

Tesfaye Ginbare Gutu<sup>1</sup> – Dr. István Zsombor Hágen<sup>2</sup> – Dr. Domicián Máté<sup>3</sup>

# Financial Control and Dynamic Capabilities for Enterprise Resilience: A Case Study of Ethiopian Airlines Group (2015–2024)

## SUMMARY

Rising economic instability highlights the strategic importance of strong financial control systems in sustaining organizational resilience, adaptability, and longterm performance. This study explores how financial control processes enhance organizational resilience, focusing on Ethiopian Airlines Group (EAG) from 2015 to 2024. Using the Management Control Systems framework and Dynamic Capabilities Theory, the research employs a qualitative case study design based on audited financial statements and annual reports. Descriptive trend analysis assessed shifts in revenue growth, profitability, liquidity, and asset efficiency, linking these indicators to EAG's strategic control mechanisms. The findings show that EAG's integrated financial control architecture emphasizing cost discipline, liquidity preservation, capital expenditure management, and revenue diversification, was central to sustaining performance during major external shocks, particularly the COVID19 pandemic. The airline maintained profitability by rapidly transforming its operations, notably expanding its cargo business and effectively leveraging its subsidiaries. Financial evidence reveals an eightfold revenue increase over the study period, strong recovery of net operating and profit margins following the pandemic, and improved liquidity and asset utilization. Overall, the study demonstrates that strategically embedded financial control systems are essential for rapid recovery and longterm resilience in volatile environments, offering valuable insights for enterprises and policymakers in emerging economies.

**Keywords:** Financial controlling, resilience, Dynamic Capabilities Theory, Ethiopian Airlines Group, management control systems

**JEL-codes:** M41, L25, L93, G30

## INTRODUCTION

Financial controlling represents a strategic dimension of management accounting that integrates planning, forecasting, and performance evaluation to align financial practices with long-term organizational goals (Otley, 2016). Beyond recording transactions, it functions as a governance mechanism that ensures cost discipline, liquidity management, and informed decision-making, capabilities that are critical for organizational resilience in volatile and resource-constrained environments (Seal, 2006).

In recent years, the concepts of enterprise resilience and dynamic capabilities have emerged as central to understanding how organizations survive and adapt amid turbulence. Enterprise resilience refers to an organization's capacity to anticipate, absorb, and recover from disruptions while maintaining essential functions and competitiveness (Duchek, 2020). Dynamic capabilities, as articulated by Teece (2007), describe the firm's ability to sense opportunities and threats, seize them through timely action, and reconfigure resources to sustain advantage. When viewed through this lens, financial control becomes not merely a monitoring system but a strategic capability that enables adaptive learning, flexible resource allocation, and swift recovery from crises. It supports resilience by enabling budgeting, variance analysis, feedback systems, and rapid corrective action, allowing organizations to continuously realign strategic objectives with changing conditions (Berry et al., 2009; Kaplan & Norton, 2013).

The importance of such systems is amplified in emerging economies, where firms operate under inflationary pressures, foreign exchange shortages, regulatory complexity, and limited access to credit. These constraints heighten the need for robust financial control systems that link accounting information to strategic decision-making and performance improvement (Nixon & Burns, 2012). Within these contexts, financial controlling transforms accounting from a compliance-oriented function into a strategic capability that enhances agility and adaptability under uncertainty (Weber & Schäffer, 2022).

Ethiopia's macroeconomic environment exemplifies these challenges. Persistent inflation, currency shortages, and institutional complexity compel enterprises to adopt advanced financial management practices to maintain solvency, accountability, and operational continuity (National Bank of Ethiopia, 2024). While many public enterprises struggle with weak oversight and inefficiencies, Ethiopian Airlines Group (EAG)

<sup>1</sup> PhD student, Doctoral School of Economics & Regional Sciences, Hungarian University of Agriculture and Life Sciences, Kaposvár, Hungary. gutu.tesfaye.ginbare@phd.uni-mate.hu

<sup>2</sup> Associate Professor, Doctoral School of Economic & Regional Sciences, Hungarian University of Agriculture and Life Sciences, Gyöngyös, Hungary. Corresponding author: hagen.istvan.zsombor@uni-mate.hu

<sup>3</sup> Professor, Faculty of Engineering, Department of Engineering and Management and Enterprise, University of Debrecen, Debrecen, Hungary. mate.domician@eng.unideb.hu

stands out as an exception, demonstrating how effective financial control systems can thrive under state ownership when strategic autonomy is aligned with performance accountability (Ministry of Finance, 2023).

Founded in 1945, Ethiopian Airlines Group has grown into Africa's largest and most profitable airline, sustaining strong financial performance despite fuel price volatility, foreign exchange risks, and the disruptions caused by the COVID-19 pandemic (Oqubay, 2024). Its rapid strategic reconfiguration, such as converting passenger aircraft into cargo carriers during the pandemic, illustrates how disciplined financial control enables both operational continuity and strategic flexibility, reinforcing organizational resilience.

