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# Influence of Strategic Management on Employees' Performance: Mediating Role of Empowerment

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### ABSTRACT

*The purpose of this research was to investigate the impact of strategic management techniques on employee performance via the mediation of empowerment. Incorporated in strategic management were techniques like (Internal Analysis, Strategic Leadership, Strategic Planning, Strategic Change Management and Strategic Learning). Only (287) members of Amman Chamber of Industry-registered companies in engineering, electrical and information technology sectors replied to the online questionnaire, based on a quantitative methodology and using a questionnaire. There was a strong correlation between the development of employees' performance and empowerment, according to the findings of the study. This empowerment works its way into allowing workers to take more responsibility for their own decisions, run these decisions into the benefit of the organization and ensure the organization's overall goals are met. According to a recent study, it is necessary to change typical management mindsets that are built on authority in order to produce great results. In the research, there were other recommendations.*

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### INTRODUCTION

Workplace pressure has increased as a result of rapid technological development and fierce competition between organizations. Employees are under greater pressure to deliver their best performance, and this performance must be able to meet the organization's performance needs and deliver them to organizational excellence (Kabetu and Iravo, 2018). It has been demonstrated over time, according to Samimi et al (2020), that the concept of strategic management has the ability - through feedback and continuous evaluation of all actors within the organization's environment, from its employees to the tools and equipment used to the top management - to positively influence organizational performance. And the manner in which it interacts with the whole of the organization's lexicon.

A high degree of participation between business units was fostered through strategic planning and organization, according to Mukhezakule and Tefera (2019), who asserted that strategic management played a significant role in determining the characteristics of the organization that set it apart from compe-

titors, and that strategic management contributed significantly to forming a distinguished performance by fostering a high degree of participation between business units. Hunitie (2018), on the other hand, discovered that strategic management does not have an influence simply at the level of administrative choices or business units, but also extends to the level of working persons and the manner in which they run their enterprises and delegate responsibility to others.

As a result, the present research intends to establish the influence of strategic management on employee performance by taking into consideration the mediating function of empowerment. The strategic management variables, which comprised the following, were employed by the researcher in this study (Internal Analysis, Strategic Leadership, Strategic Planning, Strategic Change Management and Strategic Learning).

## **1. LITERATURE REVIEW**

### **1.1 Strategic Management**

Strategic management is distinct from other sorts of departments in that it occupies the top of the institutional pyramid in terms of significance, since it is the sole means by which the organization can define its long-term direction (Mikhno et al, 2020). According to Garrido-Lopez et al (2018), strategic management in general differs from other sorts of departments in terms of idea, philosophical thinking, levels, and methodologies, as well as from other types of departments. Strategic management, according to Ravenda et al. (2019) and Potyshniak et al. (2019), is the art of formulating, executing, and assessing organizational choices while assuring their realization, that is, establishing integration between management theories and their actual implementation. Strategic management, according to Rugman and Douglas (2018), is viewed from the perspective that it is the methods and tools for developing organizational plans over the long term by providing the appropriate tools and individuals for this purpose, which is dependent on the efficient management of the organization's existing resources.

The strategic management structure is divided into three levels, which were defined by Coen and Vannoni (2020) and Meresa (2019) as a) the top management, b) the middle management, and c) the lower management. The top management is comprised of the CEO, the middle management, and the lower management. Based on the research of Stewart and Stead (2019), it has been determined that having different levels does not diminish the importance of the strategic plans and decisions that take place within each level, but rather that they are usually integrated and comprehensive in order to be interconnected with one another in order to achieve the desired results..

### **1.2 Employees' Performance**

According to Diamantidis and Chatzoglou (2019), performance is defined as the quantity and quality anticipated from each employee to be used as performance assessment criteria later in the company. There are two types of work performance theories: positive and negative. The positive theory states that human forces' actions have a positive impact on the organization's performance, and this can lead to a higher level of organizational performance. The negative theory states that human force's actions have a negative impact on the organization and can lead to a lower level of organizational performance.

Rizky and Ardian (2019) describe the three main ways in which performance is evaluated, which include a) measuring production rates and working hours over the course of a specific period of time, b) having a leadership or administrative individual evaluate the performance of an employee, and c) self-evaluation. It focuses on encouraging workers to assess their own performance in order to discover their own strengths and limitations.

## 1.3 Empowerment

Collaboration mechanisms, social media and other communication programs are among today's firms' instruments for satisfying their organizational demands in a timely way (Baird and Munir, 2018). The growth of a company might be hampered if there is a typical top-down management structure in place. Even management and other bureaucratic procedures may impede decision-making and inhibit talent and a feeling of innovative thinking among the workforce at large (Bose and Emirates, 2018).

Employee participation in facility decision-making may be bolstered via the use of empowerment strategies, which increases both the efficacy and efficiency of the facility's workers (Dahou and Hacini, 2018). Giving employees the ability to voice their views on the nature of their job and so allowing them to influence the decision-making process is also a kind of empowerment, according to Potnuru et al (2018). According to Mohapatra and Sundaray (2018), the goal of employee empowerment is to help employees be more productive by giving them more freedom and control over their work environment while still allowing them to improve their performance and use their previous work experiences to help them meet their objectives.

The decision-making process in any business should be as quick, flexible, and structured as feasible in today's environment of rapid change, according to Andika & Darmanto (2020) and Idris et al (2018). It will be very difficult for a business that operates according to the old hierarchical structure to do all of this (Shukla et al, 2018). Traditional businesses are slowed down by layers of management and are less responsive to market circumstances and decision-making (Zaraket et al, 2018). A company's ability to recruit and retain a team of brilliant, innovative people is boosted when workers are given more authority and responsibility.

## 1.4 Strategic Management Performance

Organizational objectives may be reached via the use of strategic performance management, which has been described as a strategy and technique for evaluating and regulating performance as well as identifying weak points and strengths. It has been noted by Aguinis (2019) that strategic performance management is typically done by depending on the balanced scorecard, which assesses employee performance in financial performance, customer happiness, efficiency of internal processes, and improvement of organizational skills. By focusing on the organization's plan and how it will be achieved, strategic performance managers examine the performance of workers and the ways in which they may be improved in terms of their capabilities.

One of the strategies employed by major corporations like G&P and Unilever to improve individual performance and, in turn, the overall performance of the business is strategic performance management, according to Thirumalaiselvan and Venkatachalam (2019).

## 1.5 Hypotheses Development

Researchers concluded that strategic management is an important aspect of every organization's overall strategy. This includes areas such as environmental analysis and survey; strategy creation; execution; assessment; and control, according to Nzewi et al (2017 research). The purpose of the research was to investigate the effect of strategic management on the performance of aluminum production employees in the Delta states. The researcher utilized a questionnaire and disseminated it to a sample of (123) workers, relying on the quantitative technique. In the study, researchers found a strong association between strategic management practices and employee productivity, and they believe this is because of the in-house research that gives both workers and management the data they need to make informed decisions. The research also indicated that strategic management plays an active role in empowering people in terms of enhancing employee engagement, which results in higher performance.

Nyongesa et al. (2017) investigated the effect of strategic management on KPLC's performance in Kenya, starting with the premise that employee performance has a significant influence on organizational performance. The researchers employed a questionnaire instrument and disseminated it to (133) corporate administrators as a stratified random sample. It was discovered that there is a correlation between

strategic management and organizational performance, with the source of this relationship being strategic leadership, which helped to motivate employees to strive for higher levels of performance by implementing measures to keep the organization's performance, transparency, and focus on customer satisfaction high.

There are two ways to look at the performance of an organization, according to Tolici (2021). One way is to look at it as a consequence of the individual's performance; the other way is to look at it as an outcome of the organization's members' performances. Many factors, including organizational culture, learning and innovation and individual performance, have a role in a company's success or failure, says the study's author. It was the goal of Tolici's (2021) research to illustrate how strategic management impacts leadership, individual performance, and transformation in order to achieve outstanding results. According to the findings of the study, strategic management is capable of dealing with change and controlling its resistance, as well as strategic leadership contributes to managing working individuals in a way that encourages them to provide the best performance and thus raises organizational performance.

Using a quantitative approach and a questionnaire distributed to a sample of (235) employees, as well as the use of structural equation modeling to analyze data, Azbari et al. (2015) concluded that strategic leadership and empowerment increase employee satisfaction with the work environment and their overall satisfaction with their jobs. At the University of Muhammadiyah in Indonesia, Rustamadji and Omar (2019) conducted a research to see whether organizational commitment, a mediating factor in the relationship between strategic management and employee performance. The questionnaire was given out to a representative sample of (386) university staff at Indonesia's (12) University of Muhammadiyah using a quantitative technique. There is a strong correlation between the performance of personnel and their degree of organizational commitment to strategic management encompassing environmental analysis; strategic leadership and strategy execution. From hypotheses development above, researcher was able to formulate following set of hypotheses:

- Ha:** Strategic management has an influence on employees' performance
- Hb:** Strategic management has an influence on employees' empowerment
- Hc:** Employees' empowerment has an influence on employees' performance
- Hd:** Strategic management has an influence on employees' performance that is attributed to employees' empowerment

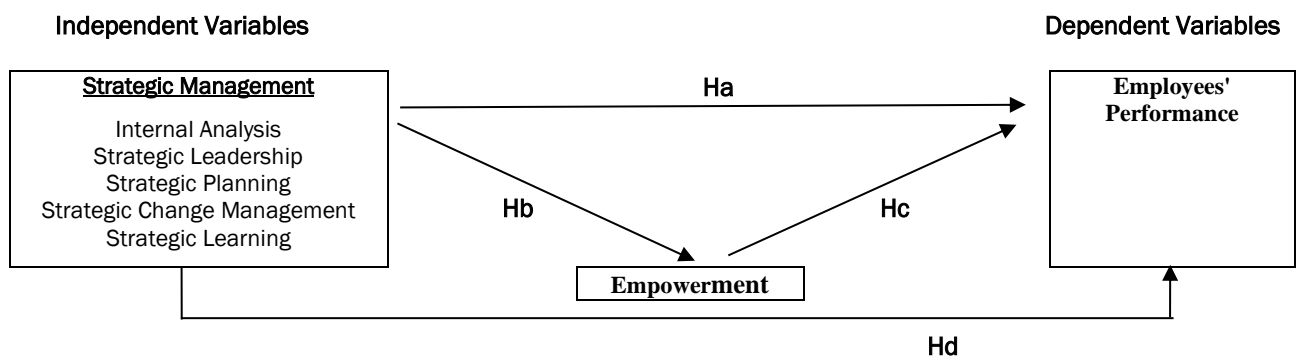


Figure 1. Study Model

Source: Yas et al (2020); Han et al (2020)

## 2. METHODS

### 2.1 Methodological Approach

For the current research, primary data was obtained via the quantitative method. Stockemer et al (2019) defined quantitative research as study that seeks to quantify the issue and understand its prevalence by looking for outcomes that may be predicted to apply to a wider population. By creating numerical data or data that can be transformed into useable statistics to identify certain attitudes, views, behaviors,

and other variables—and generalizing conclusions from a wider population, quantitative research helps define the issue. Data may be quantified, and this data can be used to generate facts and discover trends in study. This phenomenon may be better understood with the use of quantitative research techniques, which gather numerical data from a small group of individuals and then generalize their findings to a larger one. When researchers are looking for objective and definitive conclusions, they often turn to quantitative research.

## 2.2 Study Tool

Study participants filled out a questionnaire that included demographic information and remarks about the study's subvariables. The questionnaire included two major components (Internal Analysis, Strategic Leadership, Strategic Planning, Strategic Change Management and Strategic Learning). To measure agreement or disagreement, a likert scale of 1 to 5 was used, with 1 denoting strong disagreement, 2 designating disagreement, 3 designating neither agreement nor disagreement, 4 designating agreement, and 5 denoting strong agreement. With the help of prior research such as Nzewi et al.(2017), Nyongesa et al.(2017), Tolici (2021), Azbari et al. (2015), and Rustamadji and Omar (2017), the questionnaire was constructed. 2019).

Afterwards, the questionnaire was given to a committee of experts in the subject and arbitrated, resulting in a questionnaire that had (37) paragraphs. Accordingly, the questionnaire was posted online through Google Form in order to gather as much data as feasible in accordance with COVID 19 health precautions.

## 2.3 Population and Sampling Technique

Amman Chamber of Industry registered (31725) organizations were included in the study's population. The study population was represented by a sample size of (380). There were 287 completed questionnaires available to the researcher after the application procedure, indicating a statistically acceptable response rate of 75.5%.

## 2.4 Data Screening and Analysis

SPSS v. 23<sup>rd</sup> was utilized in order to screen and analyze gathered primary data. Cronbach's Alpha test was used in order to test consistency of study tool, Alpha scored (0.956) which was accepted as it was higher than .60 (Gujarati & Porter, 2009). Other statistical tests included:

- Frequency and percentage
- