ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES

THE EFFECT OF GENERIC STRATEGY ALTERNATIVE ON COMPETITIVE ADVANTAGE:
THE CASE OF ETHIOPIAN AIRLINE

A Thesis Submitted In Partial Fulfillment of Requirement for

Master's Degree of Arts in Marketing Management

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JUNE, 2020

Addis Ababa, Ethiopia

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Approved by: Board of Examiners

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Internal Examiner	Signature

Declaration

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

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Name Signature

St. Mary's University, Addis Ababa **JUNE, 2020**

Endorsement

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

Advisor	Signature
St. Mary's University, Addis Ababa	**JUNE, 2020**

Acknowledgements

First and for most I would like to thank God and the Virgin Mary for giving me strengthen, courage, wisdom for the endless possibilities.

I am genuinely grateful to my advisor Zemenu Aynadis (Ass. Prof.) for providing me with guidance and feedback throughout this thesis.

To Ethiopian airline managers truly appreciated who took the time to return the survey.

To my instructor who provided me with all the knowledge throughout my master's study and all staff members of the university for their sincere cooperation.

To Economic Commission for Africa for giving me permission to use their library.

Finally, I wish to acknowledge the support and great love of my family My Mother Emilia Berreta Alexsandro, my father in-law Ayele Aklilu, my husband Eyasu Ayele and my kids Eyosiya, Elnatan, Eyoab their unparalleled love, advice, and patience and support whilst I wrote this thesis. Thank you for giving me strength to chase my dreams.

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Abbreviation and Acronyms

ET- Ethiopian Airlines

ICAO- International Civil Aviation Organization

TWA Trans World Airlines

IATA International Air Transport Association.

EAL Ethiopian Airlines

MRO Maintenance Repair Overall

SIA Singapore airlines

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Abstract

The main objective of the study was to find out the effect of generic strategy alternative on competitive advantage: the case of Ethiopian airlines. Explanatory research design and quantitative research approach was employed in the study. The target population of this study has included all individuals working initially from team leader and above managerial position who are currently working in Addis Ababa at the head office of Ethiopian airlines in Addis Ababa. Firstly, a purposive sampling technique was used to identify knowledgeable respondents or management members who are familiar with strategy formulation. Then, Stratified sampling technique was used to proportionally allocate the sample size based on the number of top, middle and lower management. A self- administered questionnaire has been used to collect the data. Out of 315 questionnaires distributed 216 questionnaires were returned and used for analysis. Quantitative data was analyzed using descriptive statistics, correlational analysis and regression analysis. Cronbach's alpha test was used to test the reliability of data and the Cronbach's alpha value both for the constructs were found above the thresh hold value 0.70. The findings of the study revealed that Cost strategy, differentiation strategy and focus strategy were found to have a positive and significant effect competitive advantage of Ethiopian Airline. The results of the study will be of much value to the airline industry in general and Ethiopian airlines in particular. Based on the findings of the, a number of recommendations have been provided so that the airline can make use of these generic strategies to develop a competitive edge over other airlines operating in the same route.

Keywords: competitive advantage, Cost strategy, Focus, differentiation strategy

Contents

CHAPTER ONE: INTRODUCTION

This chapter deals with introductory part of the thesis. The first two sections discuss the back ground of the study and problem statement. The research questions are presented on the third section followed by brief discussions on the objectives & hypotheses of the study. The significance of the study and delimitation/scope of the study are covered on the sections to follow and the chapter concludes with highlighting organization of the research report on the last section.

1.1 Background of the study

In challenging circumstances of the environment leading an industry with rapid advancement in competitiveness of business requires a strategy. A strategy put forward a design of the prospect confirms the aim and principles of an industry, sets objectives, clarify treats and opportunities determine method to leverage strength and mitigate weaknesses as such it set a structure and lucid extent with in which decision can be made. “Strategy is a crucial ingredient of every industry. strategy is regarding two things: opt where you want your industry to go, and deciding how to get there” (Tanwar, 2013). “Strategy is no longer just a broad vision but the particular configuration of activity a firm adopts compared to its rivals”. “Competitive strategy aims to establish a profitable and sustainable position against the forces that determine industry competition, the fundamental arena in which competition occurs” (Porter, 1985). The foundations on which an industry may explore to achieve a lasting position are known as generic strategies. Generic Strategies can be defined as the strategies that were developed by Michael Porter that companies can use to achieve competitive advantage. These strategies are; cost leadership strategy, differentiation strategy and focus strategy.

Competitive advantage is about a firm actually put the generic strategy in to practice making strategy more concrete and actionable activity because they are observable, tangible and can be managed” (Porter, 1985). “Competitive advantage as a company’s ability to perform in one or more ways those competitors cannot and will not match” (Wanjiku, 2014). “Competitive advantage grows fundamentally out of value a firm is able to create for its buyers that exceeds the firm's cost of creating it. Value is what buyers are willing to pay, and superior value stems from offering lower prices than competitors for equivalent benefits or providing unique benefits that more than offset a higher price (Porter, 1985) “The relationship between strategic management and competitive advantage is that strategic management helps create competitive advantage by allowing firms to develop extraordinary capabilities that enable a firm to attain competitive advantage, By using an effective competitive strategy, a company finds its industry niche and learns about its customers” (Allen & Helms, 2006). the paper will examine the effect of generic strategy (specifically cots leadership strategy, differentiation strategy, and focus strategy) alternative on competitive advantage of Ethiopian by pursuing which generic strategy have effect on competitive advantage.

(Cuccaro, 2002), (Worku, 2014) quoting Civil Aviation Organization (ICAO) emphasized that Airlines Industry provides air connectivity that plays a key role in socioeconomic development of nations. Some of the social benefits include improving quality of life by broadening peoples’ leisure and cultural experiences, providing a wide choice of holiday destinations around the world and affordable means to visit distant friends and relatives and helping to improve living standard and alleviate poverty, for instance through tourism ICAO mentioned also that air connectivity gives economic benefits as well like providing the only worldwide transportation network, transporting close to two billion passengers and 40% of interregional exports by value and about 40% of international tourists, generating a total of 13.5 million jobs and contributing to 2.4% of world GDP The aviation industry which includes airlines and other related industries provides 29 million jobs and 8 % of world GDP.

IATA (2012) reported that the air transport industry is fragile. Airlines made a profit of $7.6 billion in 2012 on total revenue of $638 billion that translated to a net profit margin of just 1.2%. According to Forbes, list of industries in US with percentage of net profit margin for budget year 2013, Oil and gas tops the list with a net profit margin of 24.1%, This clearly shows how airlines’ net profit margin is very low compared to other industries (Worku, 2014) In a nutshell, airlines industry’s products/services are so commoditized and the competition is intense, it is an industry with a very low margin. Hence, legacy carriers like Ethiopian Airlines have to be really as efficient as the low-cost carriers while maintaining their business model and giving frills in order to make money.

(Oqubay & Tesfachew, 2019) EAL was established in April 1946, barely a year after the end of the Second World War. At the time, skeptics doubted the wisdom of transferring modern technology and management culture into a country that lacked the capabilities to administer them and apply its comparative advantage. In the past seven decades, however, EAL, confounding the skeptics, has evolved from a small domestic airline into a fully integrated, technologically sophisticated, internationally competitive, and highly profitable 21st century aviation company. By 2019, EAL's use of cutting-edge technology and modern organizational and management techniques, has allowed to serve more than 115 international destinations, including more cities in Africa than any other airline.

(Oqubay & Tesfachew, 2019) EAL has acquired the technical and operational capability to repair and overhaul the latest commercial aircraft; to train pilots, aircraft engineers, and technical personnel; and to offer intercontinental cargo services in partnership with leading global service providers. In 2011, EAL became a member of Star Alliance, meaning it had narrowed the gap between itself and leading industry players and achieved international best practice standards. In the past few years, EAL emerged as a major overseas investor and exporter of technical and management services. By early 2019, EAL will have acquired equity in several other African airlines and secured contracts to provide technical, operational, and management services to other various airlines.

(Airline, 2017-2018) Ethiopian airline vision mission and values are to become the most competitive and leading aviation group in Africa by providing safe and reliable market driven, customer focused passenger, cargo air transport, aviation training, flight catering, MRO and Ground Services and To ensure being an airline of choice to their customers, employer of choice to their employees and an investment of choice to the Owner, To contribute positively to socio economic development of Ethiopia in particular and the countries which it operates in general by undertaking its corporate social responsibilities and providing vital global air connectivity.

(Oqubay & Tesfachew, 2019) Building these capabilities—or "absorptive capacity"—requires considerable investment, intensive learning, specialized skills development, and constant upgrading, especially as economic and technological development progresses. These factors are often cited as distinguishing countries that have caught up (such as Japan, South Korea, and Taiwan) from those that are stuck in the middle-income trap—unable to move beyond a certain level of technological capability—and from those that lag behind, including many low-income African countries that lack even rudimentary technological capabilities

1.2 Statement of the Problem

The susceptibility of airlines are at large due to its nature of occupation the exact attribute that make airlines so appealing and captivating are the thing that menace its welfare with rapid advancement of technology, competitiveness , political instability , globalization, demanding and assertive customers, terrorism, rough economy, deregulation, fuel price. The punitive realism is airline deliver identical services and to safeguard airline existence within the industry strategies must be incorporated to withstand ferocious competition and maintain competitive advantage. This where porter generic strategy cost leadership strategy, focus strategy, differentiation strategy come so that to endure the stated pressures problem area of this study is identification of the effects of generic strategy on competitive advantage on Ethiopian airline.

Research has been conducted on the effect of generic strategy and competitive advantage in diverse countries. Comparatively scarcer numbers of studies have been carried out in Addis Ababa specifically on Ethiopian airlines but they conducted on the relationship between sustainable competitive advantage and customer satisfaction on Ethiopian airlines, An Assessment of the Effectiveness of Competitive Strategies of Private banks and Assessment of Competitive Strategy Formulation and Implementation Practices of Private Banks in Ethiopia: the Case of United Bank S.C. Alliance to researcher, there are no study have been conducted on the effect of generic strategy competitive advantage. This learning will constitute an endeavor to bridge this gap.

This research is consequently inspired for the reason that nonappearance of studies in the area of the effect of generic strategy competitive advantage. Furthermore, it is significant the Ethiopian environment is dissimilar from the developed countries environment where. Hence it is better to perceive the effect of generic strategy competitive advantage of our countries context to enhance and extend the understanding the attribution of generic strategy on competitive advantage.

Concerning prior works, numerous studies have been conducted on the airlines industry some relevant readings were: (Allen & Helms, 2006): “Linking strategic practices and organizational performance to Porter’s generic strategies”, (Ouma, 2015): the relationship between porter generic strategy and competitive advantage case study, (Heracleous & Wirtz, 2009) Strategy and organization at Singapore Airlines, (Subrahmanyam & Azad, 2019) A case study on Carrefour's Erbil-Kurdistan Competitive Strategy.

1.3 Research Questions

1. Does generic strategy has effect on Competitive Advantage?
2. Does cost leadership have effect on Competitive Advantage?
3. Does differentiation have effect on Competitive Advantage?
4. Does cost focus have effect on Competitive Advantage?

1.4 Research Objective

1.4.1 General Objective

The ultimate aims of the research is to examine the effect of generic strategy alternative on competitive advantage of Ethiopian airlines by pursuing which generic strategy have effect on competitive advantage .

1.4.2 Specific Objective

1. To identify if generic strategy have effect on Competitive advantage?
2. To reveal if cost leadership has effect on Competitive advantage?
3. To determine if differentiation has effect on Competitive advantage?
4. To find if focus has effect on Competitive advantage?

1.5 Significance of the study

Competitive advantage secerns an airline from its competitors with brand loyalty, strong financial position, expanding market, positive reputation, superiority in service and generating excess returns on capital. The study will foster existing knowledge about competitive advantage by integrating the theory of Michel porter generic strategy. Essential produce of this study may possibly be highly worthy and beneficial especially to the following.

Students

The study will also assist the student taking strategies management ,specifically generic strategy and competitive advantage and also the knowhow and proficiency that may be required if one want to pursue on comparable line of career in the future .

Airline

The potential finding of the research will be constructive for the top, middle and senior management of the airline industry to evaluate the strategy and there competitive advantage.

Researchers

It will provide future reference on the subject of generic strategy and competitive advantage and what measure are appropriate and further are for research.

Marketing

Developing a competitive advantage means that your brand name becomes recognized in the marketplace as being the best. The advantage of that is the potency that your brand name adds to your marketing effort. Consumers will be interested in hearing about your new product because they recognize your company as an industry leader. In some cases, the consumer does not know why you are an industry leader but is familiar with your reputation. This adds efficiency to your marketing efforts.

1.6 Scope and limitation of the Study

The scope of the study focused on the effect of generic strategies competitive advantage. Questionnaires were adequately filled and returned by the sample of Ethiopian Airline mangers. The scope of this study was delimited with qualitative method on the sample of Ethiopian airline top, middle, and lower management and geographically limited to headquarter Addis Ababa. Conceptually, the study narrowed to the effect of generic strategy on competitive advantage. The variables under this research are limited to generic strategy (cost leadership, differentiation, and focus) as independent variables and competitive advantage as dependent variable.

1.7 Hypothesis of the study

The following hypotheses are devise to inspect the correlation between generic strategy and competitive advantage

Ho: There is no a positive association between cost leadership and Competitive advantage

H1: there is a positive association between cost leadership and Competitive advantage.

Ho: there is no a positive association between and Competitive advantage

H_2: there is a positive association between focus and Competitive advantage;

Ho: there is no positive association between differentiation and Competitive advantage

H3 there is a positive association between differentiation and Competitive advantage

1.8 Organization of the Research

This study is organized in to five chapters. The first chapter states the general introduction of the study. Chapter two presents the literature review regarding the research area both empirical and the theoretical foundations for the research. The third chapter outlines the research methodology. The research results are presented in chapter four. The last chapter draws conclusions and implications and wind up the report by highlighting future research areas.

CHAPTER TWO: REVIEW OF RELATED LITERATURE

This Literature Review will examine the main issues surrounding the effect of generic strategy on competitive advantage. The study within this review of literature focuses on objectives1, 2, 3, 4 as set out in sub-section 1.3 of the introductory chapter The Literature Review encompass theoretical and empirical literature and research framework.

2.1 Theoretical Literature

2.1.1 Michael Porter's Generic Strategy

"Strategy is the glue that aims to build and deliver a consistent and distinctive value proposition to your target market. Bruce Henderson, founder of the Boston Consulting Group, warned: "Unless a business has a unique advantage over its rivals, it has no reason to exist." If you have the same strategy as your competitors, you don't have a strategy. If the strategy is different, but easily copied, it is a weak strategy. If the strategy is uniquely different and difficult to copy, you have a strong and sustainable strategy. Companies have a unique strategy when (1) They have defined a clear target market and need, (2) Developed a distinctive and winning value proposition for that market, and (3) Arranged a distinctive supply network to deliver the value proposition to the target market" (Kotler, 2003). "Strategy is no longer just a broad vision but the particular configuration of activity a firm adopts compared to its rivals". Strategy is an essential part of any effective business plan. By using an effective competitive strategy, a company finds its industry niche and learns about its customers porter asserts there is basic businesses strategies focus, differentiation and cost leadership – and a company performs best by choosing one strategy on which to concentrate (Porter, 1985; Porter, 1998).

Table 2 - 1: Porter Generic Strategy

STRATEGIC TARGET	STRATEGIC ADVANTAGE: Uniqueness perceived by Customer	STRATEGIC ADVANTAGE: Low Cost Position
Industry Wide	**DIFFERENTIATION**	**OVERALL COST LEADERSHIP**
Particular Segment only	**FOCUS**	

Many world class companies are adapting generic strategies to remain highly competitive. Among the many companies the following companies can cited as an example are major beneficiaries of generic strategies:

1. **Southwest Airlines, the most profitable U.S. airline, is run differently than other airlines in dozens of ways: It targets price sensitive, short-trip passengers; it flies point-to-point rather than through hubs; it uses only 737s, thus reducing spare parts inventory and pilot training costs; it sells only economy class and doesn't give seat assignments; it doesn't serve food; it doesn't move baggage to other carriers; reusable boarding pass and so on. The net results are that Southwest can take off after landing in 20 minutes compared to the average of 60 minutes for competitors, and its equipment is in the air longer and yields a higher return on its investment.**

2. **IKEA, the world's largest furniture retailer, searches for low-cost real estate in a major city, builds a giant store with a restaurant and day care center, sells good quality furniture at a lower price that customers take home in their cars and put together, offers membership privileges leading to even lower prices, and in a dozen ways remains hard to copy by any would-be imitators.**

3. **Harley Davidson not only sells motorcycles but provides entry into a social community that rides together, has races, and shares the Harley Davidson lifestyle with its HD leather jackets and clothing, watches, pens, and restaurants** (Kotler, 2003).

(Allen & Helms, 2006) purports However; many researchers feel a combination of these strategies may offer a company the best chance to achieve a competitive advantage whatever strategy a business chooses, it must fit with the company and its goals and objectives to gain a competitive advantage.

(Omwoyo, 2016) The foundations on which an industry may explore to achieve a lasting position are known as generic strategies. Generic Strategies can be defined as the strategies that were developed by Michael Porter that companies can use to achieve competitive advantage. These strategies include; cost leadership strategy, differentiation strategy and focus strategy. The Generic strategy is concerned with how organizations compete within their industries and the way they position themselves in relation to their competitors.

(Kotler, 2003) One of the best rules for strategy development is to strive to find out what the target customers like and do more of it; and find out what they dislike and do less of it. This means spending time in the marketplace and seeing what matters. As stated by Al Ries and Jack Trout, "Strategy should evolve out of the mud of the marketplace, not in the antiseptic environment of an ivory tower." Your strategy should be some unique synthesis of features, design, quality, service, and cost. You have succeeded in building an enviable strategy when it has created such an advantageous market position that competition can only retaliate over a long time period and at a prohibitive cost.

2.1.1.1 Cost Leadership

Low-cost producers typically sell a standard, or no-frills, product and place considerable emphasis on reaping scale or absolute cost advantages from all sources. If a firm can achieve and sustain overall cost leadership, then it will be an above-average performer in its industry provided it can command prices at or near the industry average (Porter, 1985)

"A firm that chooses a cost leadership business strategy focuses on gaining advantages by reducing its costs to below those of all its competitors". This does not mean that this firm abandons other business or corporate strategies. (Porter, 1985)

A cost leader must achieve parity or proximity in the bases of differentiation relative to its competitors to be an above-average per former, even though it relies on cost leadership for its competitive advantage. The strategic logic of cost leadership usually requires that a firm be *the* cost leader, not one of several firms vying for this position. Many firms have made serious strategic errors by failing to recognize this.

(Barney & Hesterly, 2012), (Porter, 1998), (Gilligan & Wilson, 2003), and (Omwoyo, 2016) believes Cost leadership 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 innovative work R&D, service, sales force, advertising and very tight and consistent control across all areas of the business, including engineering, purchasing, manufacturing, distribution and marketing and other ways can be The overall cost leadership position can be achieved through a large market share or through other advantages such as favorable access to raw materials or state-of-the-art manufacturing equipment and ceaselessly benchmark themselves against other contending firms with a specific end goal to survey their relative cost.

Some examples listed by (Barney & Hesterly, 2012), (Alkhafji, 2003) and (Gilligan & Wilson, 2003) are IBM and Boeing, both of which were for many years cost leaders who chose to use their lower costs not to reduce prices but rather to generate higher returns, which were then invested in marketing, R&D and manufacturing as a means of maintaining or strengthening their position and Ryanair and Southwest Airlines, which traditionally served a limited market, adopted this strategy. The company uses one type of airplane (Boeing 737) and provides no meals, no assigned seating, and reusable boarding passes and in automobiles; Hyundai has implemented a cost leadership strategy with its emphasis on low-priced cars for basic transportation.

Like Ryanair, Tunex, Casio, and BIC, Hyundai spends a significant amount of money advertising its products, but its advertisements tend to emphasize its sporty styling and high gas mileage. Hyundai is positioned as a fun and inexpensive car, not a high-performance sports car or a luxurious status symbol. Hyundai's ability to sell these fun and inexpensive automobiles depends on its design choices (keep it simple) and its low manufacturing costs". Other company examples are McDonald's, Burger King, Kmart, Lowe's, Walmart, Electric, Texas Instruments, Black and Decker, and Du Pont (Porter, 1998).

(Alkhafji, 2003) Cost leaders offer to customers only products that are proven to be wanted and therefore the company seeks to gain market share. These businesses do not spend large amounts for development but do develop unique ways to produce the products or services that will result in reduced costs. Examples of such cost reductions are: large sales orders, which would allow for longer production runs and allow for volume buying of materials at discounts; a stable customer base, allowing for planning of production runs; and the use of tight budget controls in the production process. Businesses using this strategy make all efforts to contain their costs in production, marketing, and distinctiveness through a mind-set of cost minimization. Cost leadership is usually attained through a combination of experience and efficiency.

(Proctro, 2000) A major risk, especially in the service sector, is that competitors will add just a few features and position themselves against a no-frills firm. The goal is to generate a cost advantage that is sustainable for one of two reasons. First, competitors cannot easily stop offering services that their customers expect. Second, competitors' operations and facilities have been designed for such services and cannot easily be changed. A firm with an inherent cost advantage has a good chance of success with a no-frills approach.

(Proctro, 2000) A product's design or composition can create cost advantages. A variant is to augment a product with relatively high-margin accessories or extra features and thus provide a higher perceived value to customers. Product downsizing is another approach that can be helpful when price pressures inhibit alternatives. Cost advantages can also be achieved in other ways. Some of these include: Government subsidies or other special treatment, obtaining good access to raw materials, Innovations in the production process, including automation jut to mention a few.

Cost leadership is perhaps the clearest of the three generic strategies. In it, a firm sets out to become *the* low-cost producer in its industry. The firm has a broad scope and serves many industry segments, and may even operate in related industries-the firm's breadth is often important to its cost advantage. The sources of cost advantage are varied and depend on the structure of the industry (Porter, 1985).

Costs Leadership and Competitive Advantage

> (Barney & Hesterly, 2012) **An important question becomes "Under what conditions will firms implementing this business strategy be able to maintain that leadership to obtain a sustained competitive advantage?" If cost leadership strategies can be implemented by numerous firms in an industry, or if no firms face a cost disadvantage in imitating a cost leadership strategy,**

then being a cost leader will not generate a sustained competitive advantage for a firm, the ability of a valuable cost leadership competitive strategy to generate a sustained competitive advantage depends on that strategy being rare and costly to imitate, either through direct duplication or substitution. Sources of cost advantage that are likely to be rare include learning-curve economies (at least in emerging industries), differential low-cost access to productive inputs, and technological "software". The remaining sources of cost advantage are less likely to be rare. Overall, learning-curve economies, differential access to productive inputs, and technological software are more likely to be rare than other sources of cost advantage. Differential access to productive inputs and technological "software" is more likely to be costly to imitate—either through direct duplication or through substitution—than the other sources of cost advantage and more likely to be a source of sustained competitive advantage.

2.1.1.2 Differentiation

(Porter, 1998) The second generic strategy is one of differentiating the product or service offering of the firm, creating something that is perceived industry wide as being unique. (Alkhafji, 2003) This strategy attempts to make products or services seem unique in the customer's eyes. This perceived uniqueness will enable the business to charge premium prices when customers are deemed to be satisfied. Premium prices mean that the business should have above average returns and outperform its competition. The less the product resembles others, the more it is protected from competition and the wider its market appeal is.

(Proctro, 2000) A key to a successful differentiation strategy is to develop the point of differentiation from the customer's perspective rather than from the perspective of the business operation. In particular, one needs to assess how the point of differentiation affects the customer's experience of buying and using the product. Is there a cost saving or added performance, for example? Marketing research, too, can often provide an insight into customers that leads both to a better understanding of customers and an opportunity to test out ideas and assumptions. One role of such research is to ensure that the value added will justify the price premium involved. A differentiation strategy is often associated with high price because it usually makes price less critical to the customer and because differentiation usually costs something.

(Gilligan & Wilson, 2003) By pursuing a strategy of differentiation, the organization gives emphasis to a particular element of the marketing mix that is seen by customers to be important and, as a result, provides a meaningful basis for competitive advantage.

(Porter, 1998), (Alkhafji, 2003), (Gilligan & Wilson, 2003) Approaches to differentiating can take many forms: design or brand image (Fieldcrest in top of the line towels and linens; Mercedes, BMW, or Rolls-Royce in automobiles), technology (Hyster in lift trucks; Hewlett-Packard in small computers Macintosh in stereo components; Coleman in camping equipment), features (Jenn-Air in electric ranges); customer service (Crown Cork and Seal in metal cans, Sears's in home appliances), dealer network (Caterpillar Tractor in construction equipment), or other dimensions. Ideally, the firm differentiates itself along several dimensions. Caterpillar Tractor, for example, is known not only for its dealer network and excellent spare parts availability but also for its extremely high-quality durable products, all of which are crucial in heavy equipment where downtime is very expensive. It should be stressed that the differentiation strategy does not allow the firm to ignore costs, but rather they are not the primary strategic target. Other potential bases for differentiation include Levels of reliability that are higher than those of the competition, Levels of service and delight, new technologies, Stronger and more meaningful relationships to mention the few.

Differentiation, (Porter, 1998) if achieved, is a viable strategy for earning above-average returns in an industry because it creates a defensible position for coping with the five competitive forces, albeit in a different way than cost leadership. Differentiation provides insulation against competitive rivalry because of brand loyalty by customers and resulting lower sensitivity to price. It also increases margins, which avoids the need for a low-cost position. The resulting customer loyalty and the need for a competitor to overcome uniqueness provide entry barriers. Differentiation yields higher margins with which to deal with supplier power, and it clearly mitigates buyer power, since buyers lack comparable alternatives and are thereby less price sensitive. the firm that has differentiated itself to achieve customer loyalty should be better positioned vis-a-vis substitutes than its competitors.

Achieving differentiation (Porter, 1998) may sometimes preclude gaining a High market share. It often requires a perception of exclusivity, which is incompatible with high market share. More commonly, however, achieving differentiation will imply a trade-off with cost position if the activities required in creating it are inherently costly, such as extensive research, product design, high quality materials, or intensive customer support. Whereas customers industry wide acknowledge the superiority of the firm, not all customers will be willing or able to pay the required higher prices (though most are in industries like earthmoving equipment where despite high prices Caterpillar has a dominant market share). In other businesses, differentiation may not be incompatible with relatively low costs and comparable prices to those of competitors.

(Gilligan & Wilson, 2003) “Perhaps one of the most difficult differentiation tasks is faced by the airlines, which, because of bilateral agreements, are all forced to fly the same aero planes, to the same destinations, and charge the same prices. But as any international traveler will know, there is wide divergence in the services offered by the airlines. Singapore Airlines, Thai Airlines and Japanese Airlines have all gained their high reputation on the basis of the inflight services they provide. Some of these are on the basis of better food with more choice, free movies, and many accessories freely available to passengers, and slightly more modern aircraft, but it all depends upon the attentiveness and professionalism of their cabin crews”. It should be apparent from this that, if a strategy of differentiation is to succeed the strategist needs to be far more innovative and flexible so that ‘me-too’ companies are kept at a distance.

(Proctro, 2000) Differentiation needs to be sustainable and thus difficult to copy. When it involves a total organizational effort with a complex set of assets and skills it is difficult and costly to copy especially if there is a dynamic and evolving quality to it. A creative organization with a heavy R&D investment can inhibit investment. In addition, if there are multiple points of differentiation this too can inhibit investment since duplication will be expensive. Over-investment in a value-added activity can have a long-term pay-off by discouraging duplication. For instance, the development of a superior service back-up system might discourage competitors. The same logic applies to a broad product line. Some elements in the line may be unprofitable, but if they plug holes that competitors could use to provide value, then the analysis looks different.

Differentiation and Competitive Advantage

Product differentiation strategies (Barney & Hesterly, 2012) add value by enabling firms to charge prices for their products or services that are greater than their average total cost. Firms that implement this strategy successfully can reduce a variety of environmental threats and exploit a variety of environmental opportunities the ability of a strategy to add value to a firm must be linked with rare and costly-to-imitate organizational strengths in order to generate a sustained competitive advantage.

The key assumption behind a differentiation strategy is that customers are willing to pay a higher price for a product that is distinct. Superior value is created because the product is of higher quality, is technically superior in some way, comes with superior service, or has a special appeal in some perceived way (Allen & Helms, 2001).

In effect differentiation builds competitive advantage by making customers more loyal-and less price-sensitive-to a given firm's product. Additionally, consumers are less likely to search for other alternative products once they are satisfied (Shammot, 2011).

2.1.1.3 Focus

(Porter, 1998), (Alkhafji, 2003) A third generic competitive strategy is to focus on a particular market segment, a particular buyer group, a geographic market segment, or a certain part of the product line may define the segment sought. As opposed to low cost and differentiation strategies, which have an industry wide appeal, a focus strategy is based on the premise that the firm is able to serve a well-defined but narrow market better than competitors who serve a broader market.

(Gilligan & Wilson, 2003), (Porter, 1998) By doing this the firm is able to achieves either differentiation from better meeting the needs of the particular target, or lower costs in serving this target, or both and build a greater in-depth knowledge of each of the segments, as well as creating barriers to entry by virtue of its specialist reputation. Having established itself, the firm will then (depending upon the specific demands of the market) typically develop either a cost-based or differentiated strategy.

(Proctro, 2000) A focus strategy avoids strategy dilution or distraction and is more likely to lead to competitive advantage.

(Alkhafji, 2003) The basic idea of a focus strategy is to achieve a least-cost position or differentiation, or both, within a narrow market. The company in this strategy focuses on small-volume custom products or services and leaves the large-volume standardized market to the cost leader. Small specialty companies exploit a gap in the market and develop a product the customers want.

(Gilligan & Wilson) Among those that have used this approach successfully, at least in the short term, are Laura Ashley and Jaguar, Land Rover, and Morgan with cars, Steinway with pianos and, in its early days, Amstrad with microcomputers that were designed for those with a low level of computer literacy and those who wanted low-price, easy-to-use word processing equipment. These (Alkhafji, 2003) companies may eventually become large companies using the cost leadership strategy Gucci has followed a focus strategy by targeting that segment of the ladies' handbag industry that is attracted by exclusivity. In the automobile industry, Lamborghini has focused on the sports car market.

(Gilligan & Wilson, 2003) has suggested that "It is apparent . . . that some leading companies have not succeeded by being exclusively cost leaders, differentiators or focused. Many top companies are both cost leaders and differentiators. The buying power and expertise of Marks & Spencer make it a low cost company but it trades on quality, service and its brand name; IBM is a cost leader which also trades on customer service and Boeing has lower costs than any other aeroplane manufacturer but the 747, its most profitable product, is unique. Many of the successful low volume manufacturers complement differentiation with a clear focus.

(Proctro, 2000) A focus strategy provides the potential to bypass competitor assets and skills. It can also provide a positioning device. Although pay-off of a small niche may be less than that of a growing market, the competition may often also be less intense. Large growth markets attract many competitors and stimulate over-capacity whereas this is unlikely to occur in niche markets to the same extent.

(Gilligan & Wilson, 2003) After a company has decided on its market segment, it can use either a differentiation or a low-cost marketing approach. The differentiation approach means that the organization competes on the key differentiation in its industry, but in just one or a few aspects. The focused organization can only compete on a limited number of aspects because competing on numerous aspects would bring it into direct competition with stronger key differentiators. In the low-cost approach, the focused company competes with the cost leader of the industry in one of two ways. First, the focuser may be able to sell locally produced products to its small segment at a lower cost than the industry's cost leader. The focused company could also compete by offering custom-made products that the cost leader is unable to supply.

(Porter, 1998) Focus may also be used to select targets least vulnerable to substitutes or where competitors are the weakest and able to carve a market niche against larger, broader-line competitors.

(Omwoyo, 2016),(Gilligan & Wilson, 2003) One of the biggest problems faced by companies adopting this approach stems paradoxically from its potential for success, since, as the organization increases in size, there is a tendency both to outgrow the market and to lose the immediacy of contact that is often needed. As a general rule, therefore, a focused strategy is frequently best suited to smaller firms, since it is typically these that have the flexibility to respond quickly to the specialized needs of small segments Specializing in this way also enables the organization to achieve at least some of the benefits of the other two strategies, since, although in absolute terms the scale of operations may be limited, the organization may well have the largest economies of scale within the chosen segment. Equally, the greater the degree of concentration upon a target market, the more specialized is the firm's reputation and hence the greater the degree of perceived product differentiation.

Focus strategy and Competitive Advantage

(Porter 1985) A focus strategy may provide a means for achieving a cost advantage that rests on using focus to control cost drivers, reconfiguring the value chain, or both, Suggested most dramatic improvements in relative cost position through focus usually stem from employing a different and tailored value chain to serve the target segment.

Additional successful focus strategies frequently stem from innovative segmentation of an industry. further stated industry segments grow, in part, out of product varieties, buyer groups, or geographic areas that require a different value chain or in which cost drivers differ (Kilonzo, 2014).

Table 2 - 2 : Generic Strategies Sources

Generic Strategy	Commonly Required Skills And Resources	Common Organizational Requirements
Cost Leadership	Sustained capital investment and access to capital Process engineering skills Intense supervision of labor Products designed for ease in manufacture Low-cost distribution system	Tight cost control Frequent, detailed control reports Structured organization and responsibilities Incentives based on meeting strict quantitative targets
Differentiation	Strong marketing abilities Product engineering Creative flair Strong capability in basic research Corporate reputation for quality or technological leadership Long tradition in the industry or unique combination of skills drawn from other businesses Strong cooperation from channels	Strong coordination among functions in R&D, product development, and marketing Subjective measurement and incentives in stead of quantitative measures Amenities to attract highly skilled labor, scientists, or creative people
Focus	Combination of the above policies directed at the particular strategic target	Combination of the above policies directed at the particular strategic target

Source (Pearce and Robinson) 2005 Generic strategies

2.1.2 Competitive Advantage

(Wen-Cheng et al., 2011) A competitive advantage exists when the firm is able to deliver the same benefits as competitors but at a lower cost (cost advantage), or deliver benefits that exceed those of competing products (differentiation advantage). Competitive advantage theory suggests that states and businesses should pursue policies that create high-quality goods to sell at high prices in the market.

(Kotler, 2003) Having a competitive advantage is like having a gun in a knife fight. Companies can build a competitive advantage from many sources, such as superiority in quality, speed, safety, service, design, and reliability, together with lower cost, lower price, and so on. It is more often some unique combination of these, rather than a single silver bullet, that delivers the advantage.

(Ouma, 2015) quoting Simister (2011) competitive advantage is an advantage over competitors gained by offering consumers greater value, either by means of lower prices or by providing greater benefits and service that justifies higher prices.
(Wahito, 2011) defines competitive advantage as the ability of a firm to persistently operate at a higher rate of profit over its competitors. It is the ability of a firm to outperform competitors on profitability. This therefore implies that a firm can enjoy competitive advantage only in reference to other firms in the same industry or strategic group.

(Alkhafji, 2003) The key to employing a successful competitive strategy is to know which strategy works under what conditions. Each of the three generic competitive strategies has certain risks associated with it. Each requires different skills and resources and different organizational settings to be successfully implemented. The acid test of a successful business strategy is to position the firm in the marketplace where it can be a winner in the ensuing competitive struggle.

(Cuccaro, 2002) Competitive advantage has been treated extensively in the management literature. Porter (1980, 1981) thoroughly developed the concept of cost leadership and differentiation relative to competitors, as two important sources of competitive advantage. A low-cost position enables a firm to use aggressive pricing and high sales volume, and differentiation in products creates brand loyalty and positive reputation, facilitating premium pricing according to the literature.

(Porter, 1985) Considered that in the long-term the extent to which the firm is able to create a defensible position in an industry is a major determinant of the success with which it will out-perform its competitors. He proposed generic strategies by which a firm can develop a competitive advantage and create a defensible position. These strategies are (i) overall cost leadership, (ii) differentiation, and (iii) focus. Porter argued that by adeptly pursuing the cost leadership, differentiation, or focus strategies, businesses can attain significant and enduring competitive advantage over their rivals.

(Kotler, 2003) A great company will have incorporated a set of advantages that all reinforce each other around a basic idea. Wal-Mart, IKEA, and Southwest Airlines have unique sets of practices that enable them to charge the lowest prices in their respective industries. A competitor that copies only a few of these practices will not succeed in gaining an advantage. Recognize that competitive advantages are relative, not absolute If the competition is improving by 30 percent and you by 20 percent, you are losing competitive advantage. Singapore Airlines kept improving its quality, but Cathay Pacific was improving its quality faster, thereby gradually closing the gap with Singapore Airlines.

When we refer to competitive advantages, we usually speak in terms of real differences between competing firms. It stems from real strengths possessed by the firm or in real weakness possessed by rival firms (Ferrell & Hartline, 2011)

(Peksatici, 2010) For almost every business, finding out competitors' identities, strategies, plans, strengths, weaknesses, suppliers and customers plays a very important part in formulating a competitive strategy. (Porter 1980). Thus, a competitive advantage enables the firm to create superior value for its customers and superior profits for itself Rivals can quickly copy other companies' strategies, and therefore any competitive advantage is temporary. Companies must be flexible to respond rapidly to competitive and market changes.

Companies must have core competencies in order to gain a competitive advantage and to build long lasting strategies that will take them into future generations. Core competencies are the organization's major value-creating skills and capabilities, in other words strengths. They build a capability that is not easy for the competitors to imitate. Sources of strengths might be listed as the employees and their expertise, a strong financial position, a strong brand name, brand loyalty, quality, strong knowledge management, international operations, well-oiled operating procedures, good supplier or customer-relations, and strong promotional practices. On the other hand a company's weaknesses are lack of resources or capabilities that can prevent it from gaining a competitive advantage. A weakness is something that the company does not do well and over which it has control (Flouris and Oswald 2006).

Opportunities are conditions in the broad and operating environments that allow a firm to take advantage of organizational strengths, overcome organizational weaknesses, and neutralize environmental threats. Possible opportunities for airline industry might be emerging customer needs, quality improvements, expanding global markets, vertical integration, mergers, joint ventures or strategic alliances. Key success factors are major opportunities for competitive advantage. Simply stated, they are the rules of the games that companies should follow if they want to survive in their industries. It is important to determine the key success factors in an industry since they are the reasons why buyers choose between competing brands (Thompson and Strickland 2003).

Some example for key success factors in airline industry might be effective management of fuel, maintenance, and labor costs, price competitiveness, successful advertising, good network, in-flight passenger comfort, branding, service quality, customer service, market share and frequent flyer programs (Torlak and Şanal 2007).

A threat on the other hand is a factor in company's external environment that poses a danger to its well-being. Possible threats might be listed as entry of new competitors, demographics, shifting demand, emergence of cheaper technologies and regulatory requirements. A threat can do a lot of damage to the business if not managed properly (Hitt et al. 2003).

2.2 Empirical Literature

(Heracleous & Wirtz, 2009) The researchers discussed the aviation industry is very much competitive. Airline alliances are one way of creating good business strategy. Some benefits of being an airline alliance member include improved customer satisfaction by providing passengers with leverage on routes, times, and offering selection from multiple airlines; all through a single booking. This brings revenue creation for the airline without a code sharing agreement competing in the global marketplace. Extra connectivity can help fill planes, there will be better use of resources (equipment, airport lounges, check-in counters).

Technology is crucial attribute of Singapore Airlines strategy in enhancing customer service as well as increasing efficiency. They are able to cut cost of their agents, commissions and reservations/ticketing by making their web site one of the most advanced and user friendly in the industry by outsourcing IT functions to IBM. There are no impressive or luxurious beautifications and furnishings at the company's headquarters that exemplifies for internal efficiency.

SIA has a Service Development department that thoroughly tests any change before it is introduced it undertakes research, trials, time and motion studies, mockups, assessing customer reaction; to ensure that a service innovation is supported by the appropriate procedures. At SIA innovation have a limited shelf life, they maintain continuous improvement, dispose of programs or services that no longer provide competitive differentiation, they have intelligence source like IATA, GAP, SPY FLIGHTS of SIA where individual travel with competitors and report detailed intelligence on competitive offerings.

Another investment in innovation simulator that mimics the air pressure and humidity in the air, so that food can be tasted under these conditions, which affect taste buds. One decision was to reduce spices in its food. SIA have a rewards scheme according to the profitability of the company that pays bonuses the same percentage for everyone.

(Ouma, 2015) studied **the relationship between porter's generic strategies and competitive advantage** and the research objective were to establish relationship between combined generic strategies and competitive advantage the authors employed census on Operation Managers and Route Managers and the study consisted of 28 bus companies in which the entire population 56 in number was covered, no sampling was utilized and for the analysis descriptive as well as correlation was applied.

The researcher identified variables which where independent cost leadership (supply chain management, maintenance, management of operational cost), differentiation (office location, scheduled operation time, reliability, snacks), focus (target market segment, ordinary and dependent competitive advantage (proportion of market share, no. of passenger transported, market dominance, niche market, winning price war).

The study finding were A low number of bus companies apply cost leadership strategy which is attributable to the fact that not so many managers in this industry appreciate the use of this strategy in their businesses, It also shows that most managers associate cost leadership strategy to inferior services hence it low acceptance rate Differentiation Strategies have been adopted by bus companies. And have no single strategy in place to attract passengers.

Also bus companies operated seasonally by charging very high fares during high seasons and low fares during low seasons. The companies concentrate only on fare incentive which is basically the demand side of competition which in turn cannot give one a competitive edge over their rivals as it is easily imitated or can easily be copied by rivals and out of the 28 bus companies in Nairobi more bus companies adopted differentiation strategy than cost leadership strategy & focus strategy.

Recommendations firstly, were to aggressively pursuing integrated Porter‘s generic strategies, so that companies save cost by giving leverage to introduce a wide range of differentiated services. Secondly, the introduction of a wide range of differentiated services makes them more attractive hence giving them competitive edge over their rivals. The researcher recommended for a more comprehensive study to be done in order to link integrated strategies to the performance of bus companies and the long term sustainability of their businesses. Research should be done to establish why bus companies prefer to use differentiation strategy than cost leadership strategy and integrated strategy.

(Allen & Helms, 2006) A questionnaire was developed to investigate the **linkage between Porter's generic strategies, strategic practices**, and performance in the US to test these hypotheses, a questionnaire was developed and administered to a sample convenience sample of 226 working adults. A factor analysis and regression analyses were used to analyze the data. Likert-type scales were composed and Using SPSS principal component analysis with a Varimax rotation and Kaiser Normalization.

For the differentiation strategy, innovation seems to be the most critical factor for success. Were as significant strategic practices for Cost leadership were minimizing distribution costs. for Focus/cost producing products or services for high price market segments and providing specialty products and services and for a focus/differentiation strategy include producing products or services for high price market segments and providing specialty products and services The findings support much of the popular literature and discussions about aligning strategic practices consistent with the chosen generic strategy for optimal organizational performance. Examining each specific generic strategy indicates a relatively small number of strategic practices were significantly correlated with organizational performance.

The researcher recommended that the relationship between performance and strategy must be clearly communicated to the employees so they understand the organization's generic strategy as well as the linkages between their lower-level strategic practices and the overall firm performance and ultimately longevity and security. For future researchers, the authors advised to include a more geographically and randomly selected sample. And the use of archival financial performance data is suggested.

(Subrahmanyam & Azad, 2019) A case study on Carrefour's **Erbil-Kurdistan** Competitive Strategy- Cost Leadership and Differentiation by the researchers focused on examining the competitive strategies-cost leadership and differentiation and its influence on competitive advantage and their finding were The two sorts of the strategies are conflicting in the execution process concerning, decision making, control system, human resource, information system and job design. The authors employed a survey as part of a quantitative technique in research methodology; it was adapted from a different academic source. The researcher distributed 120 questionnaires randomly to customers. The research had two independent variables which are cost leadership and differentiation and on the other hand one dependent variable which is a competitive advantage.

The researchers found out that for businesses gain greater income and outperform its competitors, they should take a perfect selection or decision between a differentiation strategy and a cost leadership to stop the essential contradictions of different strategies. Each of these three generic competitive strategies is completely different way of creating a sustainable competitive advantage On the other hand, the cost is negatively related to the market share, and this means a lower cost of the product will have a positive influence on the market share.

The reason the study concentrates on Porter's generic frame work is because porters frame work is directly linked with competitive advantage. The findings also showed significant correlation between cost leadership and Carrefour's competitive advantage as well as differentiation and Carrefour's competitive advantage the findings revealed that cost leadership is more effective in gaining a competitive advantage at Carrefour Hypermarket and Carrefour supermarket.

(Kilonzo, 2014) The study focused on the **relationship between the generic strategies** and competitive advantage among the firms in the tourism industry in Kenya. A sample of 13 firms was selected from key tourism firms hotels and tour operators within Nairobi, Kenya Wildlife Service and National Museums of Kenya. The choice of respondents was officials serving at managerial level in the following departments: Planning, Operations, Marketing and Finance in each firm selected.

The research findings showed that, some of the activities the researcher had listed were met with low rating. Some of these included production of monthly control reports, payment of incentives based on quantitative targets, benchmarking, and employee retention strategy and customer loyalty programs, close supervision through the entire processes.

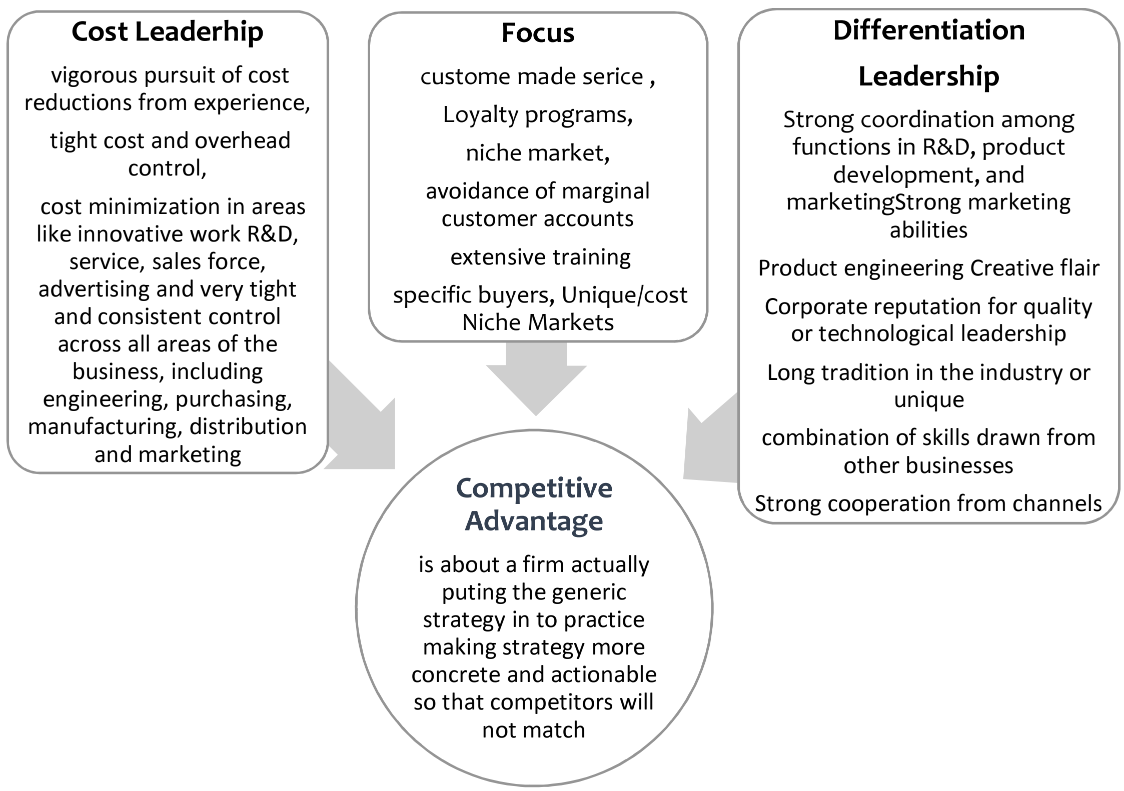
Correlation between the three generic and Competitive Advantage Specifically, it was found that differentiation and cost leadership have positive correlation less than significant level, while focus had a significant positive correlation level of confidence. This proves that focus has direct and significant impact on the generation of superior profits. Thus, whether a firm chooses to pursue a cost leadership, differentiation strategy or focus, a careful study of the industry attractiveness, market forces and integration of the core competencies will ensure positive organizational performance in an intense competitive environment. The findings indicate that the only generic strategy with a strong significant positive correlation with competitive advantage was focus strategy.

(Putra et al., 2018) **On Analysis of Differentiation Strategies** to Create Competitive Advantages in Facing Global Markets analyze the differentiation strategy in the business of Never Get Old Company brand convection in Malang city in creating competitive advantage. The researcher applied descriptive qualitative approach with data collection techniques of observation, interview, and documentation. Participant in the study are owners, employees, customers and business partners and data analysis using SWOT is preceded by IFAS and EFAS analysis.

The findings were differentiation strategy performed on brand convention business ever Get Old Company is product differentiation, service differentiation, and brand differentiation. Based on the value of IFAS and EFAS, SWOT diagrams are generated in quadrant 1 that supports aggressive strategies. While the result of SWOT matrix, an alternative strategy that can be used is SO strategy. This suggests that differentiation strategies can create competitive advantage in the Never Get Old Company brand denim business in the face of global markets. The recommendation of this research is that the business owner should provide an outlet to install product displays and create an official website on the Never Get Old Company brand convection business.

Research framework

Figure 2 - 1: Research framework



Source: Adapted form Michael Porter Generic Strategy (1980)

CHAPTER THREE: RESEARCH DESIGN

The intention of this unit is to enlighten in detail the preference of research design, the participant of the study, source of data and data collection instrument, the sample size and the sampling strategy implemented by the author and the data analysis methods concluding with a concise on the ethical considerations and limitations posed by the research methodology.

3.1 Research approach

In order to examine the effect of generic strategy on competitive advantage on Ethiopian airline the researcher conducted a quantitative research approach. Quantitative research involves testing objective theories by examining the relationship among Variables.

According to Bhattacherjee (2012), postpositive claims take a position that one can make reasonable inferences about a phenomenon by combining empirical observations with logical reasoning and employs strategies such as surveys, and collected data on predetermined instruments that yield statistics data.

The study employed two sets of variables: Independent – generic strategy namely, cost leadership, differentiation and focus strategy and dependent variable – competitive advantage. Different Review of related literatures on generic Strategy, Competitive Advantages, and Airline were included. A five- point Likert scale questionnaire was administered from strongly disagrees to strongly agree. The study also includes correlation and regression approaches.

3.2 Research Design

The Researcher utilized a case study on Ethiopian airlines. Attested by (Biggam, 2011) "a case study thus: researcher typically observes the characteristics of an individual unit – a child, a class, a school or a community" and inconformity with Biggam John Addis Ababa university "The case study research design is also useful for testing whether a specific theory and model actually applies to phenomena in the real world Withal Merriam (2001) suggests that insights gleaned from case studies can directly influence policy, procedures, and future research.

(Hanok & Algoine, 2006). Causal (explanatory) research design was executed to explore the relationship between the generic strategy and competitive advantage Explanatory design uses to identify any causal links between factors or variables. This research design determines how events occur and which ones may influence a particular outcome

Descriptive research design was administered for describing the characteristics of the exposition population. "Descriptive case studies zoom in on producing a full description of a phenomenon, such as an organization or an event, within its context" (Yin, 2003).

Descriptive case studies are not seeking to answer cause and effect questions. Their primary function is to gain a deeper understanding of some phenomenon. (Biggam John, 2011, p171)

3.3 Target Population

The target population of this study has included all individuals working initially from team leader and above managerial position who are currently working at the head office of Ethiopian airlines in Addis Ababa.

3.4 Sampling technique and sample size

3.4.1 Sampling technique

Researcher used probability and non-probability sampling technique, Firstly, purposive sampling techniques was used to identify knowledgeable respondents or management members who are familiar with strategy formulation. Then, Stratified sampling survey method was used to disproportionally allocate the sample size based on the number of top, middle and lower management. Furthermore, random sampling was used.

It is found important to divide business organizations and individual customers in different Strata's as it is advantageous to sample each sub population when there is a significant variation within the population (Cochran, 1977). (Naresh K.Malhotra, 2006)A major objective of stratified sampling is to increase precision without increasing cost. Stratified sampling is commonly used probability method that is superior to random sampling because it reduces sampling error Maheshwari V.K. (2017).

3.4.2 Sample size

To identify the sample size that represents the target population, the researcher applied Yamane's (1967,) formula.

$$n = \frac{N}{1+N\,(e)^2} \qquad n = \frac{1479}{1+1479(0.05)^2} = \quad 314.84 = 315$$

Here,

n = sample size required,

N = the study population

e = Level of precision/allowable error /sampling error (0.05) at 0.95 (95%) confidence level. To calculate the sample size at 95% confidence level and 5% margin error; using the above statistical formula, the sample size of study was determined as follows.

Attestations for determining the sample size to be 315 for team leader and managerial sample were disproportional allotted based on central limit theorem and population size. As per Saunders & Thornhill (2007) researchers normally work on 95% level of certainty. For a population that is large to yield a representative sample for proportions that is valid

Table 3 - 1: Sample Size

LEVEL	GROUP	NO OF EMPLOYEES	DISPROPORTIONAL PERCENTAGE	TARGET SAMPLE FOR THE STUDY
TOP	CXO VP MD	19	100%	19
MIDDLE	DIRECTORS AND EQUIVALENT	41	73%	30
LOWER	MANAGERS AND TEAM LEADERS	1419	18.74%	266
TOTAL		1479		315

Source: Field survey EAL HR database, 2020

Sample size break down: disproportional stratified sampling

3.5 Data type, Source data Collection instrument

The core research gadget employed to glean the essential fact from the source are both primary and secondary. The primary source of information was composed through Likert scale questionnaire as for the questionnaire it was domesticated from different source like

Omwoyo, Kilonzo, and Allen & Helm. The questionnaire had five constituent, explicitly General Information, Cost Leadership Strategy, Differentiation Strategy, Focus Strategy and competitive advantage. While, secondary data was accumulated from journals, books, thesis, web that are related with the content.

3.6 Data analyzing technique

The data had been analyzed with statistical package for social sciences (SPSS) version 22 and to examine the composed facts both descriptive and inferential statistical methods was employed. Descriptive statistics was employed to analyze the demographic temperament of the respondents while inferential statistic such as correlation, and multiple linear regression analysis, and To insure reliability of measures Cronbach's alpha test was performed for the pilot test.

3.8 Reliability and Validity

Paraphrasing Ajai S. & Sanjaya S., 2009 Reliability adverts to the degree to which data gathering instrument and analysis approaches will produce coherent outcomes when the method is rehearsed on the same object if the instrument produces the same response in recurrent efforts, it is reliable. In order to enhance reliability of the study, a pilot test of the questionnaire was undertaken and resulted in a Cronbach's alpha after – a coefficient of internal consistency of **9.38** that is above the usual acceptable rule of thumb of 70%. Moreover, to enhance validity and credibility of the study, the questionnaire was derived from previous related studies. In addition, questionnaires were also reviewed by researcher advisor a well as management members of Ethiopian Airlines.

Table 3 - 2 : Cronbach's Alpha Table

Variables	*Cronbach's Alpha*	*N of Items*
Cost	*0.856*	*16*
Focus	*0.831*	*16*
Differentiation	*0.87*	*19*
Competition	*0.852*	*14*
Total value	*9.38*	*65*

Source: Own Survey (2020) SPSS out put

3.8 Ethical Consideration

Previous to writing the dissertation, the canvasser well thought-out the ethical issues that can be expected and explain in the study. These matter narrate to all stage of the diligent search proceeding.

The dilemma branded by the investigator aids the patented being studied. Research has not relegate, put at risk, influence the study partaker and the confidentiality of the participants was also guarantee to conceal their name or personal information in the study. Only pertinent facts that facilitate in response to the research questions were included.

Intention of the research was depicted to the accomplice and put forward letters of consent to ascertain reliance and trustworthiness. The research has not prejudiced against ones disability, sexual category, and age, ethnic.

Chapter Four: Data Analysis and Presentation

4.1 Introduction

This Chapter presents data analysis, findings, and discussion in line with the objectives of the study and research questions. The data that were collected through questionnaires was edited, coded, entered into the Statistical Package for Social Sciences (SPSS version 22) for analysis and generation of descriptive and inferential statistics.

The main descriptive statistical was used to summarize and categorize the variables. Inferential statistics (correlations and multiple regression analysis) was used to show the relationship and measure of extent between the dependent and independent variables.

Using stratified sampling technique, the researcher prepared 315 copies of questionnaires and distributed to Ethiopian Airline head office out of which 216 was returned. With a response rate of 68.57%, it was acceptable for one to make analysis, conclusion, and recommendation by considering current situation.

level of overall response rate can be reasonably anticipated. Babbie (1995) regarded a response rate of 50% to be adequate for analysis and reported 60% to be good and 70% to be very good.

4.1.1 General Information of Respondents

The general information collected from the respondents (gender, age, level of education, years of experience and position in the company) was presented hereunder.

Table 4 - 1: Respondents' demographic profile

DESCRIPTIVE STATISTICS				
Categories		**Frequency**	**Percent**	**Cumulative Percent**
Gender	Female	62	28.7	28.7
	Male	154	71.3	100
	Total	216	100	
Management Level Experiences	0-5	16	7.4	7.4
	6-10	32	14.8	22.2
	11-15	60	27.8	50
	16-20	40	18.5	68.5
	above 20	68	31.5	100
	Total	216	100	
Highest Level Of Education	Diploma	8	3.7	3.7
	Bachelor	84	38.9	42.6
	Masters	124	57.4	100
	Total	216	100	
Age	20-30	8	3.7	3.7
	30-40	68	31.5	35.2
	40-50	96	44.4	79.6
	above 50	44	20.4	100
	Total	216	100	
Position	Top	19	8.8	8.8
	Middle	30	13.9	22.7
	Lower	167	77.3	100
	Total	216	100	

4.2 Descriptive Analysis

The above table shows that, the **Gender** compositions of the respondents that 62 (28.7 %) of respondents were female and the reaming 154 (71.3%) of the respondents were male.

Management role in the company: indicated that 48 (22.2%) of respondents have been working less than 10 years and 168 (68.8%) of the respondents have been working more than 10 years.

Educational level of respondents indicated that 8 (3.7 %) of respondents were diploma holder and 208 (42.6%) of the respondents were degree and above level.

Age category indica indicated that 8 (3.7 %) of respondents were aged between 20-30 years, 68 (31.5%) of respondents were aged between 30-40 years, 96 (44.4%) of the respondents were aged between 40-50 years and that 44 (20.4%) of respondents were aged above 50.

Positions: indicated that 19 (8.8%) of respondents were top managers; 30 (13.9%) were middle level manager and the remaining 167 (77.3%) were lower level.

