are vital in gaining a comprehensive view of the strategic management process at a less cost.

3.4. Data Collection Instruments

Data collection has involve gathering of relevant and important data used for conducting a particular research work. The overall aim of the study was the assessment of strategic management practices and its challenges in the case of ERA. Collection of data is the basis for any statistical analysis and the data collected must be accurate this research has been follow a mixed approach. Mixed approach is a procedure for collecting, analyzing and mixing both quantitative and qualitative data (Creswell, 2009).

3.5. Data Analysis Methods

Zikmund & et.al define data analysis as the application of reasoning to understand the data that have been gathered by determining consistent patterns and summarizing the relevant details revealed in the investigation. It is done with the aim of making sense out of data collected using various methodologies. All questionnaires were deposited in one place and completeness and accuracy of each was checked. The invalid ones were excluded. The results of the questionnaire were encoded into SPSS (Statistical Package for Social Sciences) version 26. This is illustrated using frequency, mean and grand mean for each of the variables. Summary of statistics has been organized in the form of qualitative and quantitative measure. Regarding the interpretation of the variables use on Likert type of scale measurement used on the basis of 1=strongly agree, 2=Agree, 3=moderately agree, 4=Disagree and 5=strongly Disagree. Then based on the information that obtained from the analysis, interpretations has been made to reach out some conclusions and based on the conclusion made, possible solutions has been forwarded.

3.6. Validity and Reliability

Validity is the most critical criterion that indicates the degree to which an instrument measures what it is supposed to measure (Kothari, 2004). Among the various forms of measuring validity, the content validity one is established in this case. Content validity is the extent to which a measuring instrument provides adequate coverage of the topic under study (Kohtari, 2004). It can also be taken as the extent to which a measuring instrument provides adequate coverage of the topic under study. As per the same author, content validity is good if an instrument contains a representative sample. To ensure content validity, sample represented were those of the organizational employees who know better about the issue to be represented.

Reliability refers to a measure of the degree to which research instruments yield consistent results (Mugenda & Mugenda, 2003). Cronbach alpha is a test of reliability technique that requires only a single test administration to provide a unique estimate of the reliability for a given test. Cronbach alpha reliability coefficient normally ranges between 0 and 1. George and Mallery (2003:231) have provided the following rule of thumb for the Cronbach's alpha >.9 excellent,>.8 good, >.7 acceptable, >.6 questionable, >.5 poor and <.5 unacceptable. After data collection a Cronbach's Alpha test was performed which reaffirmed our assumptions of reliability and the result is shown below under table 3.2.

Table 3.2 Measure of Internal Consistency –Cronbach's Alpha

Questionnaires to the respondents							
Environmental Scanning		Strategy Formulation		Strategy Implementation		Strategy Monitoring & Evaluation	
Cronbach's Alpha	No of items	Cronbach's Alpha	No of items	Cronbach's Alpha	No of items	Cronbach's Alpha	No of items
0.853	11	0.955	10	0.906	21	0.916	8

Source: Questionnaires April 2021

According to the assumption of reliability test of the above table 3.2, Cronbach's alpha value is between 0.00 to 1.00 with a good range of 0.853 or above. As stated in the above table 3.2, the

Cronbach's Alpha value for each construct indicates that, Environmental Scanning 0.853, Strategy Formulation 0.955, Strategy Implementation 0.906 and Strategy Monitoring & Evaluation 0.916. Thus, the observed variables truly reflect all the measures are reliable.

3.7 Ethical Considerations

In order to effectively conduct this research the following ethical issues have considered. Before the commencement of the research work supportive letter have obtained from St. Mary's University. Accordingly, the willingness of the selected respondents in providing the necessary data will be assured. It may not be ethical to ask employees to answer questionnaires while they are at their duty station. Therefore, longer time should be given to respondents so that they can either take the questionnaire to their home or use their break time. Respondent will not be forced to respond questions which they don't like to respond. They have informed that the study is only be used for academic purposes. Any respondent response have respected and ethically included in the report. The participants have assured that the data sought from the respondents have kept confidential and no information related to the participants have used other than that of the academic and research objectives; thus no violate of confidentiality will be take place.

CHAPTER FOUR

RESULTS & DISCUSSION

In this chapter, the demographic nature of the respondents and reliability and validity of the measuring instrument is dealt with. The data collected from the different sources are also presented, analyzed and interpreted.

4.1. Demographic Information of the Respondents

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

Table 4.1. Demographic characteristics of the respondents

Description		Number of years in the current position					Total
		4-6 years	6-8 years	8-10 years	10-12 years	above 12 years	
What is your current Job position	Advisor	3	0	0	0	0	3
	DDG	1	0	0	0	1	2
	Director	1	1	5	3	2	12
	Team Leader	46	0	1	0	0	47
	Lead Economist	0	12	0	0	0	12
	Lead Engineer	0	10	0	0	0	10
	Lead Finance	0	9	0	0	0	9
	Lead HR	0	10	0	0	0	10
	Lead Row A	0	9	0	0	0	9
	Senior Econ.	10	0	0	0	0	10
	Senior Engineer	10	0	0	0	0	10
	Senior Finance	10	0	0	0	0	10
	Senior HR	10	0	0	0	0	10
	Senior Row	10	0	0	0	0	10
Total		101	51	6	3	3	164

Source: Questionnaire April 2021

Table 4.2. Questionnaire Collection Status

Questionnaires	Number			Percentage		
	Management	Employees	Total	Management	Employees	Total
Returned	64	100	164	88.9	77.5	81.4
Not Returned	8	29	37	11.1	22.5	18.5
Total	72	129	201	100	100	100

Source: Questionnaire April 2021

As can be seen from the first two columns of the above table, the respondents addressed are from the different strata. This segregation of the respondents is important to obtain valid results from employees of the organization at different positions. The other issue depicted in the above table is the overall years of experience in ERA. Based on the findings, the number of employees who served ERA for less than a year are only 9 or 4.3% of the total while the total number of employees who served in the corporation for more than eight years is 76 or 36.7 % of the total. As it is possible to see in from the same table, around 70% of the respondents have been serving in their current position from a year to six years. From the data presented above, it is plausible to conclude the workforce composition of the respondents are qualified to explain about the strategic management practice in ERA. The majority's, 70% of the respondents, stay in the organization for more than four years gives them the opportunity to reflect on the current strategic plan which was put in place four years back.

As depicted in Table 4.2, 88.9% of the questionnaires distributed to the management staff and 77.5% of the questionnaires distributed to the employees are collected. This implies that the sample addressed is representative of the targeted population.

4.2. Results or findings of the Study

The basic findings of the study based on the data from the questionnaires, interview and document review are presented for the four phases of the strategic management process.

4.2.1. Environmental Scanning

The findings from the questionnaires, interview and document review concerning environmental scanning are presented under this section.

ERA's employees' and the managerial staff's opinion was collected through questionnaires to see the level of environmental scanning alignment with the organization strategy. Five questions were posed to evaluate comprehensiveness of environmental scanning activities. The findings are summarized in Table 4.3 below.

Table 4.3. Management's and employee's opinion on comprehensiveness of ERA's Environmental Scanning

Description		1	2	3	4	5	Total	Mean	Grand Mean
ERA comprehensively analyzed the internal and External factors	Count	7	29	122	4	2	164	**2.78**	**2.84**
	Percent	4.3	17.7	74.4	2.4	1.2	100		
ERA undertook proper performance analysis before the organization strategy is formulated	Count	6	39	112	6	1	164	**2.74**	
	Percent	3.7	23.8	68.3	3.7	0.6	100		
ERA undertook proper industry analysis before the organization strategy is formulated	Count	5	26	96	37	1	164	**3.02**	
	Percent	3	15.9	58.5	22.6	0.6	100		
ERA management teams prepare competitive activity report during strategy formulation	Count	1	44	105	14	1	164	**2.82**	
	Percent	0.6	26.8	64	8.5	0.6	100		
A client related factors analysis before the strategy formulated	Count	1	44	105	14	1	164	**2.82**	
	Percent	0.6	26.8	64	8.5	0.6	100		

1=strongly agree, 2=agree, 3=moderately agree, 4=disagree 5=strongly disagree
Source: Questionnaire April 2021

The collected data shows the mean of comprehensively analyzed the internal and External factors is 2.78, performance analysis is 2.74, industry analysis is 3.02, prepare competitive activity report is 2.82 and a client related factors analysis is 2.82 respectively. Overall grand Mean of these five dimensions is 2.84. Besides 96.4%, 95.8%, 77.4%, 91.4% and 91.4% of respondents, respectively believe that ERA has comprehensively analyzed the internal and external factors within the environment, undertook proper performance analysis, industry analysis, prepare competitive activity report and client related factors analysis this implies that the internal and external factors are analyzed well.

Findings on environmental scanning from the interviewees

Responses from the interviewees indicated that the strategic management process in ERA commences with advisable to undertake those environmental factors (political, economic, legal, social and technological) analysis to make the organization more competitors where appropriate. It helps to understand how external factors affect the organization and to determine their long-term effect on the performance and activities of the organization and helps to review any strategies that have in place, to work out a new direction, product or strategic plan of the organization.

In ERA both external and internal environmental factors for strategy formulation is undertaken. Those are strengths which is internal to the organization, factors that contribute to achieving areas of high capacity and positive aspects. Weaknesses are internal to the organization, areas of low capacity and can be turned into strengths. Opportunities are positive aspects external to the organization. Threats are negative aspects external to the organization, risks and uncertainties and factors the jeopardize the existence of the organization.

Stakeholder holder analysis is also undertaken based on the importance's influences, advantages/ disadvantages and effects of the stakeholders. Accordingly ERA has Direct Stakeholders and Indirect stakeholders based on their importance and Primary and secondary stakeholders based on their affects to the organizations.

ERA is always undertaking Domestic Industry Competitiveness (DIC) to ensure the construction industry of the country. Hence, it is held to evaluate the impact of the domestic construction industry. Specifically, participation of the local contracting industry, in terms of both the value and number of projects. Since ERA is a government body, the competitor analysis is carried out using SWOT Analysis.

Findings on environmental scanning from the document review

Sectorial Environment

Existing evidences show that as part of preparation of each successive phases of strategies. ERA has conducted assessment of the Domestic Construction Industry (DCI) each assessment should that DCI has not fully developed to support strategy implementation. Many of the local contractors are new entrants to the industry and face several constraints such as shortage of capital, equipment and human resources.

To encourage entrance of local contractors into the sector, the government introduced the minimum capital requirement and as a result 1,020 contractors have been given licenses since 1993. There were very few local contractors working in the industry at the start of the RSDP in 1997. Those contractors who were available were constrained by lack of experience in managing construction projects, lack of skilled manpower, shortage of capital and equipment. Local contractors were not in a position to compete with international contractors and in the early years of RSDP I the share of local contractors in the road construction market (in terms contract price of projects) was only 5%.

However, in the course of implementation of five phases of RSDP in the past competitiveness of local contractors has progressively increased and market share for local contractors has now risen to 62% in the year 2010. Increased market share by local contractors demonstrates that competitiveness and capacity within the domestic road construction market has improved. The number of road projects awarded to local contractors has increased significantly from year 1999 to 2010. The total value of construction contracts awarded to local contractors throughout the RSDP is ETB 21 billion. Local consultants have increasingly been involved in road sector development by supervising implementation of road projects and conducting road design and other studies. The market share for local consultants has increased from 19% in 1999 to 74% in the year 2010. The number of consultancy services awarded to local consultants has increased significantly from year 1999 to 2010. The total contract value awarded to local consultants from 1999 to 2010 was ETB 1.6 billion. Moreover, local consultants participate in projects that have been conducted by foreign consultants by providing local expertise.

The impact of the program in building the capacity of the domestic construction industry is encouraging. Specifically, participation of the local contracting industry has increased, in terms of both the value and number of projects, over the last thirteen years of the RSDP. Local contractors are mostly involved on projects financed by the GOE, with contract values averaging ETB 1,640 million for the period from 1997 to June 2010. Local involvement on larger construction contracts is still marginal, although some local contractors are now taking relatively bigger contracts, with values amounting to as much as ETB 825 million. ERA is carrying out a small number of civil works by its own force account, particularly in areas where the private industry is not willing to work. Of the 691 contracts (both construction & consultancy) awarded over the last thirteen years of the RSDP, some 443 contracts were awarded to local companies. The majority of these contracts, 63%, were for consultancy services, with 37% for road construction works. The value of civil works contracts awarded to local firms was ETB 21.3 billion to June 2010, whilst that for consultancy services amounted to some ETB 1.6 billion.*(www.era.gov.et)*

4.2.2. Strategy Formulation

The findings from the questionnaires, interview and document review, concerning on the strategy formulation.

ERA's employees' and the managerial staff's opinion was collected through questionnaires to see the level of strategy formulation alignment with the organization strategy. Six questions were posed to the respondents on the strategy formulation process in ERA to summarize as follows.

Table 4.4. Summary of management's and employee's opinion on components of strategy formulation process

Description		1	2	3	4	5	Total	Mean	Grand Mean
The strategy formulation begins with situation analysis	Count	2	44	104	13	1	164	**2.79**	**2.8**
	Percent	1.2	26.8	63.4	7.9	0.6	100		
The strategy formulation process in ERA involves concerned clients	Count	1	44	105	13	1	164	**2.81**	
	Percent	0.6	26.8	64	7.9	0.6	100		
The strategic plan is achievable, inspiring and easy to understand	Count	1	44	105	13	1	164	**2.80**	
	Percent	0.6	26.8	64	7.9	0.6	100		
The goals and objectives of ERA are attainable to complete projects based on time & budget	Count	1	44	105	14	1	164	**2.80**	
	Percent	0.6	26.8	64	8.5	0.6	100		
ERA's strategy is appropriate to the attainment of projects completion and gathering resources	Count	1	44	105	13	1	164	**2.80**	
	Percent	0.6	26.8	64	7.9	0.6	100		
The strategic plan preparation in ERA is participatory	Count	1	44	105	13	1	164	**2.81**	
	Percent	0.6	26.8	64	7.9	0.6	100		

1=strongly agree, 2=agree, 3=moderately agree, 4=disagree 5=strongly disagree Source: Questionnaire April 2021

The collected data illustrations, the mean of situation analysis is 2.79, involvement of concerned clients is 2.81, achievement and inspiration of the strategic plan is 2.80, attainment of the goals and objectives to complete projects based on time & budget is 2.80 and the participation of strategic plan is 2.81 respectively. Overall grand Mean of these six dimensions is 2.8. Among the same respondents of 91.4% believe that the strategy formulation process begins with situation analysis and involves concerned clients. The majority, 91.4% of the respondents believe that the strategic plan is achievable, inspiring and easy to understand. The statement that ERA objectives are attainable to complete projects is supported by 91.4% of the total. Besides the support of the majority, the strategic plan preparation in ERA is participatory, this implies the majority agree with the organizational strategy formulation process of ERA has well.

Findings on strategy formulation process from the interviewees

A question was posed to the interviewees to have a full-fledged picture on the strategy formulation process in ERA. The strategic team leader said ERA is going through all the steps of strategy formulation process, the time framework of five phases of Road Sector Development Program (RSDP) were implemented over the period of 1997 – 2020.

- RSDP I -From July 1997 to June 2002 (5 years plan)
- RSDP II -From July 2002 to June 2007 (5 years plan)
- RSDP III -From July 2007 to June 2010 (3 years plan)
- RSDP IV -From July 2010 to June 2015 (5 years plan)
- RSDP V - From July 2015 to June 2020 (5 years plan)

Each of the five phases of RSDP mentioned above are strategic plans of ERA which are prepared through strategic plan formulation process. Strategic management in the context of ERA refers to policies, systems, structures and technology that have been adopted to translate (implement) each of the five phases of RSDP (Strategic Plans) in to action. The success of strategic management practice in ERA is measured by efficiency, effectiveness and outcome of implementation of the past five phases of RSDP. This involves selection of activities, ideas based on the five-year strategic formulation. With this plan ERA have annually cascaded action plan with clear objectives to attain, tasks to implement, and responsible parties/directorates to coordinate.

Findings on strategy formulation process from the document review

The Government of Ethiopia has well recognized that limited road network coverage and poor condition of the existing road network has been an impediment to economic recovery and economic growth. Therefore, to address the problems in the road sector; the Government has launched the Road Sector Development Program (RSDP) in 1997. Since then, five phases of RSDP were implemented over the period of 1997 – 2020.

The organization to set this Vision, Mission, Motto and Values

- **Vision**
  Global Competence and Great Roads to Prosperous Ethiopia by 2030
- **Mission**
  Develop and Manage Sustainable Roads through institutional competency and Optimal Utilization of Resources
- **Motto:**
  Best Roads for Prosperous Ethiopia
- **Values:**
  Candor, Family, School, Army, Sustainability, Excellence and Innovation

Government of Ethiopia used to prepare and implement stretched physical plan during past successive five phases of RSDP in the past 23 years. Measured by the size of physical plan RSDP III was more stretched than RSDP II by about 6,434 km (78%) and RSDP IV was even far more stretched than RSDP III by 77,831Km (530%) mainly because of RSDP IV comprise for the first time construction of 72,523 km of minor all season gravel roads under URRAP by Woredas. Even without Woreda physical plan, federal & regional physical plan during RSDP IV was more stretched than RSDP III by 11,308 Km (77%).

RSDP V was slightly more stretched than RSDP IV by 16,269 Km (19.6%) again due to woreda physical plan consist of construction of additional 17,477 Km new URRAP roads and federal physical plan consisted of additional 2,004 Km road works plan but regional physical plan decreased by 3,212Km (29%).

Implementation of physical plan during RSDP III which as discussed above more stretched than RSDP I & II was 84%. Given that RSDP III was stretched plan 84% accomplishment could be considered satisfactory. Implementation of physical plan during RSDP IV which was much ambitious plan compared with all the previous phases of RSDP was 88%. As RSDP IV was much ambitious plan 88% performance could be regarded as a success story. Implementation of federal & regional physical plan during RSDP V was 83% and 115% respectively which is also considered satisfactory. However, performance of woreda during RSDP V was 35% which is poor performance due to extraordinary problems faced by woredas during RSDP V.

The total physical planned works during this period is **244,210.4 km.** The total budget amount is **ETB 520,366.30 billion.** Physical plan and budget preparation of RSDP over the past 23 years plan and budget.

The implementation of physical and financial plan during past five phases of RSDP shows below

Table 4.5 Implementation of Physical & Financial Plan during Five Phases of RSDP

Type of work	RSDP I - From July 1997 to June 2002 (5 years)					
	Physical			Financial (in Mill. ETB)		
	Plan (Km)	Implementation (Km)	%	Budget	Disbursement	%
Federal Roads	3777	2709	72	7017.4	5524.8	79
Regional Roads	5131	6000	117	2795.4	1670	60
Community Roads (ERTTP)				0.1	2.7	
Urban Roads					87	
Sub Total	8908	8709	98	9812.9	7284.5	74
	RSDP II -From July 2002 to June 2007 (5 years)					
Federal Roads	5375	7483	139	11,708.90	14,688.00	125
Regional Roads	2877	4106	142	2,466.20	1,802.90	73
Community Roads (ERTTP)				17,08.1	1,426.00	84
Urban Roads				102.7	196	191
Sub Total	8252	11589	140	15,985.90	18,112.90	113
	RSDP III -From July 2007 to June 2010 (3 years)					
Federal Roads	8956	7996	89	29,549.20	31439.2	106
Regional Roads	5730	4399	77	3,655.00	2,386.50	65
Community Roads (ERTTP)				934.7	867.1	93
Urban Roads				505	265	53
Sub Total	14686	12395	84	34,643.90	34,957.80	101

	RSDP IV -From July 2010 to June 2015 (5 years)					
Federal Roads	14782	13633	92	84,186.80	117,888.80	128
Regional Roads	11212	9814	87.5	14,391.70	12,198.60	85
Woreda Roads	72523	62413	87	26,431.80	27,964.70	106
Urban Roads				398.9	281.2	70
Sub Total	97,517	85,860	88	125,409.10	158,333.30	126
	RSDP V - From July 2015 to June 2020 (5 years					
Federal Roads	16786	13973	83	264,741.80	152,345.20	58
Regional Roads	8060	9299	115	22,691.10	29,730.70	131
Woreda Roads	90000	17394	19	47,081.60	13,975	30
Urban Roads						
Sub Total	114,846	40,665	35	334,514.40	196,051.00	59
Total	**244,210**	**159,218**	**65**	**520,366.30**	**414,739.90**	**80**

Source: RSDP Assessment report

4.2.3. Strategy Implementation

The findings from the questionnaires, interview and document review, concerning on the strategy implementation.

ERA's employees' and the managerial staff's opinion was collected through questionnaires to see the level of strategy implementation and the level of alignment of strategic plans with the organization strategy. The responses to the six questions on strategy implementation posed to summarize as follows.

Table 4.6. Management staffs' & employee's response on strategy implementation process

Description		**1**	**2**	**3**	**4**	**5**	**Total**	**Mean**	**Grand Mean**
The organization strategy has been effectively communicated to project completion	Count	2	44	104	13	1	164	**2.79**	**2.8**
	Percent	1.2	26.8	63.4	7.9	0.6	100		
The arrangement of tasks and responsibilities of every individual in ensuring achievement of the strategic plan is communicated well	Count	1	44	105	13	1	164	**2.81**	
	Percent	0.6	26.8	64	7.9	0.6	100		
	Count	1	44	105	13	1	164	**2.80**	

Necessary training is given and resources are allocated during preparation of strategic plans.	Percent	0.6	26.8	64	7.9	0.6	100	
Activities of the organization are aimed, primarily, at meeting the interest of Societies.	Count	1	44	105	14	1	164	**2.80**
	Percent	0.6	26.8	64	8.5	0.6	100	
The implementation process by which objectives, strategies, and policies are put into action through the development of road sector programs (RSDP), budgets, and procedures.	Count	1	44	105	13	1	164	**2.80**
	Percent	0.6	26.8	64	7.9	0.6	100	
Preparation of plan of your work unit is integrated with the organization strategy.	Count	1	44	105	13	1	164	**2.81**
	Percent	0.6	26.8	64	7.9	0.6	100	

1=strongly agree, 2=agree, 3=moderately agree, 4=disagree 5=strongly disagree

Source: Questionnaire April 2021

The collected data expressions, the mean of project completion is 3.25, the arrangement of every individual task is 3.42, necessary training is given is 2.84, meeting the interest of societies is 3.47, the development of road sector programs (RSDP), budgets, and procedures is 2.79 and preparation of plan of employee work unit is integrated with the organization strategy is 2.39 respectively. Overall grand mean of these six dimensions is 3.02. Besides as around 54.2%, of the respondents of managerial and non-managerial staff the organization strategy has been effectively communicated to project completion, Majority of the respondent's 53% of the respondent's the arrangement of every individual tasks is not communicated well to the strategic plan. Among the respondents of 53.7% believe primarily activities of the organization are aimed to meeting the interest of societies this implies the majority believes with the improvement of organizational strategy implementation process.

Findings on strategy implementation from the interviewees

A question was posed to the interviewees in order to implement the strategic plan, every worker within ERA must monitor the implementation of the plan's components. This process can be done by a strategic planning and management team within the planning directorate, but it is vital to have an actor responsible for monitoring. Accordingly, ERA has a mechanism by which relevant information is reported to this responsible tem.

To facilitate this process, ERA has been undergoing notable structural changes within the past 2 years. Subsequent to this, areas of core process of the authority mainly in charge of pre-construction and construction implementation phases which were mixed up for years have been re- visited. Accordingly, functional areas dealing with pre construction phase i.e. planning, Design and procurement issues are separated from those areas dealing with administration and implementation of construction projects.

With regard to culture, ERA has its own organizational culture/pillars comprising of Family, Army, Candour, Innovation, that are used to achieve the overall strategic goals of the organization.

Since resources are a critical driver of strategic implementation, the strategic planning process must correspond with the budget process. Accordingly, ERA is always alerted to distribute the limited resources and its budget with institutional priorities, the strategic plan should be a guiding influence.

Currently ERA has a total number of 10,890 employees (human resources) who have endowed with diverse skills, knowledge and experiences. Management of human resources throughout the organization is undertaking with a good faith to attempt the overall goal of ERA.

ERA is always trying to demonstrate its overall strategic foundations (strategic plan, goal, vision, mission and objectives) through different channels of communications. Some of them

- explaining goals and objectives to members of the Authority;
- retaining openness and willingness for discussion;
- presentations/seminars;
- workshops for team and skill building;
- training/retraining programs;

- Continuous modeling of the change by top and middle level management.

Findings on strategy implementation from the document review

The twenty three years performance of RSDP has brought significant improvements in the restoration and expansion of Ethiopia's road network. Physical achievements have been matched by significant improvements in the condition of the network, strengthening of the management capacity of the road agencies and delivery on policy reform.

A total of 159,218.4 km of major physical road works excluding routine maintenance was carried out of which 45,794 km was on Federal Roads, 33,618 km was on Regional Roads construction and 79,806.9 km URRAP Roads. Overall, physical accomplishment against plan was 65.2% and total disbursement was about ETB 414.7 billion, and this disbursement was 80% of the plan.

With regards to Federal Roads, 4,105.2 km of rehabilitation of trunk roads and 12,171 km of upgrading of trunk and link roads and 11,091 km construction of new link roads and 185.4 km of construction of expressway roads were carried out under the program. In parallel with this, heavy maintenance on 18,241 km of Federal Road was also carried out.

Cost and Financing of RSDP

Financial contribution by GoE for implementation of each successive five phases of RSDP in the past has steadily been rising on the average by 164% every five years. GoE has allocated on the average ETB 64.6 billion for implementation of each five phases of RSDP in the past 23 years. The maximum allocation by GoE was for implementation of the fifth phase of RSDP (RSDP V) which was ETB 169.3 billion followed by allocation for implementation of the fourth phase of RSDP (RSDP IV) which was ETB 121.8 billion.

When we look at the rate of growth of allocation of budget by GoE for implementation of five phases of RSDP the maximum growth was observed during implementation of the fourth phases of RSDP which was 491% (i.e increase by ETB 101.2 billion) compared with allocation for implementation of third phase of RSDP (RSDP III) which was ETB 20.5 billion. GoE allocated ETB 101.2 billion additional budget for implementation of RSDP IV compared to ETB 12.5 billion allocated for RSDP III because RSDP IV consist of significant extra road works plan compared with extra road works plan under RSDP III. GoE allocated ETB 169.3 billion for implementation of RSDP V which was the highest allocation of all the previous four phases of RSDP. When compared with allocation for RSDP IV budget allocated for RSDP V was higher by ETB 47.5 billion (higher by 39%) because RSDP V comprise less extra road works plan than RSDP IV shows financial allocation by GoE for implementation of the past five phases of RSDP.

Table 4.7. Financial allocation by GoE for implementation of the past five phases of RSDP (in million ETB)

Financiers	Total RSDP I	Total RSDP II	Total RSDP III	Total RSDP IV	Total RSDP V	Total RSDP 23 years (1997 – 2020)
GoE	3,455.5	8,056.7	20,584.5	121,817.6	169,324.8	323,239.1
Growth of allocation by GoE		133	155	491	39	
Total Disbursement by Phase	7,284.6	18,112.9	34,957.8	158,333.5	196,051.0	414,739.7
Share of GoE by phase	47.4	44.5	58.9	76.9	86.4	77.9
Road Fund Office	978.2	2,555.8	5,030.1	6,383.6	9,614.6	24,562.3
Growth of allocation by Road Fund		162.2	96.8	27	50	
Share of Road Fund by phase	4.8	1.7	1.2	1.2	0.9	5.9
Development Partners	2,850.9	6,615.5	8,659.6	27,383.6	17,111.6	62,621.2
Growth Rate of allocation by Development Partners		132.05	30.90	216.22	-37.51	
Share of development partners by phase	39.1	36.5	24.8	17	8.7	15.1

Analysis of trend of share of government financing from total disbursement during past five phases of RSDP shows steady rise. GoE shares from the total disbursement during implementation of the first phase of RSDP (RSDP I) was 47.4% and this share of GoE slightly declined by 2.9% to 44.5% during implementation of the second phase of RSDP (RSDP II) primarily because of financing by Road Fund Office of Ethiopia increased faster than increases of financing by GoE during RSDP II. The share of GoE increased to 58.9% during RSDP III and further increased to 76.9% during RSDP IV and further increased to the maximum 86.4% during RSDP V. The fact that the share of GoE has substantially increased during RSDP III, RSDP IV & RSDP V shows GoE has absorbed the financial burden caused by significant increase in road works plan during each of these three phases of RSDP.

Total disbursement by GoE for implementation of five phases of RSDP in the past 23 years was ETB 323.2 billion which account for 78% of the total disbursement.

Analysis of the trend of GoE financing of past five phases of RSDP shows GoE has been major financer of increasingly ambitious road sector development plans in the past 23 years.

The road fund office has disbursed ETB 24.6 billion (USD. 647 million) for maintenance of roads in the country which accounts for 5.9% of the total disbursement during implementation of the past five phases of RSDP. However, ETB 24.6 billion allocated by the road fund office was not enough to cover all the costs of maintenance of federal, regional and municipality roads in the country. Specifically, the office was not able to finance the cost of heavy maintenance of all federal, regional & municipality roads in the country. The short fall in financing was compensated by government.

As it can be seen from table 8, development partners have disbursed a total of ETB 62.6 billion (USD 3.7 billion) for implementation of five phases of RSDP in the past 23 years which account for 15% of the total disbursement. Finance disbursed by development partners has consistently increased during implementation of RSDP I, RSDP II, RSDP III and RSDP IV but declined during RSDP V. the share of development partners from the total disbursement declined from 39.1% during RSDP I to 8.7% During RSDP V not because of financial contribution from development partners declined but because of allocation by GoE has been rising at faster rate than development partners. Consistent increase of financial disbursement by development partners during RSDP I, RSDP II, RSDP III and RSDP IV is related to increase of road works plan during each phases of RSDP. In other words, development partners realized increased road works plan during each phases of RSDP and hence increased financial allocation & disbursement accordingly.

This process can be done by six Regional Construction Contract Management Directorate are responsible for strategy implementation with regard to culture, ERA has its own organizational culture/pillars comprising of Family, Army, Candor, Innovation, that are used to achieve the overall strategic goals of the organization.

4.2.4. Strategy Monitoring and Evaluation

The findings from the questionnaires, interview and document review, concerning on the strategy monitoring and evaluation.

ERA's employees' and the managerial staff's opinion was collected through questionnaires to see the level of strategy monitoring and evaluation is the level of alignment of strategic plans implementation with the organization strategy. The responses to the six questions on strategy implementation posed to summarize as follows. Five questions were raised to the management and employees to evaluate standards and tools for evaluating performance. The findings are summarized as follows.

Table 4.8. Employees' and Management's opinion on Strategy monitoring and evaluation

Description		**1**	**2**	**3**	**4**	**5**	**Total**	**Mean**	**Grand Mean**
ERA uses proper tools for monitoring and evaluation of the implementation of strategies	Count	15	71	56	14	8	164	**2.56**	**2.56**
	Percent	9.1	43.3	34.1	8.5	4.5	100		
ERA's management as properly compares performance with desired results and provides the feedback to evaluate results and take corrective action.	Count	15	71	56	14	8	164	**2.56**	
	Percent	9.1	43.3	34.1	8.5	4.9	100		
ERA has its own budget and is evaluated on its use of budgeted resources	Count	15	71	56	14	8	164	**2.56**	
	Percent	9.1	43.3	34.1	8.5	4.9	100		
The standards based on which strategy implementation is evaluated is clear	Count	15	71	56	14	8	164	**2.56**	
	Percent	9.1	43.3	34.1	8.5	4.9	100		
The standards based on which strategy implementation is evaluated is fair and transparent	Count	15	71	56	14	8	164	**2.56**	
	Percent	9.1	43.3	34.1	8.5	4.9	100		

1:Strongly Agree 2:Agree 3:Moderately Agree 4:Disagree 5:Strongly Disagree

Source: Questionnaire April 2021

The collected data shows, the mean of proper tools for monitoring and evaluation is 2.56, take corrective action is 2.56, budget is evaluated on its use of resource is 2.56, strategy implementation is evaluated is clear is 2.56 and evaluated is fair and transparent is 2.56 respectively. Overall grand Mean of these five dimensions is 2.56. Besides majority of the respondents (86.5%) believe that ERA uses proper tools for monitoring and evaluation of the implementation of strategies, ERA's management as properly compares performance with desired results and provides the feedback to evaluate results and take corrective action, ERA has its own budget and is evaluated on its use of budgeted resources, The standards based on which strategy implementation is evaluated is clear, The standards based on which strategy implementation is evaluated is fair and transparent, this implies the majority agree with the organizational strategy monitoring and evaluation process of ERA has well.

Findings on strategy monitoring and evaluation from the interviewees

A question was posed to the interviewees in order to monitor and evaluate the strategic plan, Stringent monitoring and evaluation is important in identifying and implementing the strategy and the strategic issues. Hence, the Strategic Management and planning team is at the leading position in undertaking such a monitoring and evaluation. Accordingly to monitor the progress the office has:

- Developed standard reporting format
- Has a discussion program with each DDG and relevant Directors once in a week
- Present bi-weekly status for the management verbally
- Same monthly report will be part of the customary monthly report produced by PPMD
- Separate quarterly report will be produced every three month for the consumption of different purposes: Management, ERA-wide discussion with employees, Ministry/Board, stakeholders, etc.

Similarly, the evaluation sets initial agreed objectives and targets against the current, post-change situation, and typically comprises criteria such as:

- behaviors (observational/implied);
- performance ratings (customers and stakeholders/peer/supervisory);
- Customers, stakeholders, and employees attitudes and satisfaction.

Results from this evaluation are presented to the management, employees, and as required for stakeholders summarizing:

- areas where strategies has been successful;
- recommendations for areas for improvement and suggestions as to how improvements could be achieved using in-house resources;
- unsuccessful elements of the program compared against original objectives;
- Areas requiring monitoring, etc.

Effective communication is critical to the success of strategic process. It does not only provide key information and milestones, it also creates a dialogue among stakeholders, surfacing pockets of resistance and building commitment to our endeavor. When the level of change to the organization increases as a result of the implementation of a new system, the amount and depth of communication will increase.

In ERA the BSC is fairly implemented to gauge the performance and used as a communication tool for the achievement of the organization. Accordingly, the BSC is used to weight the staffs with four perspectives i.e customers, Financial, Internal learning and capacity building. With those mentioned perspectives the organization tries to measure its staffs semi-annually.

Findings on strategy monitoring and evaluation from the document review

Stringent monitoring and evaluation is important in identifying and implementing the strategy and the strategic issues. Hence, the Monitoring & Evaluation Team (MET) is at the leading position in undertaking such a monitoring and evaluation. Accordingly to monitor the progress of implementation of strategy MET prepare monthly, quarterly and annual report which is submitted to Ministry of Finance, House of peoples Representative, Prime Minster Office and Development partners. Moreover, MET prepare mid Term implementation Report of the strategy. Executive Management of ERA regularly take corrective action based progress reports prepared by MET.

Monitoring of RSDP Indicators and MDG Indicators has been going on yearly since 1999 by local consultant to verify the objectives of RSDP are achieved with the finance from European Union. The consultant has been submitting reports on the trend of RSDP and SDG indicators each year since 1999.The findings of the monitoring of the trend of RSDP and SDG indicators has served as basis for actions by Government and development partners to improve performance of indicators.

ERA Management system (ERAMS) is a tool mounted on a computer server in ERA Data Centre and accessed either by the Internet or Internet over a secure website. It is available to assist in management of projects and Contracts at all levels from Project Engineers performing their duties on individual contracts, through executive chain to the Director General. ERAMS provides centrally connected data storage, designed to allow additional systems to link with data already stored.

ERAMS provide a mechanism by which all works of the design and supervision consulting firms and contractors can be subject to a systematic and consistent review by management at all level. Therefore, ERAMS substantially improves performance of design and construction contracts of road projects through readily available information for closer monitoring by management at all level. The activities that are undertaken by ERAMS are summarized below.

- Almost all of ERA's Projects and their data are under the system and is available in softcopy irrespective of further refinement,
- The system is used as centralized data system for the projects status,
- All top managements are able to access and consistently review of the Contractors and Consultants Project Performance,
- Different summary and detail reports are available on the system for research, analysis and future decision making in relation to cost, and time overrun and others issues,
- The system are already available to review the historical rate of different projects,
- Easily accessible and helps to monitor the physical and financial progress of the Contracts,

ERA has introduced Balanced Score Cared (B.S.C) in all its directorates since 2013 as part of Government Civil Service Reform Program under the guidance and supervision of System Development Directorate. Under B.S.C, strategic goal is set for ERA and strategic goal for all Directorates directly emanate from strategic goal of ERA. Strategic goal of all teams emanate from strategic goal of Directorates and goals for individual workers originate from teams strategic goal. All Directorates, teams and individuals daily activities focus on attaining the strategic goal of ERA.

B.S.C provides rapid review mechanism of work at all levels. Groups known as 1 to 5 (one leader and five members) have been formed under all Directorates and Teams to review progress on daily basis. Each leader of the group holds meeting with the other group members every day to discuss the progress of its individual members in carrying out plan into action. Each group discuss and address problems encountered by each member of the group each day. The group report problems that could not be addressed at group level to the Directorate for solutions. Moreover, group leaders hold weekly meeting with the Director to discuss and address problems that could not be solved by the group. The Directorate in turn report problems that could not be addressed at Directorate level to be addressed by the management of ERA.

The management of ERA holds weekly meeting to discuss and address problems reported by each Directorate. B.S.C also provides performance evaluation mechanism at organizational, Directorate, team and individual levels and provides incentive mechanism for outstanding performance. Therefore, B.S.C allowed ERA to discus and address problems encountered in translating plan in to action sooner rather than later at group, Directorate and Top Management level which in turn has had significant impact on improving ERA's overall annual performance. We better also include establishments of Toll Roads since it is outcome of RSDP.

Moreover, ERA also works closely and implements the safeguard policies of key financers in the sector, like the World Bank Group, African Development Bank, the European Union, JICA and EXIM banks of China and Korea.

4.2.5. Challenges of Strategic Management

The findings from the interview of the Strategic Management and Road Network Planning Team Leader's said the main jurisdiction of ERA is to construct and administer the federal road projects throughout the country. There are some challenges in strategic management process to effectively accomplish its goals. Some of these are:

- Failure to complete projects as per the contract quality, time, and cost
- Road asset management problems
- Quality and Timely Delivered Design
- Planned, Complaint Free, Transparent, Efficient, Effective, and Competitive Engineering Procurement.

To mitigate the above challenges, ERA is working to create good enabling environment to meet organizational strategic management systems through Ensuring Overall Project Delivery Success and Customer Satisfaction.

An open ended question was forwarded to the employees and the management, to uncover further challenges of the strategic management process other than the aforementioned ones.

Responses from managerial and non-managerial employees to the open ended questions concerning the challenges of strategic management indicated that the common problems faced during the strategic plan had some gaps which is the strategic plan is over ambition, poor quality of project design, delay in Row clearance, lack of cooperation by local authorities, unexpected issues, unsettlement of social issues, un expected weather condition and lack of peace round the construction area that have impact on the road sector (construction), this leads to cost and time over run in projects implementation process in ERA.

A list of possible challenges were identified so that respondents can rate the level of their agreement. The results are summarized under below.

4.2.5.1 Challenges of Environmental Scanning

A list of possible challenges of the Environmental Scanning process were included under the questionnaires distributed to the employees and the management. They have rated their extent of agreement with each of these challenges. The findings are summarized in Table 4.9 below.

Table 4.9. Employees and management's opinion on the challenges of Environmental Scanning

Challenges of Environmental scanning									
Description		**1**	**2**	**3**	**4**	**5**	**Total**	**Mean**	**Grand Mean**
Road Network Planning Team can develop the management of all activities in ERA	Count	-	42	105	16	1	164	**2.85**	**2.73**
	Percent	-	25.6	64	9.8	0.6	100		
Lack of Human and social acceptability in road construction	Count	15	71	56	14	8	164	**2.56**	
	Percent	9.1	43.3	34.1	8.5	4.9	100		
Lack of Proper Knowledge and skills ERA has to be managing comprehensively the	Count	-	1	16	104	43	164	**2.85**	
	Percent	-	0.6	9.8	63.4	26.2	100		

environmental issues of road sector.								
Lack of supervision environmental impact optimization in ERA policies, and program, project, and action plan preparation	Count	-	1	16	104	43	164	**2.85**
	Percent	-	0.6	9.8	63.4	26.2	100	
Lack of trained professionals with some environmental training and background	Count	15	71	56	14	8	164	**2.56**
	Percent	9.1	43.3	34.1	8.5	4.9	100	

1: Strongly Agree 2: Agree 3: Moderately Agree 4: Disagree 5: Strongly Disagree
Source: Questionnaires April 2021

As can be deduced from Table 4.9, Human and social impacts of road construction are those related to social acceptability and Lack of trained professionals with some environmental training and background are some challenges in the environmental scanning process.

4.2.5.2 Challenges of Strategy Formulation

A list of possible challenges of the strategy formulation process were included under the questionnaires distributed to the employees and the management. They have rated their extent of agreement with each of these challenges. The findings are summarized in Table 4.10 below.

Table 4.10. Employees and management's opinion on the challenges of strategy formulation

Challenges of strategy formulation									
Description		**1**	**2**	**3**	**4**	**5**	**Total**	**Mean**	**Grand Mean**
Lack of experience of the management in preparation of strategy leads to formulation of unachievable strategy or under achievable strategy	Count	-	3	16	103	42	164	**2.89**	**2.73**
	Percent	-	1.8	9.8	62.8	25.6	100		
Lack of proper knowledge and skills resulted in formulation poor strategy	Count	-	3	16	103	42	164	**2.89**	
	Percent	-	1.8	9.8	62.8	25.6	100		
	Count	15	71	56	14	8	164	**2.56**	

The strategy being incompatible with ERA's situation	Percent	9.1	43.3	34.1	8.5	4.9	100	
Strategy is not aligned with strategy of other economic sectors	Count	15	71	56	14	8	164	**2.56**
	Percent	9.1	43.3	34.1	8.5	4.9	100	

1: Strongly Agree 2: Agree 3: Moderately Agree 4: Disagree 5: Strongly Disagree
Source: Questionnaires April 2021

As can be deduced from Table 4.10, ERA's strategy is not aligned with strategy of other economic sectors is one of challenge in the strategy formulation process.

4.2.5.3 Challenges of Strategy Implementation

A list of possible challenges of the strategy implementation process were included under the questionnaires distributed to the employees and the management. They have rated their extent of agreement with each of these challenges. The findings are summarized in Table 4.11 below.

Table 4.11. Employees and management's opinion on the challenges of strategy implementation

Description		1	2	3	4	5	Total	Mean	Grand Mean
ERA facing delay and lack of coordination of public agencies in the removal of the right of way during the strategy implementation	Count	15	71	56	14	8	164	**2.56**	**3.6**
	Percent	9.1	43.3	34.1	8.5	4.9	100		
Lack of acceptance by and support from the top management	Count	-	3	16	103	42	164	**2.89**	
	Percent	-	1.8	9.8	62.8	25.6	100		
Development of uncontrollable external factors during implementation of strategy	Count	-	6	54	79	25	164	**3.76**	
	Percent	-	3.7	32.9	48.2	15.2	100		
Inappropriate organizational structure	Count	-	3	16	103	42	164	**2.89**	
	Percent	-	1.8	9.8	62.8	25.6	100		
	Count	-	6	54	79	25	164	**3.76**	

Poor communication strategy	Percent	-	3.7	32.9	48.2	15.2	100		
Lack of proper knowledge, skills and experience	Count	-	3	16	103	42	164	**2.89**	
	Percent	-	1.8	9.8	62.8	25.6	100		
Lack of capacity of contractors	Count	-	42	104	16	2	164	**2.87**	
	Percent	-	25.6	63.4	9.8	1.2	100		
Lack of capacity to control cost overrun and time overrun	Count	-	44	106	13	1	164	**2.82**	
	Percent	-	26.8	64.6	7.9	0.6	100		
Political turbulences	Count	-	44	106	13	1	164	**2.82**	
	Percent	-	26.8	64.6	7.9	0.6	100		
Poor quality of road projects design	Count	15	42	106	1	-	164	**2.85**	
	Percent	9.1	25.6	64.6	0.6	-	100		
Key personnel leaving the organization	Count	-	6	54	79	25	164	**3.76**	
	Percent	-	3.7	32.9	48.2	15.2	100		
Overall goals weren't well understood by employees	Count	-	6	54	79	25	164	**3.76**	
	Percent	-	3.7	32.9	48.2	15.2	100		
Poor coordination between key work units	Count	-	6	54	79	25	164	**3.76**	
	Percent	-	3.7	32.9	48.2	15.2	100		
Employee and Management aren't rewarded for achieving the strategic plan	Count	15	71	56	14	8	164	**2.56**	
	Percent	9.1	43.3	34.1	8.5	4.9	100		
Shortage of budget	Count	-	6	54	79	25	164	**3.76**	
	Percent	-	3.7	32.9	48.2	15.2	100		

1: Strongly Agree 2: Agree 3: Moderately Agree 4: Disagree 5: Strongly Disagree
Source: questionnaires April 2021

As can be deduced from Table 4.11, ERA facing delay and lack of coordination of public agencies in the removal of the right of way during the strategy implementation, poor quality of road project design, Poor coordination between key work units, lack of capacity to control cost overrun and time overrun, political turbulences, and Employee and Management aren't rewarded for achieving the strategic plan are major challenges on the strategy implementation process.

4.2.5.4 Challenges of strategy monitoring and evaluation

A list of possible challenges of the strategy monitoring and evaluation process were included under the questionnaires distributed to the employees and the management. They have rated their extent of agreement with each of these challenges. The findings are summarized in Table 4.12 below.

Table 4.12. Challenges of Strategy Monitoring and evaluation

Description		1	2	3	4	5	Total	Mean	Grand Mean
Absence of effective monitoring system	Count	15	71	56	14	8	164	**2.56**	**3.2**
	Percent	9.1	43.3	34.1	8.5	4.9	100		
Lack of proper knowledge and skills	Count	-	6	54	79	25	164	**2.56**	
	Percent	-	3.7	32.9	48.2	15.2	100		
Absence of timely feedback	Count	15	71	56	14	8	164	**3.76**	
	Percent	9.1	43.3	34.1	8.5	4.9	100		
False report in progress	Count	-	6	54	79	25	164	**3.76**	
	Percent	-	3.7	32.9	48.2	15.2	100		

1:Strongly Agree 2:Agree 3:Moderately Agree 4:Disagree 5:Strongly Disagree Source: Questionnaires April 2021

As can be deduced from Table 4.14, Absence of effective monitoring system and absence of timely feedback are challenges of strategy monitoring and evaluation process in ERA.

CHAPTER FIVE

SUMMARY, CONCLUSIONS & RECOMMENDATIONS

This part of the study aims to summarize the findings that have emerged from the data analysis presented in the previous chapter. The purpose of this study was to investigate the strategic management practices of ERA. To do this the researcher has used effectiveness variables and related concepts and also statistical tools to meet the necessary. This chapter has three sections. The results are collated together as summary of findings under the first section. Conclusions are drawn based on these findings under the next section. Under the section, recommendations are made based on the conclusions. Based on this the findings are shows as follows.

5.1. Summary of Major Findings

- Majority of respondents believes that ERA has comprehensively analyzed the internal and external factors within the environment, from the respondents shows the mean of comprehensively analyzed the internal and External factors is 2.78, performance analysis is 2.74, industry analysis is 3.02, prepare competitive activity report is 2.82 and a client related factors analysis is 2.82 respectively. Overall grand Mean of these five dimensions is 2.84 this implies that the internal and external factors are analyzed well. Assessment of DCI showed that capacity of local contractors significantly increased of internal contract value and number of road projects.

- Most of the managerial and non-managerial respondents believes that the strategy formulation process begins with situation analysis, involves concerned clients, the strategic plan is achievable, inspiring and easy to understand and the objectives of ERA are attainable to complete projects. The collected data shows the mean of situation analysis is 2.79, involvement of concerned clients is 2.81, achievement and inspiration of the strategic plan is 2.80, attainment of the goals and objectives to complete projects based on time & budget is 2.80 and the participation of strategic plan is 2.81 respectively. Overall grand Mean of these six dimensions is 2.8 this implies that the strategy formulation process is well prepared.

- As around 54.2%, of the respondents of managerial and non-managerial staff the organization strategy has been effectively communicated to project completion, Majority of the respondent's 53% of the respondent's the arrangement of every individual tasks is communicated well to the strategic plan. Among the respondents of 53.7% believe primarily activities of the organization are aimed to meeting the interest of Societies. Besides the collected data the mean of project completion is 3.25, the arrangement of every individual task is 3.42, necessary training is given is 2.84, meeting the interest of societies is 3.47, the development of road sector programs (RSDP), budgets, and procedures is 2.79 and preparation of plan of employee work unit is integrated with the organization strategy is 2.39 respectively. Overall grand mean of these six dimensions is 3.02 this implies the majority believes with the improvement of organizational strategy implementation process.

- Majority of the respondents (86.5%) believe that ERA uses proper tools for monitoring and evaluation of the implementation of strategies, ERA's management as properly compares performance with desired results and provides the feedback to evaluate results and take corrective action, ERA has its own budget and is evaluated on its use of budgeted resources, The standards based on which strategy implementation is evaluated is clear, The standards based on which strategy implementation is evaluated is fair and transparent. Besides the collected data the mean of proper tools for monitoring and evaluation is 2.56, take corrective action is 2.56, budget is evaluated on its use of resource is 2.56, strategy implementation is evaluated is clear is 2.56 and evaluated is fair and transparent is 2.56 respectively. Overall grand Mean of these five dimensions is 2.56. Assessment of Monitoring and Evaluation tools showed that ERA Management system (ERAMS) is a tool mounted on a computer server in ERA Data Centre and accessed by the Internet over a secure website. ERAMS provide a mechanism by which all works of the design and supervision consulting firms and contractors can be subject to a systematic and consistent review by management at all level this implies the majority agree with the organizational strategy monitoring and evaluation process of ERA has well.

- As can be deduced from the findings of the study, the challenges of Environmental Scanning, Human and social impacts of the road construction are those related to social acceptability and Lack of trained professionals with some environmental training and background.

- As can be deduced from the challenges of strategy formulation process with the support of majority, the strategic plan preparation in ERA is not aligned with strategy of other economic sectors and the level of individual work units in ensuring achievement of the strategic plan is not communicated well.

- As can be deduced from the challenges of strategy implementation process, ERA is facing delay and lack of coordination of public agencies in the removal of the right of way, poor quality of road project design, Poor coordination between key work units, lack of capacity to control cost overrun and time overrun, political turbulences, and Employee and Management aren't rewarded for achieving the strategic plan.

- Responses from managerial and non-managerial employees to the open ended questions concerning the challenges of strategic management indicated that the common problems faced during the strategic plan had some gaps which is the strategic plan is over ambition, unexpected issues, unsettlement of social issues, un expected weather condition and lack of peace round the construction area that have impact on the road sector (construction), this leads to cost and time over run in projects implementation process in ERA.

5.2. Conclusions

- From the summary of findings, it can be concluded that ERA undertakes environmental scanning activities of the organization are comprehensively assessed both the external and internal environment though it failed to involve some areas that need improvement.

- The strategy formulation process ERA undertakes strategy formulation is not aligned with strategy of other economic sectors and the level of individual work units in ensuring achievement of the strategic plan is not communicated well.

- Assessing strategy implementation practices shows Employee and Management aren't rewarded for achieving the strategic plan don't suffice to ensure effective strategy implementation. Failure to effectively communicate the strategy has impact on the level of understanding of the strategy and commitment to ensure its achievement.

- From the summary of findings, it can be concluded that strategy monitoring and evaluation schemes in ERA put in place are not clear tools and carefully match the goals of the organization with the resources necessary to accomplish those goals.

- The major barriers to the strategic management process of ERA are strategic plan is over ambition, unexpected issues, un expected weather condition, poor coordination between Federal Infrastructure Development Cooperation Agency (FIDCA) and cost and time over run

5.3. Recommendations

Based on the above major finding of the following recommendation has been forwarded for ERA to improve its strategic management.

- Since the major purpose of environmental scanning is 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. ERA has to do a lot to bring the required level of alignment between its strategic plan and objectives of the organization. To do so, the organization has to assess on time the acquisition and use of information about events, trends and relationships in an organization's environment, the knowledge of which would assist management in planning future courses of action. It is crucial in identifying the main issues affecting organizations by helping to detect SWOT. In addition the organization can be used as an analytical tool for assessing competitiveness of the environment.

- The organization needs to give a greater emphasis for strategy formulation process must be fully integrated with the strategic plan of other related sectors and must be carefully worded with the participation of all members of the organization to provide proper direction. In addition ERA should make strengthen and ensure successful formulation of their organizational plan and the achievement of their goals and objectives shall be cascaded from goals, fulfill the SMART criteria (Specific, Measurable, Attainable, Realistic and Timely), to reflect the specific desired accomplishments.

- Concerning problems with the current strategy implementation process. The organization better give attention for all of the identified problems based on their extent of occurrence and resolve accordingly. For instance, problems; ERA facing delay and lack of coordination of public agencies in the removal of the right of way, poor quality of road project design, Poor coordination between key work units, lack of capacity to control cost overrun and time overrun, therefore, ERA management should also be regularly scheduled formal reviews processes to ensure the plan is performing as designed and make any necessary updates and changes, to ensure every staff member understands the need for change and should contribute their effort to efficiently implement the strategies. Besides

ERA should be delegate Lower-level managers to active players in the implementation process must determine what is required to achieve successfully the interest of Societies.

- The clear monitoring & evaluation system and timely feedback. ERA should be analysis of the effect of internal and external factors on present strategies, measuring performance, and taking remedial or corrective steps. In addition 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. Besides ERA management should identify the areas that need monitoring and must be designed for all areas in a way that can be measured periodically and in a consistent manner. Managers carefully match the goals of the organization with the resources necessary to accomplish those goals.

- Recommendations from the management and employees on the ways of overcoming the hurdles in strategic management suggested that ERA should improve quality of road projects design through proper management and supervision of consultants work, proper and consistent communication and participation of all concerned bodies and technical and professional experts is important for during planning and implementation of projects, closely work with utilities organization to clear their property from ROW on time through Federal Infrastructural Development cooperation Agency (FIDCA), on the monitoring level should use different tools to develop the system, during the strategic plan should be participate through each level of the organization and the evaluation also from the top management up to the low level each accomplishment reconciled with the plan, filling the find gap through training and each directorate there is mentoring and self-learning with each other.

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APPENDICES

ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES
MASTERS OF BUSINESS ADMINISTRATION PROGRAM

Survey Questionnaire

MBA Research on the Strategic Management practices of Ethiopian Roads Authority Questionnaire to be completed by Ethiopian Roads Authority employees

Dear Respondents:

The purpose of this questionnaire is to collect data to assess ERA‟ Strategic Management Practice. The research contributes towards the fulfillment of the Master's Degree in business Administration (MBA).

The validity of your response has great contribution for the success of my thesis. Thus, I would like to ask with due respect to give me the right response. All responses that you provide are strictly confidential and will be used only for academic purpose.

Thanks for your cooperation.
Yours Faithfully,
Marta Adane

Appendix I

Questionnaire

St Mary's University

Department of Business Administration

To be filled by DDG, Directors, Team Leaders, Lead Officers and Senior Officers

Dear Respondent,

I am a final year MBA student at St Mary's University, School of Graduate Studies. As part of the requirements in completion of the MBA program, I am undertaking a research on Strategic Management practices of Ethiopian Roads Authority. To this end, I am collecting data from people working in the organization. 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; Tel + 251933-88-21-42, E-mail marmarata7@gmail.com and outlook address, Marta Adane.

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

Read each question and put (√) on the given space/box

I. Demographic Information

1. What is your current Job position? ___________________________

2. How many years have you served in ERA?

☐ 1 – 5 years ☐ 11 – 15 years ☐ above 21 years

☐ 5 – 10 years ☐ 16 – 20 years

3. Number of years in the current position.

☐ 2 – 4 years ☐ 6 – 8 years ☐ 10 - 12 years

☐ 4 – 6 years ☐ 8 – 10 years ☐ above 12 years

Indicate the extent of your agreement with respect to each of the following statements by marking '√' in the box of your choice. You can leave those non applicable.

1=Strongly agree, 2=Agree, 3=Moderately agree, 4=Disagree, and 5=Strongly Disagree

II. Environmental Scanning

Statement	1	2	3	4	5
ERA comprehensively analyzed internal and external factors					
ERA undertook proper performance analysis before the organization strategy is formulated					
ERA undertook proper industry analysis before the organization strategy is formulated					
ERA management teams prepare competitive activity report during strategy formulation					
A client related factors analysis before the strategy formulated					
III. Strategy formulation					
The strategy formulation begins with situation analysis					
The strategy formulation process in ERA involves concerned clients					
The strategic plan is achievable, inspiring and easy to understand					
The goals and objectives of ERA are attainable to complete projects based on time and budget					
ERA's strategy is appropriate to the attainment of projects completion and gathering resources					
The strategic plan preparation in ERA is participatory					
IV. Strategy implementation					
The organization strategy has been effectively communicated to project completion					
The arrangement of tasks and responsibilities of every individual in ensuring achievement of the strategic plan is communicated well					
Necessary training is given and resources are allocated during preparation of strategic plans					
Activities of the organization are aimed, primarily, at meeting the interest of Societies.					
The implementation process by which objectives, strategies, and policies are put into action through the development of road sector programs (RSDP), budgets, and procedures.					
Preparation of plan of your work unit is integrated with the organization strategy					

V. Strategy Monitoring and evaluation					
ERA uses proper tools for monitoring and evaluation of the implementation of strategies					
ERA's management as properly compares performance with desired results and provides the feedback to evaluate results and take corrective action.					
ERA has its own budget and is evaluated on its use of budgeted resources					
The standards based on which strategy implementation is evaluated is clear					
The standards based on which strategy implementation is evaluated is fair and transparent					

VI. Challenges

Which of the following do you think are challenges in the strategic management process? Answer by marking '√ ' in the box of your choice.

1=strongly agree, 2=Agree, 3=moderately agree, 4=Disagree, and 5=Strongly Disagree

Challenges	1	2	3	4	5
1.Environmental Scanning					
Road Network Planning Team can develop the management of all activities in ERA					
Human and social impacts of road construction are those related to social acceptability					
Lack of proper knowledge and skills ERA has to be managing comprehensively the environmental issues of road sector.					
Lack of supervision environmental impact optimization in ERA policies, and program, project, and action plan preparation					
Absence of well consolidated data directs ERA in environmental monitoring as well as research & development activities					
Lack of trained professionals with some environmental training and background					
Challenges	1	2	3	4	5
2.Strategy Formulation					
Lack of experience of the management in preparation of strategy leads to formulation of unachievable strategy or under achievable strategy					
Lack of proper knowledge and skills resulted in formulation poor strategy					
The strategy being incompatible with ERA's situation					
Strategy is aligned with strategy of other economic sectors					
Challenges	1	2	3	4	5

3.Strategy Implementation					
ERA facing delay and lack of coordination of public agencies in the removal of the right of way during the strategy implementation					
Lack of acceptance by and support from the top management					
Development of uncontrollable external factors during implementation of strategy					
Inappropriate organizational structure					
Poor communication strategy					
Lack of proper knowledge, skills and experience					
Lack of capacity of contractors					
Lack of capacity to control cost overrun and time overrun					
Political turbulences					
Poor quality of road projects design					
Key personnel leaving the organization					
Overall goals weren't well understood by employees					
Poor coordination between key work units					
Employee and Management aren't rewarded for achieving the strategic plan					
Shortage of budget					
Challenges	1	2	3	4	5
4.Strategy Monitoring and Evaluation					
Absence of effective monitoring and evaluation					
Lack of proper knowledge, skills and experience					
Lack of timely feedback					
False report on progress					

VII. Concluding Questions

1. What further problems (other than those mentioned above) have you noticed in the strategic management process (environmental scanning, strategic plan preparation, strategy implementation and monitoring and evaluation of strategy implementation)?

2. What are your recommendations to improve the environmental scanning, strategy formulation, implementation and monitoring and review processes of the corporation?

Appendix II

INTERVIEW QUESTION

This interview questions will be answered by purposively selected respondents

Environmental Scanning

1. Is appropriate environmental analysis of the Macro environmental factors (political, economic, legal, social and technological) undertake before the strategy formulation?
2. Is analysis of the Micro and Internal environmental factors undertaken before the strategy formulation?
3. How is stakeholder analysis undertaken and how are they classified?
4. How do you undertake an industry analysis?
5. How do you undertake competitors' analysis to ensure its comprehensiveness?

Strategy formulation

1. Describe the strategy formulation process of your firm in terms of time framework, participants and their role.
2. How is the involvement of stakeholders in the strategy formulation process?
3. How do you explain ERA's basic strategy?
4. How do you see appropriateness of the organization's strategic plan?

Strategy implementation

1. Describe the strategy implementation process of the organization?

Organizational structure, culture, distribution of resources, managing of human resources,

2. Do you think you have exerted the necessary effort to ensure that all staff understands the strategic plan, goals and objectives of the organization? *How?*

Monitoring and evaluation

1. How do you monitor and evaluate implementation of strategies in the organization?
2. How do you use BSC in the organization?

   A communication tool, performance management system or strategic management system

Concluding Questions

1. What are the common challenges ERA faces in the strategic management process? *Describe this in light of each component of the strategic management process*
2. What measures do you recommend to improve the strategic management system?

DECLARATION

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

______________________ ________________________

Name Signature

St. Mary's University, Addis Ababa **JUNE, 2021**

ENDORSEMENT

This thesis has been submitted to St. Mary‟s University School of Graduate Studies for examination with my approval as a university advisor.

________________________ ________________________

Name Signature

St. Mary's University, Addis Ababa **JUNE, 2021**