Despite EAG's recognized success, academic inquiry has not yet systematically examined how financial control mechanisms contribute to organizational resilience in Ethiopian enterprises. Existing research on financial control in Africa remains limited and largely descriptive, emphasizing compliance rather than strategic value creation or adaptability (Weber & Schäffer, 2022; UNECA, 2024). Moreover, empirical studies rarely explore financial control as a dynamic capability, particularly within state owned enterprises operating under volatile economic conditions. This gap highlights the need for context-specific analysis of how financial control systems enhance competitiveness, resilience, and sustainability in emerging economies.

Given the strategic significance of financial controlling within volatile and resource constrained environments, it becomes essential to understand how these mechanisms operate in practice within high-performing state-owned enterprises. Ethiopian Airlines Group (EAG) provides a particularly compelling case because it demonstrates how integrated budgeting, liquidity management, and digital financial governance can enhance resilience under macroeconomic pressure. While the preceding discussion established the theoretical and contextual foundations spanning Management Control Systems (MCS), the Resource-Based View (RBV), and Dynamic Capabilities Theory (DCT), there remains a need for empirical inquiry into how these frameworks manifest in the operational realities of an African enterprise.

This study, therefore, directs its analytical focus toward Ethiopian Airlines to explore the relationship between financial controlling practices and organizational resilience. The following research questions are formulated to guide this investigation.

*RQ1: In what ways have financial controlling practices contributed to the resilience of the Ethiopian Airlines Group between 2015 and 2024?*

*RQ2: What factors have shaped the effectiveness of financial control mechanisms in the case of Ethiopian Airlines Group?*

*RQ3: How do changes in financial performance indicators reflect the role of financial control systems in sustaining enterprise resilience?*

## LITERATURE REVIEW

The study of financial controlling and resilience draws on a rich theoretical base combining management control, strategic resources, and adaptive capability perspectives. Together, these frameworks explain how firms develop structured yet flexible financial systems that foster stability and innovation in volatile contexts.

The concept of controlling theory has evolved over several decades as a central management tool that integrates planning, coordination, and performance measurement within organizations. Originating from German management thought, "controlling" extends beyond conventional accounting to include strategic planning, goal alignment, and continuous performance monitoring (Anthony & Govindarajan, 2007). It bridges the gap between strategic intent and operational execution by providing reliable financial and non-financial information for decision-making. Whereas early interpretations regarded controlling as primarily a cost and performance measurement tool, contemporary perspectives emphasize its strategic function in fostering organizational agility and resilience through enhanced transparency and coordination (Weber & Schäffer, 2022).

### *Management Control Systems (MCS) Framework*

The Management Control Systems (MCS) framework provides the structural basis for understanding how organizations align decision-making and resource allocation with strategic goals. According to Simons (1995), control systems act as "levers of control," balancing innovation with accountability through mechanisms such as budgets, performance targets, and feedback loops. Otley (2016) further extends this through contingency theory, emphasizing that the effectiveness of control systems depends on their alignment with environmental conditions, technology, and organizational complexity.

Within the Ethiopian Airlines Group (EAG), the MCS approach is reflected in integrated budgeting, performance tracking, and variance analysis mechanisms that help ensure operational alignment and cost efficiency. By maintaining an adaptive control architecture, EAG manages to reinforce its strategic resilience amid macroeconomic uncertainty, aligning financial data with managerial foresight. Thus, the MCS framework demonstrates that financial control is not simply an administrative function but a dynamic coordination system that strengthens resilience through disciplined information flow and timely managerial response.

### *Resource-Based View (RBV)*

The Resource-Based View (RBV), developed by Barney (1991), argues that firms gain sustained competitive advantage from unique, valuable, and hard-to-imitate resources. In this view, financial control mechanisms represent not just support tools but strategic resources that shape long-term capability. Effective budgeting, cost control, and forecasting systems generate information capital, a non-tangible resource that enhances decision quality and efficiency.

For EAG, the financial control framework acts as such a strategic asset. Its robust management accounting and performance evaluation systems enable precise resource allocation and cost containment, contributing to superior operational efficiency. This internal control capacity allows EAG to achieve sustained profitability and resilience against environmental shocks, distinguishing it from many other state-owned enterprises in Africa. The RBV perspective, therefore, situates financial controlling as an intangible capability that delivers enduring competitive advantage.

While RBV focuses on resource possession, Dynamic Capabilities Theory (DCT) emphasizes how organizations re-

configure and redeploy these resources to adapt to change (Teece, 2018). Financial control systems play a vital role in developing such dynamic capabilities by fostering continuous learning, data-driven analysis, and flexible resource reallocation.

EAG provides a practical example of this mechanism. During the COVID-19 pandemic, its financial control systems enabled the rapid assessment of liquidity risks, simulation of alternative scenarios, and decisive reallocation of assets toward cargo operations. These actions embody the three pillars of dynamic capabilities, sensing opportunities, seizing them through rapid decision-making, and transforming resource configurations. The DCT lens thus explains how financial control supports resilience through organizational agility and proactive adaptation to external shocks.

#### *Cyber-Resilience and Digital Control Theory*

A more recent theoretical extension is Cyber-Resilience and Digital Control Theory, which emphasizes the intersection of digital transformation and management control (Weber & Schäffer, 2022). This perspective argues that digital infrastructures, such as enterprise resource planning (ERP) systems, redefine control practices by enabling real-time visibility and predictive analytics while introducing new risks associated with cybersecurity and system vulnerability.

For Ethiopian Airlines, digital control is operationalized through its SAP-based ERP architecture, which integrates financial accounting, procurement, maintenance, and operational data (Taddele, 2015). This integration allows for continuous monitoring of liquidity, expenditures, and cost performance, while cybersecurity budgeting ensures system resilience against digital threats. Consequently, cyber-resilience functions as both a defensive and adaptive capability, enabling EAG to maintain data integrity, operational continuity, and compliance with global aviation standards. This theoretical dimension reinforces the argument that financial control in the digital era must encompass technological reliability and risk mitigation as integral components of strategic governance.

Empirical evidence from global and regional research supports the theoretical argument that financial control systems underpin organizational resilience through cost discipline, liquidity management, digital integration, and governance alignment.

Globally, studies have shown that firms with robust control systems outperform their peers during economic downturns. For instance, Berry et al. (2009) and Anthony and Govindarajan (2007) demonstrate that effective budgeting and variance analysis strengthen cost discipline, reduce inefficiency, and enhance managerial responsiveness. Similarly, Langfield-Smith (1997) finds that liquidity management and real-time cash forecasting act as safeguards against financial distress, particularly in volatile markets.

Digitalization has further transformed the scope of financial control. Weber and Schäffer (2022) show that digital dashboards and ERP systems facilitate greater transparency, faster reporting, and cross-departmental coordination. These findings align with Akhtar and Rashid (2024), who highlight that organizations investing in cyber-resilient control infrastructure experience fewer operational disruptions and stronger financial continuity. Thus, digital control not only improves effi-

ciency but also enhances resilience by mitigating technological risk.

The integration of governance and ESG considerations adds a further dimension to empirical understanding. Seal (2018) argues that ethical financial governance improves stakeholder confidence and mitigates agency problems, thereby stabilizing performance over time. The United Nations Economic Commission for Africa (UNECA, 2024) similarly reports that African enterprises with transparent control systems and governance alignment exhibit higher financial sustainability and institutional credibility. This evidence reinforces the argument that governance-based control mechanisms are central to building resilient organizations in emerging economies.

Empirical research within Africa highlights both progress and persistent challenges. Many state-owned enterprises face structural inefficiencies and weak internal control systems, which undermine competitiveness (UNECA, 2024; Ministry of Finance, 2023). Common deficiencies include fragmented financial reporting, poor data integration, and limited managerial autonomy. However, select enterprises have demonstrated that strategic control reform can reverse these trends. Ethiopian Airlines stands out as an exemplar, leveraging multi-level control mechanisms, integrated financial reporting, and performance-based management to sustain profitability across two decades (Ethiopian Airlines, 2024).

The company's approach aligns with global best practices by combining cost control, liquidity management, and digital monitoring within a coherent governance framework. Through these mechanisms, EAG has transformed financial control into a strategic instrument for resilience, adaptability, and sustained competitiveness. Its success underlines the value of embedding digital, financial, and governance dimensions within a single integrated control architecture.

Although much empirical work has examined performance measurement and budgeting in developed contexts, studies in Africa remain primarily descriptive and lack theoretical integration. Few researchers have explored the interplay between digital transformation, cyber-resilience, and financial control systems. Moreover, limited attention has been paid to longitudinal analysis or comparative assessment among state-owned enterprises. Addressing these gaps is essential for understand-

**Table 1: Financial Performance Trends (2015–2024)**

| Fiscal Year | Total Revenue (Birr '000) | Operating Profit (Birr '000) | Net Profit Before Tax (Birr '000) |
|-------------|---------------------------|------------------------------|-----------------------------------|
| 2015        | 49,457,597,561            | 4,853,328,487                | 3,531,424,351                     |
| 2016        | 54,441,953,612            | 7,338,944,751                | 6,128,872,862                     |
| 2017        | 60,919,783,070            | 3988420698                   | 4461013413                        |
| 2018        | 90906968909               | 7328913313                   | 7176290237                        |
| 2019        | 113,068,129,257           | 7736898479                   | 6,830,049,119                     |
| 2020        | 120131762011              | 13443020921                  | 7239478631                        |
| 2021        | 139409747392              | 27975594683                  | 19889350784                       |
| 2022        | 253055649189              | 57253361253                  | 47611740973                       |
| 2023        | 332315015044              | 59458484757                  | 49077863333                       |
| 2024        | 396703727589              | 61593126346                  | 49293546990                       |

ing how control systems evolve to meet both financial and technological demands in emerging economies.

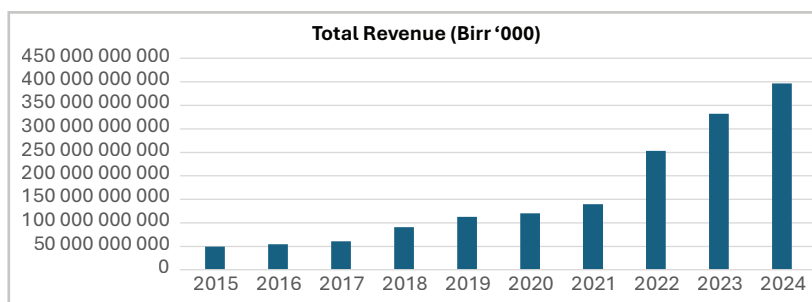
Overall, empirical studies converge on the conclusion that financial control mechanisms whether in the form of advanced budgeting systems, liquidity management, or digital platforms, play a decisive role in shaping resilience outcomes. Firms that institutionalize such systems tend to exhibit stronger liquidity stability, faster recovery from crises, and improved profitability. The Ethiopian Airlines case provides a compelling example of this relationship, demonstrating that financial control, when integrated with governance and digital capability, becomes a cornerstone of sustained performance.

## METHOD

This study adopted a qualitative case study design and descriptive financial trend analysis to examine how financial controlling practices contribute to organizational resilience at Ethiopian Airlines Group (EAG) over the period 2015–2024. A qualitative design allows for rich contextual analysis and theory-driven interpretation, which is essential for understanding dynamic capabilities and management control systems in practice. The research follows an interpretivist approach, focusing on explaining observed financial outcomes through established management control and resilience theories.

Ethiopian Airlines Group was selected due to its sustained profitability and adaptive performance in a volatile macro-economic and industry environment, particularly during the COVID-19 crisis. The study relies exclusively on secondary data obtained from audited financial statements and annual reports of EAG, complemented by reports from national institutions (Ministry of Finance and National Bank of Ethiopia) and international organizations. Using multiple authoritative sources enabled data triangulation and enhanced analytical credibility.

Data was analyzed through systematic document review and longitudinal trend analysis of key financial indicators, including revenue growth, profitability, liquidity ratios, and return on assets. Interpretation followed a theory-driven pattern-matching approach, linking observed financial outcomes



**Figure 1: Ethiopian Airlines Group total revenue trends (2015–2024), showing temporary disruption during COVID-19 and strong post-pandemic recovery.**

to Management Control Systems and Dynamic Capabilities frameworks to explain resilience mechanisms.

## RESULTS

This study examined how financial controlling practices contribute to enterprise resilience the case of Ethiopian Airlines Group (EAG), by analyzing audited financial statements from 2015 to 2024. The analysis focuses on trends in revenue growth, profitability, liquidity, and asset efficiency. These indicators are interpreted through the lenses of Management Control Systems (MCS), Dynamic Capabilities Theory, and organizational resilience frameworks, with particular emphasis on how financial control mechanisms enabled EAG to withstand and recover from major economic shocks, most notably the COVID-19 pandemic. Therefore, this section focuses on observed trends in revenue growth, profitability, liquidity, and asset efficiency based on audited financial statements. Results are presented descriptively, supported by tables and figures,

### Revenue Growth Trends (2015–2024)

Longitudinal financial evidence reveals a strong upward trajectory in EAG's revenue and profitability over the study period, interrupted only temporarily by the COVID-19 crisis. As stated in Table 1, total revenue increased from Birr 49.46 billion in 2015 to Birr 396.70 billion in 2024, representing an eight-fold expansion. Although revenue growth moderated during the pandemic years (2019–2021), EAG demonstrated a rapid post-crisis recovery, recording revenue growth of 16.05% in 2021 and an exceptional 81.52% in 2022, followed by sustained

| Fiscal Year | Total Assets    | Current asset   | Current Liability | CR   | Operating Margin (%) | Net Profit Margin (%) | Revenue Growth (%) | ROA (%) |
|-------------|-----------------|-----------------|-------------------|------|----------------------|-----------------------|--------------------|---------|
| 2015        | 83,229,409,403  | 18,078,565,295  | 22,500,127,515    | 0.80 | 9.81                 | 7.14                  | –                  | 4.24    |
| 2016        | 88,813,590,643  | 16,567,080,101  | 20,955,616,160    | 0.79 | 13.48                | 11.26                 | 10.08              | 6.9     |
| 2017        | 104,385,920,101 | 20,518,595,746  | 24,479,807,955    | 0.84 | 6.55                 | 7.32                  | 11.9               | 4.27    |
| 2018        | 206,538,546,203 | 37,663,829,117  | 41,564,636,163    | 0.91 | 8.06                 | 7.89                  | 49.22              | 3.47    |
| 2019        | 229,512,735,756 | 41,382,563,721  | 48,934,194,421    | 0.84 | 6.84                 | 6.04                  | 24.38              | 2.98    |
| 2020        | 369,965,880,872 | 44,451,436,485  | 66,385,789,167    | 0.67 | 11.19                | 6.03                  | 6.25               | 1.96    |
| 2021        | 470,086,186,042 | 73,908,365,780  | 86,918,075,019    | 0.85 | 20.07                | 14.27                 | 16.05              | 4.23    |
| 2022        | 577,283,871,150 | 119,144,965,000 | 116,791,297,447   | 1.02 | 22.62                | 18.81                 | 81.52              | 8.25    |
| 2023        | 670,204,641,580 | 162,622,799,717 | 138,754,193,369   | 1.17 | 17.89                | 14.77                 | 31.32              | 7.32    |
| 2024        | 743,852,353,637 | 199,888,381,325 | 165,782,909,448   | 1.21 | 15.53                | 12.43                 | 19.38              | 6.63    |

Source: EAG (2025). Summary of Ethiopian Airlines Group's key financial indicators, including revenue, profitability, liquidity, and asset efficiency over ten years.

double-digit growth thereafter. This rebound reflects not only the recovery of passenger demand but also deliberate strategic reconfiguration, particularly the expansion of cargo operations and subsidiary services.

#### Profitability Performance and Cost Discipline

Profitability indicators further reinforce the resilience narrative. Table 1 also shows that operating margins fluctuated in the pre-pandemic period and reaching a low point of 6.84% in 2019, likely attributable to extraordinary costs or accounting reclassifications. Despite the severe contraction of global aviation in 2020, Ethiopian Airlines maintained positive operating and net profit margins, underscoring the effectiveness of cost control, expenditure monitoring, and budgetary discipline.

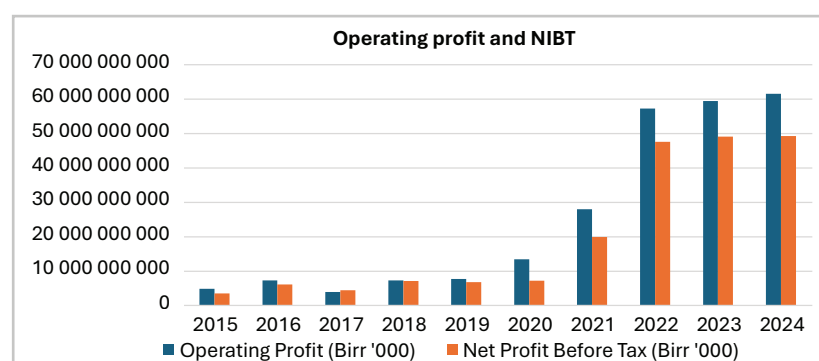


Figure 2. Operating profit and net profit before tax (2015–2024), illustrating sustained profitability and post-crisis margin strengthening.

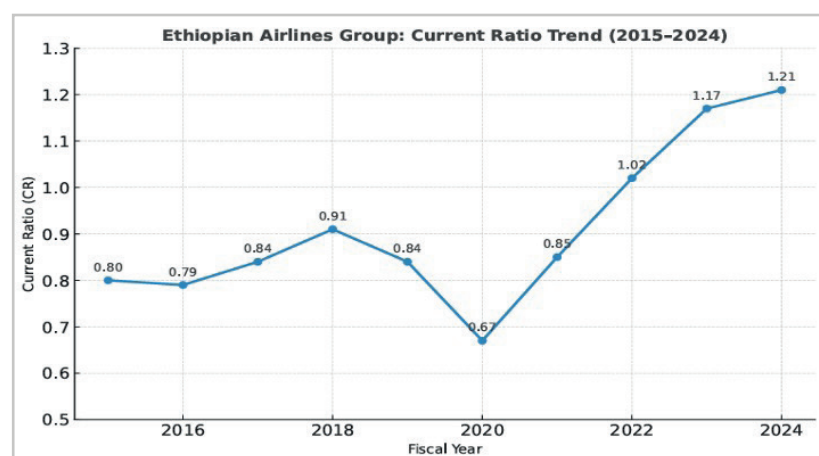


Figure 3: Liquidity Position – Current Ratio (CR), 2015–2024

Current ratio trends (2015–2024) showing short-term solvency dynamics and recovery after pandemic-induced stress.

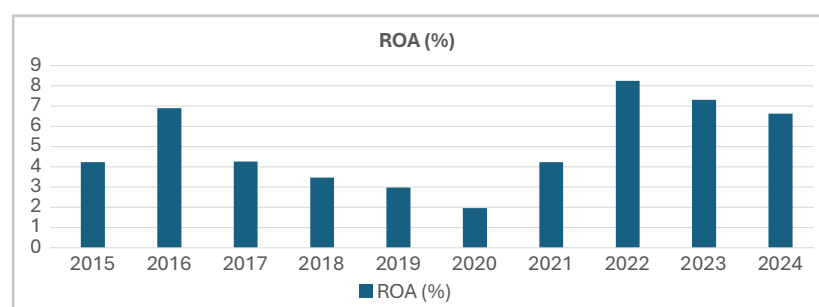


Figure 4: Return on Assets (ROA %) Trends for Ethiopian Airlines Group (2015–2024). Annual ROA (%) illustrating asset utilization efficiency and resilience patterns over a ten-year period.

From 2021 onward, profitability strengthened markedly, with operating margins peaking at 22.62% and net profit margins at 18.81% in 2022. Although margins moderated slightly in 2023–2024, they remained well above pre-pandemic levels, indicating structurally improved efficiency.

#### Liquidity and Short-Term Financial Stability

Liquidity trends provide additional insight into EAG's financial resilience. According to Table 1 and as presented in Figure 3, current ratio analysis indicates that short-term solvency deteriorated during the pandemic, with the ratio declining to approximately 0.67 in 2020 as current liabilities increased sharply relative to current assets. However, from 2021 onward, liquidity improved steadily, with the current ratio exceeding 1.0 by 2022 and reaching approximately 1.21 by 2024. This recovery reflects proactive working-capital management, scenario-based cash-flow planning, supplier renegotiations, and disciplined treasury controls. These practices align with cybernetic control principles that emphasize continuous feedback, variance correction, and adaptive responses.

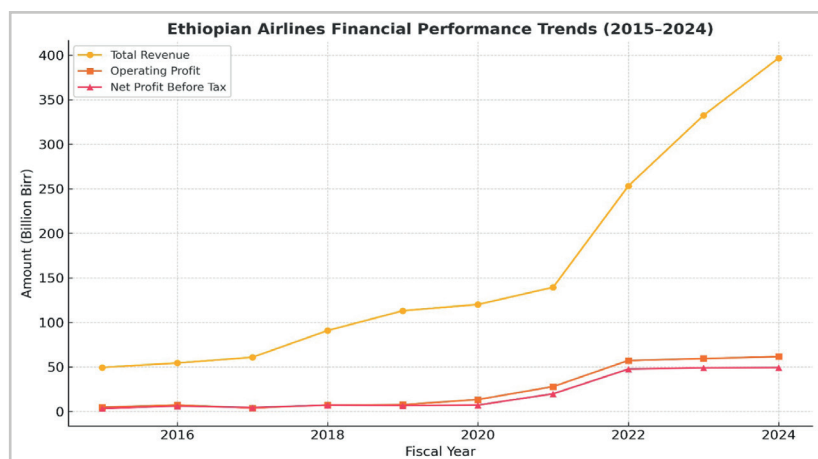
#### Asset Efficiency and Capital Utilization

Asset efficiency, measured by Return on Assets (ROA), further illustrates the integration of financial control and resilience. As presented in Table 1, ROA declined from 4.24% in 2015 to a trough of 1.96% in 2020, reflecting pandemic-related revenue losses combined with a rapidly expanding asset base driven by fleet investments. From 2021 onward, ROA rebounded sharply, peaking at 8.25% in 2022, before stabilizing at relatively strong levels in 2023–2024. This recovery suggests that EAG successfully leveraged its asset base for earnings generation once demand returned, supported by disciplined capital budgeting, investment appraisal, and fleet modernization decisions. The alignment between improving ROA, rising margins, and strengthening liquidity provides triangulated quantitative evidence of enhanced organizational resilience.

#### Longitudinal Financial Performance Visualization

Figure 5 presents the longitudinal evolution of Ethiopian Airlines Group's (EAG) total revenue, operating profit, and net profit before tax from 2015 to 2024. It is a multi-series chart combining total revenue, operating profit, and net profit before tax. The visualization complements the numerical evidence in Table 1 by emphasizing temporal patterns and structural shifts in financial performance.

The figure illustrates total revenue, operating profit, and net profit before tax, showing a sharp post-pandemic rebound attributed to strategic reconfiguration and strengthened financial control systems.



**Figure 5: Ethiopian Airlines Group Financial Performance Trends (2015–2024).**

Total revenue exhibits a strong upward trajectory over the study period, increasing more than eightfold from Birr 49.5 billion in 2015 to Birr 396.7 billion in 2024. Although growth was temporarily disrupted during the COVID-19 period, the post-2021 trend shows a pronounced acceleration. The sharp incline after 2021 coincides with a recovery phase marked by expanded cargo operations, increased subsidiary contributions, and broader revenue diversification.

Operating profit and net profit before tax display a distinct three-phase pattern. During the pre-crisis period (2015–2018), profitability fluctuated moderately, reflecting exposure to input-cost variability, fuel price movements, and capital expenditures associated with fleet expansion. In the crisis period (2019–2020), profitability declined in line with the global aviation downturn; however, EAG remained profitable throughout this period. The post-pandemic phase (2021–2024) shows a rapid and sustained rebound, with profits peaking in 2022 and stabilizing at higher levels thereafter.

The movement of revenue and profit lines in Figure 1 is closely synchronized. Periods of rising revenue are accompanied by proportional improvements in profitability, indicating that revenue growth was not offset by escalating costs. This pattern aligns with improvements in liquidity and margins reported in Table 1 and suggests a relatively stable cost structure during the recovery phase.

The longitudinal financial trends from 2015–2024 reveal that Ethiopian Airlines Group (EAG) achieved remarkable resilience through strategically embedded financial controls. Revenue expanded eightfold over the decade, from Birr 49.5 billion in 2015 to Birr 396.7 billion in 2024, despite a temporary pandemic, induced slowdown. The sharp rebound post-2021, with revenue growth peaking at 81.5% in 2022, underscores the effectiveness of control-enabled strategic reconfiguration, particularly the expansion of cargo operations and subsidiary services.

Profitability patterns further validate this resilience. Operating margins, which dipped to 6.84% in 2019, surged to 22.62% in 2022, while net profit margins climbed to 18.81% during the same year. These improvements were not merely volume-driven; they reflect disciplined cost management and investment governance. Even during the pandemic, EAG maintained positive margins, highlighting robust expenditure oversight and scenario-based planning.

Liquidity analysis shows a temporary stress in 2020, with the current ratio falling to 0.67, followed by a steady recovery to 1.21 by 2024. This trajectory indicates proactive working-capital management and treasury controls that stabilized short-term solvency. Similarly, asset efficiency, measured by ROA, rebounded from a low of 1.96% in 2020 to 8.25% in 2022, demonstrating effective capital utilization and alignment of investment decisions with profitability goals.

The findings strongly support Management Control Systems (MCS) theory and Dynamic Capabilities Theory (DCT). Consistent with Simons (1995), EAG's diagnostic and interactive controls facilitated timely sensing of disruption and adaptive responses under uncertainty. Similarly, DCT predicts that firms capable

of sensing, seizing, and reconfiguring resources outperform peers during crises (Teece, 2007; Duchek, 2020), a pattern clearly reflected in EAG's post-COVID recovery trajectory.

The synchronized recovery of revenue and profitability further indicates that resilience was not volume-driven alone but enabled by disciplined financial control. This aligns with Resource-Based View (RBV) arguments that intangible assets, such as governance structures, information capital, and financial analytics capabilities, constitute sustainable sources of competitive advantage (Barney, 1991).

Relative to many African state-owned enterprises that remained loss-making during the same period (UNECA, 2024), EAG represents a divergent case. Despite operating in a challenging macroeconomic environment, the airline's improving liquidity ratios, sustained profitability, and asset efficiency suggest that firm-level financial controlling capabilities can partially offset adverse country-level constraints. This finding aligns with international evidence showing that robust governance and digital management systems can outweigh structural disadvantages in emerging economies (Gölgeci et al., 2019).

## CONCLUSION

This study examined how financial controlling practices strengthened Ethiopian Airlines Group's resilience between 2015 and 2024. The evidence shows that EAG's strong performance and rapid recovery from shocks especially the COVID19 crisis—were driven by strategically integrated financial controls rather than external conditions alone. Robust cost management, liquidity planning, capital expenditure governance, and digital financial systems supported stable cash flows, sustained profitability, and strategic agility. These controls enabled EAG to quickly reconfigure operations, expand cargo services, and leverage subsidiaries, demonstrating that effective financial governance can promote innovation and flexibility even in highly volatile environments.

The findings also reinforce the relevance of Management Control Systems, the ResourceBased View, and Dynamic Capabilities theories by showing that financial controlling operates as a strategic capability that enhances information quality, risk sensing, opportunity capture, and resource reallocation. The study highlights that enterprise resilience in emerging economies depends not only on macroeconomic factors but also on firmlevel financial governance. EAG illustrates how effi-

ciency through disciplined, digitally enabled financial control. Policymakers should strengthen reporting standards, support technology adoption, and invest in financial governance capacity, while future research should incorporate primary data and crosscountry comparisons to deepen understanding of the link between digital financial controls and organizational resilience.

## REFERENCES

- AKHTAR, N. – RASHID, A. (2024): Financial Development and Sustainable Development: A Review. *Journal of Sustainable Finance & Investment*. <https://scispace.com/papers/financial-development-and-sustainable-development-a-review-og2691mj3r>
- ANTHONY, RN. – GOVINDARAJAN, V. (2007): Management Control Systems (12th ed.). McGraw-Hill Education. <https://www.hbs.edu/faculty/Pages/item.aspx?num=48490>
- AUBAKIROVA, G. – KONOVALOVA, M. (2019): The Role of Management Accounting in Improving the Efficiency of Enterprise Financial Management. *Economic Annals-XXI*, 178(7–8): 49–54. <https://doi.org/10.21003/ea.V178-08>
- BARNEY, JB. (1991): Firm Resources and Sustained Competitive Advantage. *Journal of Management*, 17(1): 99–120. <https://doi.org/10.1177/014920639101700108>
- BERRY, AJ. – COAD, AF. – HARRIS, EP. – OTLEY, DT. – STRINGER, C. (2009): Emerging Themes in Management Control: A Review of Recent Literature. *The British Accounting Review*, 41(1): 2–20. <https://doi.org/10.1016/j.bar.2008.09.001>
- DUCHEK, S. (2020): Organizational Resilience: A Capability-Based Conceptualization. *Business Research*, 13(1): 215–246. <https://doi.org/10.1007/s40685-019-0085-7>
- ETHIOPIAN AIRLINES. (2024): Annual Report 2023/2024. Ethiopian Airlines Group. <https://corporate.ethiopianairlines.com/AboutUs/annual-reports>
- GÖLGEÇI, I. – ASSADINIA, S. – KUIVALAINEN, O. – LARIMO, J. (2019): Emerging-Market Firms' Dynamic Capabilities and International Performance: The Moderating Role of Institutional Development and Distance. *International Business Review*, Article 101593. <https://doi.org/10.1016/j.ibusrev.2019.101593>
- INTERNATIONAL AIR TRANSPORT ASSOCIATION (IATA). (2021): Economic Performance of the Airline Industry: Impact of COVID-19 and Recovery Outlook. IATA Economics Reports. <https://www.iata.org/en/pressroom/2023-releases/2023-06-20-01/>
- KAPLAN, RS. – NORTON, DP. (2013): The Execution Premium: Linking Strategy to Operations for Competitive Advantage. Harvard Business Press. <https://hbr.org/product/the-execution-premium-linking-strategy-to-operations-for-competitive-advantage/10412-HBK-ENG>
- LANGFIELD-SMITH, K. (1997): Management Control Systems and Strategy: A Critical Review. *Accounting, Organizations and Society*, 74: 38–54. [https://doi.org/10.1016/S0361-3682\(95\)00040-2](https://doi.org/10.1016/S0361-3682(95)00040-2)
- MINISTRY OF FINANCE ETHIOPIA. (2023): Public Enterprise Financial Performance Report 2022/23. Government of Ethiopia. <https://www.mofed.gov.et>
- MINISTRY OF FINANCE. (2020): A Homegrown Economic Reform Agenda: A Pathway to Prosperity (Public Version). Federal Democratic Republic of Ethiopia. [https://www.mofed.gov.et/media/filer\\_public/38/78/3878265a-1565-4be4-8ac9-dee9ealf4f1a/a\\_homegrown\\_economic\\_reform\\_agenda-\\_a\\_pathway\\_to\\_prosperity\\_-\\_public\\_version\\_-\\_march\\_2020-.pdf](https://www.mofed.gov.et/media/filer_public/38/78/3878265a-1565-4be4-8ac9-dee9ealf4f1a/a_homegrown_economic_reform_agenda-_a_pathway_to_prosperity_-_public_version_-_march_2020-.pdf)
- NATIONAL BANK OF ETHIOPIA (NBE). (2024): Financial Stability Report, November 2024. [https://nbe.gov.et/wp-content/uploads/2024/11/Financial-Stability-Report\\_NOV2024.pdf](https://nbe.gov.et/wp-content/uploads/2024/11/Financial-Stability-Report_NOV2024.pdf)
- NIXON, B. – BURNS, J. (2012): The Paradox of Strategic Management Accounting. *Management Accounting Research*, 23(4): 229–244. <https://doi.org/10.1016/j.mar.2012.09.004>
- OQUBAY, A. (2024): Ethiopian Airlines: Lessons from Africa's Largest and Most Successful Carrier. SARCHI Working Paper Series. University of Johannesburg. <https://www.uj.ac.za/wp-content/uploads/2021/10/sarchi-wp-2024-01-oqubay-a-january-2024.pdf>
- OTLEY, D. (2016): The Contingency Theory of Management Accounting and Control: 1980–2014. *Management Accounting Research*, 31: 45–62. <https://doi.org/10.1016/j.mar.2016.02.001>
- SEAL, W. (2006): Management Accounting and Corporate Governance: An Institutional Interpretation of the Agency Problem. *Management Accounting Research*, 38: 39–50. <https://doi.org/10.1016/j.mar.2006.05.001>
- SIMONS, R. (1995): Levers of Control: How Managers Use Innovative Control Systems to Drive Strategic Renewal. Harvard Business School Press.
- TADDELE, E. (2015): ERP Post-Implementation Management Framework: The Case of Ethiopian Airlines (Master's Thesis). Addis Ababa University Institutional Repository. <https://etd.aau.edu.et/server/api/core/bitstreams/0bac8a5e-2e77-491d-97d7-7fa839b02b5d>
- TEECE, DJ. (2007): Explicating Dynamic Capabilities: The Nature and Microfoundations of Sustainable Enterprise Performance. *Strategic Management Journal*, 28(13): 1319–1350. <https://DOI:10.1002/smj.640>
- TEECE, DJ. (2018): Business Models and Dynamic Capabilities. *Long Range Planning*, 51(1): 40–49. <https://doi.org/10.1016/j.lrp.2017.06.00>
- UNITED NATIONS ECONOMIC COMMISSION FOR AFRICA (UNECA). (2023): Building the Resilience of the African Civil Aviation Industry: Lessons Learned from COVID-19. <https://www.uneca.org/stories/building-the-resilience-of-the-african-civil-aviation-industry%2C-lessons-learned-from-covid-uneca.org>
- WEBER, J. – SCHÄFFER, U. (2022): Introduction to Controlling (3rd ed.). Springer Gabler. <https://doi.org/10.3917/ems.spon.2021.01.0281>
- WORLD BANK. (2023): Ethiopia Economic Update: Strengthening Resilience through Financial Sector Reform. Washington, DC: World Bank Group. <https://openknowledge.worldbank.org/entities/publication/ethiopia-economic-update-2023>
- WORLD BANK. (2024): Ethiopia Economic Update, No. 8: Strengthening the Financial Sector and Enhancing Resilience. <https://openknowledge.worldbank.org/entities/publication/ad8e253a-801c-5e55-a5e7-464139b4c820>