Table 4 - 2: Descriptive statistics for dependent and independent variables

Descriptive Statistics

	N	Minimum	Maximum	Mean
Competitive	216	3.00	5.00	4.2163
Cost	216	2.75	5.00	4.0759
Focus	216	2.94	5.00	4.0134
Differentiation	216	2.84	5.00	4.0400
Valid N (listwise)	216			

Source: Own survey (2020)

It is the summary of quantitative features from collected data. It mainly focuses on central tendency and measure of spread analysis, **the detail summary is annexed.**

As described in table above, the most responses to items under competitive advantage, cost leadership, focus and differentiation variables indicate that the majority of respondents agreed to above neutral points. The mean score value for competitive advantage was 4.2163. The mean score value for cost leadership variable was 4.0759; the mean score value for the variable focus accounted 4.0134. Differentiation was scored 4.0400 mean values.

4.3. Inferential Analysis

4.3.1 Correlation Analysis

Correlations are the measure of the linear relationship between two or more variables. As described by Kothari (2004), a coefficient of correlation has the value of '*r*' lies between ± 1.

Positive values of *r* indicate positive correlation between the two variables, whereas negative values of '*r*' indicate negative correlation. A zero value of '*r*' indicates that there is no association between the two variables.

Spearman Correlation Coefficient calculated and tested to determine the relationship between the independent variables (involvement, consistency, adaptability, and mission) and organizational effectiveness (the dependent variable) as of the data is Likert type (Ordinal data type in nature).

According to Evan's (1996), the strength of the correlation can be described as, the absolute value of r namely 0.00-0.19 (Very Weak), 0.20-0.39 (Weak), 0.40-0.59 (Moderate), 0.60-0.79 (Strong) and 0.80-1.00 (Very Strong).

Source: Own survey (2020)

Table 4 - 3: Correlations

CORRELATIONS						
			Competitive Advanatge	Cost	Focus	Differentiation
Spearman's rho	Competitive	Correlation Coefficient	1			
		Sig. (2-tailed)	.			
		N	216			
	Cost	Correlation Coefficient	.511**	1		
		Sig. (2-tailed)	0	.		
		N	216	216		
	Focus	Correlation Coefficient	.410**	.337**	1	
		Sig. (2-tailed)	0	0	.	
		N	216	216	216	
	Differentiation	Correlation Coefficient	.562**	.390**	.371**	1
		Sig. (2-tailed)	0	0	0	.
		N	216	216	216	216
**. Correlation is significant at the 0.01 level (2-tailed).						

Spearman's rho and Pearson's r values range from 0 to 1, with values closer to zero implying weaker relationship, whereas values closer to one implying stronger relationship.

Discussion of Correlations analysis

The result in table above shows that, between **Cost strategy** and competitive advantage is positive and moderate relationship to extent of (rho = .511**) with statistically significant level (p=0.001, <0.01).

The result between **Focus strategy** and organizational competitive advantage shows that there is a positive and moderate relationship to extent of (rho=.410**) with statistically significant level (p=0.001, <0.01).

The result between **Differentiation strategy** and organizational competitive advantage shows that a positive and strong relationship to extent of (rho=.562**) with statistically significant (p=.0001 <0.01). According to correlation results, it is evident that there is positive correlation between competitive advantage and the three generic strategies (cost leadership, differentiation and focus).

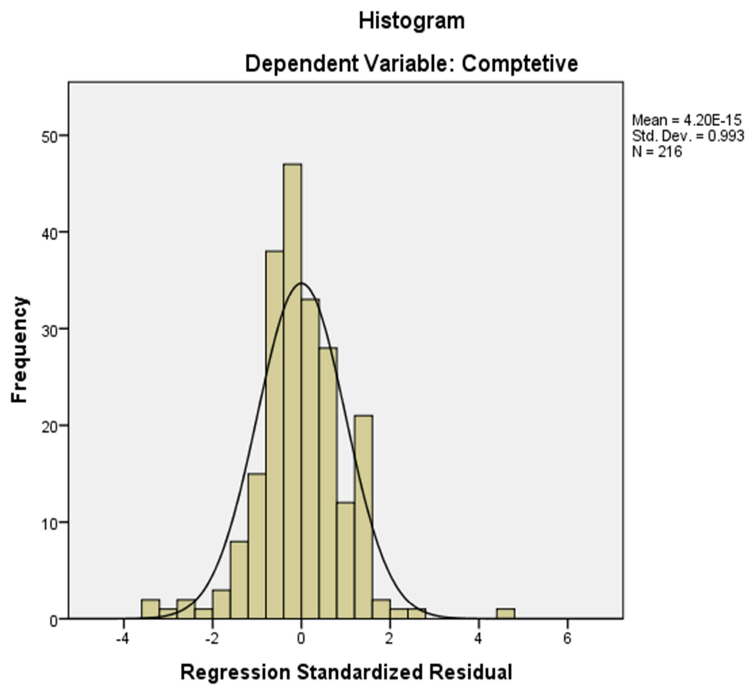
Assumptions of Multiple Linear Regression Analysis

Normality Test

The data were checked to verify that the assumption of multivariate normality was met. Brooks (2008) noted that to conduct hypothesis test about the model parameter, the normality assumption must be fulfilled. The normality assumption is about the mean of the residuals is zero. According to Gujarati (2004), for testing the normality assumption, the following three tests of normality could be utilized: (1) histogram of residuals; (2) normal probability plot (NPP), (3) linearity, (4) *h*omoscedasticity, (5) *Multicollinearity.* As indicated below, Because of their simplicity, graphical instrument was applied for testing the normality assumption in this study.

Histogram of Residuals

A histogram of residuals is a simple graphic device that used to learn something about the shape of the Probability Density Function of a dependent random variable. On the horizontal axis, the values of the variable of interest (OLS residuals) are divided into suitable intervals, and in each class interval rectangles are erect equal in height to the number of observations (frequency) in that class interval. If the residuals are normally distributed around the mean value of zero, the histogram is a bell-shaped. The shape of the histogram as shown below in diagram revealed that the dependent variable residuals are normally distributed around zero



4.3.2 Multiple Linear Regression Analysis

Multiple regression shows how much of the variance in the dependent variable can be explained by the independent variables. This analysis also indicates the relative contribution of each independent variable on the dependent variable. Tests allow determining the statistical significance of the results, both in terms of the model itself, and the individual independent variables (Pallant, 2005).

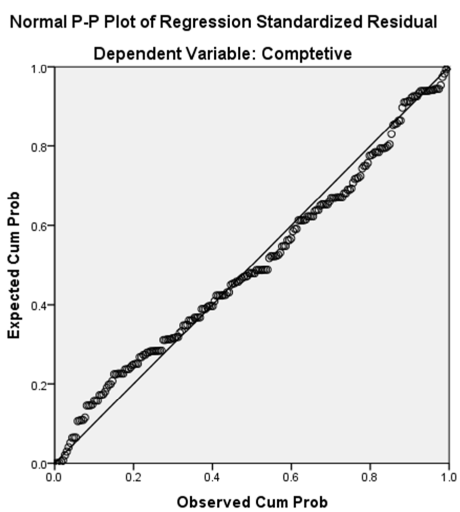
According to Gujarati (2004), before running regression analysis, it is necessary to assess whether the collected data violate some key assumptions multiple linear regression models as any assumption violations can result in unclear and biased research results. To test multiple regression models, first the classical assumptions should be tested. It should be noted that the three classic assumptions must be tested in undertaking the regression analysis these assumptions include Normality and Multicollinearity (Brooks, 2008).

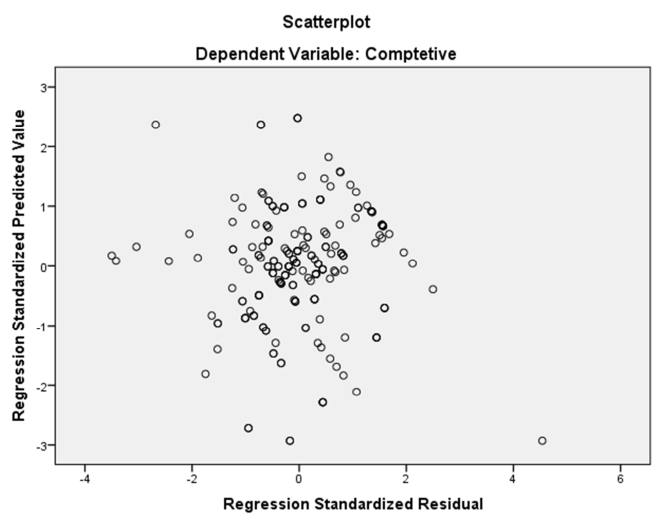
Therefore, in this section, the researcher tried to make sure that whether these assumptions are met or not**,** As a result, the researcher has a privilege to realize a multiple linear regression analysis to determine the relationship between independent variables (cost leadership, focus and differentiation) and the dependent variable (competitive advantage) as of all the above assumptions were satisfied.

Homoscedasticity and linearity

Your data needs to show **homoscedasticity**, which is where the variances along the line of best fit remain similar as you move along the line. You can check for homoscedasticity in by the plot of regression-standardized residuals vs regression standardized predicted values showed no obvious signs of funneling.

The shape of the histogram as shown above revealed that the dependent variable residuals are normally distributed. Furthermore, the plot of standardized residuals vs standardized predicted values showed no obvious signs of funneling. In addition to this, all the scattered plots are found within the range of 3 and -3 on both "X" axis and "Y" axis, suggesting the assumption of homoscedasticity has been met.





Multicollinearity

Multicollinearity exists when there is a strong correlation between two or more predictors in the regression model. Multicollinearity poses a problem only for multiple regressions because it involves more than two predictors. Perfect collinearity exists when at least one predictor is a perfect linear combination of the other (Guajarati, 2004).

There are various methods to produce collinearity diagnostic and one of which is the variance-inflating factor (VIF). The VIF indicates whether a predictor has strong linear relationship with the other predictor(s). Some authors therefore use the VIF as an indicator of multicollinearity. The larger the value of VIF, is the more troublesome or collinear the variable. As a rule of thumb, any variables with a value above 10.0 of VIF indicate the multicollinearity problem (Hair et al. 1998).

Related to the VIF is the tolerance statistics, which is the reciprocal of VIF. An insignificant tolerance value indicates that the variable under consideration is almost a perfect linear combination of the independent variables already in the equation and that it should not be included to the regression equation. **Tolerance ranges is from zero to one.** Any variables with a tolerance value below 0.10or the closer the tolerance value to zero indicates a level of Multicollinearity. **The Tolerances value closer to one means the greater the evidence that variables noncollinear with the other repressor** (Guajarati, 2004).

Considering the regression model for this study, SPSS regression results (table) shows bellow that Tolerance for all independent variables is more than 0.10 and Variance Inflation Factor-VIF for the independent variables is less than the limited value, 10.0. As a result, we can say that there is no Multicollinearity between the independent variables.

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Cost	.718	1.393
	Focus	.761	1.314
	Differentiation	.765	1.306

4.3.2.1 Model summary:

I. Coefficient of determination (R2): One of the SPSS outputs of the regression analysis is the model summery that includes the R square and the standard of the error term for the model. R Square (called the coefficient of determination) tells the proportion of the variance in the dependent variable (customer retention) that can be explained by variation in the independent variables. Accordingly, the result of the multiple linear regression is summarized in the tables below

Table 4 - 4: Model Summary

Model Summary

Model	R	R^2 Square	Adjusted R Square	Std. Error of the Estimate
1	.767[a]	.589	.583	.30604

a. Predictors: (Constant), Differentiation, Focus, cost

Discussion; The results of the model summary indicate that there is a strong association between the independent variables and the dependent variable. The value of correlation coefficient between them is 0.767, which indicates the existence of significant positive correlation between the constructs. Coefficient of determination (R^2) clarifies the extent to what changes in the dependent variable can be explained by the change in the independent variables. R^2 is the proportion of the variance in the values of the dependent variable i.e. competitive advantage (Y) explained by all the independent variables i.e. (cost, focus and differentiation) strategy (X1, X2, X3) in the equation together; sometimes reported as adjusted R^2, when a correction has been made to reflect the number of variables in the equation.

The three independent variables (cost, focus and differentiation) explained competitive advantage by 58.9 %. The remaining 42.4% were explained by other source of factors. Generally the analysis provides that the predictor variables (cost, focus and differentiation) have a strong effect on dependent variable (competitive advantage) and the increase of one of the factors will lead to a further increase in competition advantage level.

4.3.2.2 ANOVA (Analysis of Variance)

The significance value, which is located in the upper right column, is the point of interest in this analysis. If that value is $< .05$, we have a significant linear regression. If it is > 0.05, we do not.

Table 4 - 5: ANOVA (Analysis of Variance)

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	22.079	3	7.360	55.617	.000[b]
	Residual	28.053	212	.132		
	Total	50.132	215			

a. Dependent Variable: Competitive

b. Predictors: (Constant), Differentiation, Focus, Cost

Discussion; The result in the ANOVA table confirmed the significance of the overall model by p- value of 0.000 which is below the alpha level, i.e. 0.05, which means, combined impact of the independent variables have statistically significant relationship with the dependent variable: competitive advantage

4.3.2.3 Multiple linear Regression Equation

$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + \alpha$ Where,

Y is the value of the Dependent variable (Organizational competitive advantage), what is being predicted or explained

a, is the Constant/intercept

b_1, b_2, b_3, are the Slopes (Beta coefficient) for X_1X_2 X_3X_4 respectively.

X_1 cost (independent variable) that is explaining the variance in Y (Organizational competitive advantage)

X_2 focus (independent variable) that is explaining the variance in Y Organizational competitive advantage)

X_3 Differentiation Factors (independent variable) that is explaining the variance in Y (Organizational competitive advantage)

α is an error term at 95% confidence level

4.3.2.4 Regresses of the model

Table 4 - 6: Regression coefficients

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.845	.273		3.096	.002		
	Cost	.291	.059	.300	4.947	.000	.718	1.393
	Focus	.201	.066	.179	3.036	.003	.761	1.314
	Differentiation	.340	.056	.358	6.096	.000	.765	1.306

a. Dependent Variable: Competitive

Source : Survey (2020)

Discussion; Evaluation of the statistical significance of each predictor variables, would tell us whether this variable is making a statistically significant unique contribution to the equation. This can be done by checking the Sig value (P-value). If the p-value is < .05, then the variable is making a significant unique contribution to the prediction of the dependent variable. If not, it can be concluded that the variable is not making a significant unique contribution to the prediction of the dependent variable (Pallant, 2005). Therefore, cost, focus and differentiation generic strategy have significant contribution to predict the dependent variable.

Summary of Hypotheses

Table 4 - 7: Summary of hypotheses

Hypothesis	Sig. Value	Status
H_1: there is a positive and significant association between cost leadership and Competitive advantage.	.002	Accepted
H_2: there is a positive and significant association between focus and Competitive advantage	.003	Accepted
H_3: there is a positive and significant association between differentiation and Competitive advantage	.000	Accepted

Thus, the overall finding results revealed that (cost, focus and differentiation) are the most contributing factors that affect competitive in Ethiopian airline

CHAPTER FIVE: CONCLUSION AND RECOMMENDATIONS

In this chapter recommendation is given based on the findings of this study by reviewing the research back ground and objectives. By summarizing the research findings recommendations are given.

5.1 Conclusion

Cost leadership strategy

- The study showed that cost leadership strategy is significantly correlated with competitive advantage. The cost leadership strategy is achieved maintaining high volume of service at most competitive prices. To this effect, Ethiopian Airline benchmarks itself against competing firms and has a tight cost control system exploiting all potential cost drivers for greater efficiency. In addition, Ethiopian pursuits vigorous cost reduction by restructuring the cost chain, eliminating unnecessary cost producing activities. To mention one example the airline removed paper from its systems and fully digitalized all its business processes.

- Ethiopian Airline has seven strategic business units, each operating as an independent profit center: international passenger service, domestic express service, cargo service, technical services (MRO—maintenance, repair, and overhaul), the aviation academy, ground services, catering and hotel services. With this approach the airline is able to make significant cost reduction, maintaining its high level of standards. The airline would have been forced to send its pilots, technicians, crew members and agents abroad for training, had it not been to it state of the art training facilities which generates revenue by giving same trainings to other carriers, in addition to making significant cost reduction.

- Ethiopian airlines is a member of Star Alliance Network. This gives access to more routes with partner airlines and helps narrow the gap between itself and leading industry players. This membership gives customers the chance to choose from routes and offerings of multiple airlines, all through a single booking, which means revenue creation for the airline without the need for code sharing agreement, competing in the global marketplace. Extra connectivity can help fill seats and in effect allows for effective utilization of resources; equipment, airport lounges & check-in counters.

- It's State of the art facilities which include simulators for aircraft such as; A350, B787, B777, B767/ B757, B737 and Q400 which plays an important role in bridging the continent's skills gap makes it difficult to imitate.

Focus strategy:

- Ethiopian Airlines concentrates on, building relationship with customer, value adding activity, identifying with brand, providing extensive training of frontline personnel and loyalty programs.

- Ethiopian Airlines has a reward program for frequent travelers. Sheba Miles program awards Ethiopian frequent flyers with award tickets, upgrades to business class, access to all Star Alliance member airline executive lounges, additional free baggage allowance and many other privileges for their accumulated mileages. A new Platinum level has been introduced as of January 2017 in addition to the Gold, Silver and Blue levels. The Platinum level extends additional benefits to frequent passengers.

- The airline gives extensive training for its front line personnel for duration of 6 months with additional one month on-job training.

Differentiation strategy:

- Ethiopian Airlines differentiates by offering high quality wide range of superior services at premium prices. To this effect, it uses technology to remain on the cutting edge of innovation.

- The airline depends on tangible product attributes to achieve differentiation on the basis of services that do not lower a buyer's cost or enhance their well-being.

- Ethiopian airlines maintain quite a reputation forecasting existing and new market growth.
- Ethiopian airline unveiled digitized layover package called Feel Addis that use fingertips for all customer touch points avoiding the need to contact airport agents and

allowing them to process their hotel voucher & transit visa card with their mobile devices.

- The new Ethiopian airline mobile application provides a variety of features to improve customer experience including booking, making payment and checking in.

- Ethiopian airlines join forces with SANAD Aeroteh to create MRO for the repair and overhaul of auxiliary power units.

- Ethiopian Air Lines has excellent track record of safety with very few accidents over 75 years of service. This makes ET very reliable and gives it a significant competitive advantage over other airline carriers.

Rephrasing Oqubay & Tesfachew Building these competences necessitates significant investment, intensive learning, specialized skills development, and constant upgrading, especially as economic and technological development progresses. These factors are often cited as distinguishing. One can see this evidenced in a company like Ethiopian airline. ET was founded on the core values of technological capability development, skills formation, aggressive new market development, and commitment to Pan-Africanism and has used the slogan “The New Spirit of Africa” in company marketing. Airline industry needs persistent innovation in order to keep up with the rapid, ever changing marketplace.

5.2 Recommendation

For industry trailing a generic strategy, airline can't be successful with a specific strategy Competitive strategy is a never-ending process developing and implementing is not enough, Ethiopian airline must assess the practice with unceasing feedback and take fitting decision to attain shareholder desire and advance airline competence. Ethiopian airline have confronted challenges with incessant advancement and reached brilliance after 75 years of their operational performance.

For industry trailing a generic strategy, an airline can't be successful with a specific strategy exclusively focusing on just the significant practices. As was aforementioned, a company that is attempting to strive with a certain generic strategy cannot solely concentrate on significant practices.

If an airline desires to surpass the competition, it must exceed at the critical and most statistically significant practices acknowledged in this research. These findings have significant real-world inferences for managers responsible for the development, implementation, or execution of strategies in organizations. The relationship between generic strategy and competitive advantage must be openly communicated to frontline personnel so that they have a clear understanding of the airline's ultimate objective.

Ethiopian airline mission is To become the leading Aviation group in Africa by providing safe and reliable passenger and cargo air transport, Aviation Training, Flight Catering, MRO and Ground Services by 2025. In conjunction with this, Ethiopian airline need to be equipped to convey this transformation. Since Ethiopian airline has been successful in sustaining their differentiation strategy through considerable investment, intensive learning, specialized skills development, and constant upgrading, especially as economic and technological development progresses, they must protect their unique intervention as other may attempt to imitate. Apart from this emphasis should be given on mitigating challenges such as new improving technology competitive pressures due to changing environment, demanding customers preferences; instability in exchange rates and policies surrounding airline industry as well as government.

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APPENDICES

APPENDIX A

Questionnaire

St. Mary's University Schools of Graduate Studies-

Department of Marketing Management

A survey on the "The Effect of Generic Strategy **alternative** on Competitive Advantage : The Case of Ethiopian Airline"

Dear respondents

The objective of this survey is to gather, analyze, and synthesize relevant, accurate, sufficient, and timely information that will provide insights about "A survey on the "The Effect of Generic Strategy Competitive Advantage: The Case of Ethiopian Airline" factors affecting customers brand choice in the case of bottled water in Addis Ababa." The findings of this survey will be used to make recommendations to enhance Exporters performance level and to make them more competitive in international trade. This questionnaire consists of four sections: Section I deals with the general profile of the respondent, Section II covers components of generic strategy. Section III deals with Competitive advantage the information you provide in this survey will be used for the stated purpose and it will be held confidential. Taking part in this survey is completely voluntary and anonymous. The questionnaire will take no more than 20 minutes. Your co-operation is highly appreciated!

Thank you in advance for your kind cooperation

Regards

Vicky Debebe 0911 830 090

vdebebe39@gmail.com
debebevicky9@gmail.com

Section -I: General Information

1. Select your gender.

   Female ☐ Male ☐

2. Number of years in the management role in the company.

   0-5years ☐

   6-10 years ☐

   11-15 years ☐

   16-20 years ☐

   Above 20 years ☐

3. Highest level of education completed.

   Secondary level ☐

   Diploma ☐

   Bachelor degree ☐

   Master’s degree ☐

   Doctorate (PhD) ☐

4. Age

   0-30 ☐ 30-40 ☐ 40-50 ☐ above50 ☐

5 position in the Ethiopian airlines.

   Top level management (CXO, VP, MD) ☐

   Middle level management (Directors and Equivalents) ☐

   Lower level management (Managers and Tem Leaders) ☐

Section -II: Generic Strategies

Instruction: Please select the degree of agreement/disagreement with respect to the following statements associated with Components of generic strategies affecting competitive advantage (2.1-2.3) Kindly (√) tick appropriately on a scale of 1-5 that best describe your view.
Where, 1= Strongly Disagree; 2=Disagree; 3-Neutral; 4=Agree; 5=Strongly Agree

2.1	**Cost Leadership Strategy**	**1**	**2**	**3**	**4**	**5**
	Statements	**Strongly Disagree**	**Disagree**	**Uncertain**	**Agree**	**Strongly Agree**
1	ET strives to supply a standard of high volume services at the most competitive prices to customers.					
2	ET benchmarks itself against competing firms to access Their relative cost.					
3	ET exploits all potential cost drivers to allow the greater efficiency in each value adding activity.					
4	ET underpins its services to open up a suitable cost advantage over competitors.					
5	ET has improved its efficiency by controlling costs along the existing activity cost chain.					
6	ET pursues cost savings through the cost chain not overlooking anything.					
7	ET cost advantage is achieved through restructuring the cost chain eliminating unnecessary cost producing activities.					
8	ET is a low cost producer in the airline industry.					
9	ET sets the industry price to earn a profit around its market position.					
10	ET is a low cost producer due to substantial capital that the company holds.					
11.	ET has tight cost control systems in place.					
12.	ET develop detailed control reports on monthly basis.					
13.	ET have close supervision all through the entire process.					
14.	ET pursuit vigorous cost reduction.					
15.	ET have budget reviews on quarterly basis.					

Keys: 1-Strongly Disagree, 2-Disagree, 3-Uncertain, 4-Agree, 5-Strongly Agree

Instruction: Please select the degree of agreement/disagreement with respect to the following statements associated with Components of generic strategies affecting competitive advantage (2.1-2.3) Kindly (√) tick appropriately on a scale of 1-5 that best describe your view.

Where, 1= Strongly Disagree; 2=Disagree; 3-Neutral; 4=Agree; 5=Strongly Agree

2.2	**Focus Strategy**	**1**	**2**	**3**	**4**	**5**
	Statements	**Strongly Disagree**	**Disagree**	**Uncertain**	**Agree**	**Strongly Agree**
1	ET has identified a market niche for customers.					
2	ET droops unprofitable customers					
3	ET produces unique service that enhances value to the airline.					
4	ET builds relationships with customers.					
5	ET has expanded on broader line that competitors cannot serve.					
6	ET has improved on other sources that are of value adding activities.					
7	ET targets a specific market within an industry.					
8	ET specializes in activities in ways that other firms cannot perform.					
9	ET is able to achieve cost breakthrough.					
10.	ET alters specific service to meet specific customer needs.					
11.	ET has niche markets for our service.					
12.	Et have Intensive supervision of front line personnel					
13.	ET has loyalty programs for our repeat customers.					
14.	ET customers very much identify themselves with ET's company's brand.					
15.	ET have extensive training of front line personnel					
16.	ET provides outstanding customer service that exceeds that of our competitors.					

Keys: 1-Strongly Disagree, 2-Disagree, 3-Uncertain, 4-Agree, 5-Strongly Agree

Instruction: Please select the degree of agreement/disagreement with respect to the following statements associated with Components of generic strategies affecting competitive advantage (2.1-2.3) Kindly (√) tick appropriately on a scale of 1-5 that best describe your view.

Where, 1= Strongly Disagree; 2=Disagree; 3-Neutral; 4=Agree; 5=Strongly Agree

2.3	**Differentiation Strategy**	**1**	**2**	**3**	**4**	**5**
	Statements	**Strongly Disagree**	**Disagree**	**Uncertain**	**Agree**	**Strongly Agree**
1	ET creates customer value by offering high quality service at premium prices.					
2	ET markets unique products for varied customer groups.					
3	ET has built value by creating attributes for its services at an acceptable cost.					
4	ET uses technology to remain on the cutting edge of innovation.					
5	ET have extensive training of marketing personnel.					
6	ET customers are less sensitive to prices					
7	The potential market share of ET is increased due to high quality services					
8	ET sources for uniqueness cannot be quickly imitated.					
9	ET differentiates on the basis of services that do not lower a buyer's cost or enhance their wellbeing.					
10	ET depends on tangible product attributes to achieve differentiation.					
11	ET have strong coordination among functions especially in the R&D, Product Development and Marketing departments.					
12	Creativity and innovation is the order of the day in ET service Redesigning and development.					
13	ET have a strong research team who guides the company in producing superior service.					
14	ET have a wide range of superior service.					
15	ET is well known for producing quality service.					
16	ET benchmark with leading companies in our industry three times in a year.					
17	ET have a retention strategy for retaining key staff					
18	ET forecast new market growth.					
19	ET forecast existing market growth.					

Keys: 1-Strongly Disagree, 2-Disagree, 3-Uncertain, 4-Agree, 5-Strongly Agree

Section -III: Competitive advantage

Instruction: Please select the degree of agreement/disagreement with respect to the following statements associated with Components of generic strategies affecting competitive advantage (3.1) Kindly (√) tick appropriately on a scale of 1-5 that best describe your view.

Where, 1= Strongly Disagree; 2=Disagree; 3-Neutral; 4=Agree; 5=Strongly Agree

3.1	**Competitive advantage**	**1**	**2**	**3**	**4**	**5**
	Statements	**Strongly disagree**	**Disagree**	**Uncertain**	**Agree**	**Strongly Agree**
1	ET profitability level is on the rise every year.					
2	ET ensures that customers are satisfied with their services.					
3	ET has effective means of delivery of timely services.					
4	ET ensures frequent service development is practiced.					
5	ET practices efficiency in its services rendered.					
6	ET has superior positioning in the industry.					
7	The target goals of the ET are met successfully.					
8	ET responds to market growth and is expanding constantly.					
9.	ET obtain supplies at a special price and this enables to produce service at lower cost relative to your competitors and sell them at either at lower or market price.					
10.	ET customers identify well with our brand and we are able to charge them a premium price per item.					
11.	ET produce unique service and sell them at premium price.					
12.	Demand for our service is escalating and we are able to Extend our markets geographically.					
13.	ET produce service for specific customers and are able to sell them at premium price.					
14.	ET produce service for specific markets and are able to sell them at market or lower price.					

Keys: 1-Strongly Disagree, 2-Disagree, 3-Uncertain, 4-Agree, 5-Strongly Agree

THANK YOU FOR YOUR TIME!!

APPENDIX B

Tables

Descriptive Statistics

Cost	N	Min.	Max.	Mean	Std. Dev.
C1 ET strives to supply a standard of high volume services at the most competitive prices to customers.	216	2.00	5.00	4.1481	.82760
C2 ET benchmarks itself against competing firms to access Their relative cost.	216	1.00	5.00	4.1296	.81944
C3 ET exploits all potential cost drivers to allow the greater efficiency in each value adding activity.	216	2.00	5.00	4.3333	.66822
C4 ET underpins its services to open up a suitable cost advantage over competitors.	216	2.00	5.00	4.2778	.59194
C5 ET has improved its efficiency by controlling costs along th e existing activity cost chain.	216	4.0	5.0	4.389	.4886
C6 ET pursues cost savings through the cost chain not overlooking anything.	216	2.00	5.00	4.0926	.75374
C7 ET cost advantage is achieved through restructuring the cost chain eliminating unnecessary cost producing activities.	216	2.00	5.00	4.2407	.66641
C8 ET is a low cost producer in the airline industry.	216	1.00	5.00	3.4444	1.28919
C9 ET sets the industry price to earn a profit around its market position.	216	2.00	5.00	4.0185	.78333
C10 ET is a low cost producer due to substantial capital that the company holds.	216	1.00	5.00	3.6852	1.05344
C11 ET has tight cost control systems in place.	216	1.00	5.00	4.1852	.84246
C12 ET develop detailed control reports on monthly basis.	216	1.00	5.00	4.0370	.94427
C13 ET gives incentives to its staff based on strict quantitative targets	216	1.00	5.00	2.3333	1.07401
C14 ET have close supervision all through the entire process.	216	2.00	5.00	4.3333	.77159
C15 ET pursuit vigorous cost reduction.	216	2.00	5.00	4.3704	.72935
C16 ET have budget reviews on quarterly basis.	216	3.00	5.00	4.5556	.56787
Valid N (listwise)	216				

Focus	N	Min.	Max.	Mean	Std. Dev.
F1 ET has identified a market niche for customers.	216	2.00	5.00	3.7963	.78069
F2 ET droops unprofitable customers	216	1.00	5.00	3.7222	1.04622
F3 ET produces unique service that enhances value to the airline.	216	2.00	5.00	3.9259	.85946
F4 ET builds relationships with customers.	216	2.00	5.00	4.0370	.84000
F5 ET has expanded on broader line that competitors cannot serve.	216	1.00	5.00	3.6852	.99905
F6 ET has improved on other sources that are of value adding activities.	216	2.00	5.00	4.1481	.62230
F7 ET targets a specific market within an industry.	216	2.00	5.00	3.7963	.70558
F8 ET specializes in activities in ways that other firms cannot perform.	216	1.00	5.00	3.7593	.94372
F9 ET are able to achieve cost breakthrough.	216	1.00	5.00	3.5556	.81078
F10 ET alter specific service to meet specific customer needs.	216	2.00	5.00	4.0926	.55468
F11 ET have niche markets for our service.	216	2.00	5.00	3.6667	.94500
F12 Et have Intensive supervision of front line personnel	216	2.00	5.00	3.8704	.86366
F13 ET have loyalty programs for our repeat customers	216	3.00	5.00	4.8519	.40496
F14 ET customers very much identify themselves with ET's company's brand.	216	3.00	5.00	4.4444	.53411
F15 ET have extensive training of front line personnel	216	3.00	5.00	4.5000	.53700
F16 ET provides outstanding customer service that exceeds that of our competitors.	216	1.00	5.00	4.0556	1.11508
Valid N (listwise)	216				

Differentiation	N	Min.	Max.	Mean	Std. Dev.
D1 ET creates customer value by offering high quality service at premium prices.	216	2.00	5.00	4.1667	.89961
D2 ET markets unique products for varied customer groups.	216	2.00	5.00	4.0185	.85161
D3 ET has built value by creating attributes for its services at an acceptable cost.	216	2.00	5.00	4.1111	.78750
D4 ET uses technology to remain on the cutting edge of innovation.	216	1.00	5.00	4.2407	1.00112
D5 ET have extensive training of marketing personnel.	216	3.00	5.00	4.2222	.49806
D6 ET customers are less sensitive to prices	216	1.00	5.00	3.2593	1.17628
D7 The potential market share of ET is increased due to high quality services	216	1.00	5.00	3.8704	.94591
D8 ET sources for uniqueness cannot be quickly imitated.	216	1.00	5.00	4.0370	.90401
D9 ET differentiates on the basis of services that do not lower a buyer's cost or enhance their wellbeing.	216	2.00	5.00	4.3519	.69970
D10 ET depends on tangible product attributes to achieve differentiation.	216	3.00	5.00	4.3889	.55962
D11 ET have strong coordination among functions especially in the R&D, Product Development and Marketing departments.	216	1.00	5.00	4.0556	.95317
D12 Creativity and innovation is the order of the day in ET service Redesigning and development.	216	1.00	5.00	3.8333	1.15336
D13 ET have a strong research team who guides the company in producing superior service.	216	1.00	5.00	3.8889	1.05066
D14 ET have a wide range of superior service.	216	2.00	5.00	4.1296	.84184
D15 ET is well known for producing quality service.	216	1.00	5.00	3.9630	1.07336
D16 ET benchmark with leading companies in our industry three times in a year.	216	1.00	5.00	3.7222	1.11508
D17 ET have a retention strategy for retaining key staff	216	1.00	5.00	3.2778	1.47433
D18 ET forecast new market growth.	216	1.00	5.00	4.4259	.71142
D19 ET forecast existing market growth.	216	3.00	5.00	4.5370	.53572
Valid N (listwise)	216				

Competitive Advantage	N	Min.	Max.	Mean	Std. Dev.
CA1 ET profitability level is on the rise every year.	216	3.00	5.00	4.5556	.56787
CA2 ET ensures that customers are satisfied with their services.	216	2.00	5.00	3.9074	.98865
CA3 ET has effective means of delivery of timely services.	216	2.00	5.00	4.1111	.95803
CA4 ET ensures frequent service development is practiced.	216	2.00	5.00	4.0556	1.02828
CA5 ET practices efficiency in its services rendered.	216	2.00	5.00	4.2407	.77002
CA6 ET has superior positioning in the industry.	216	3.00	5.00	4.4074	.59513
CA7 The target goals of the ET are met successfully.	216	3.00	5.00	4.4815	.53668
CA8 ET responds to market growth and is expanding constantly.	216	3.00	5.00	4.6296	.52105
CA9 ET obtain supplies at a special price and this enables to produce service at lower cost relative to your competitors and sell them at either at lower or market price.	216	1.00	5.00	4.0926	.96965
CA10 ET customers identify well with our brand and we are able to charge them a premium price per item.	216	2.00	5.00	4.2593	.75168
CA11 ET produce unique service and sell them at premium price.	216	2.00	5.00	4.0556	.84999
CA12 Demand for our service is escalating and we are able to Extend our markets geographically.	216	3.00	5.00	4.5370	.53572
CA13 ET produce service for specific customers and are able to sell them at premium price.	216	2.00	5.00	3.9074	.93049
CA14 ET produce service for specific markets and are able to sell them at market or lower price.	216	1.00	5.00	3.8704	1.02156
Valid N (listwise)	216				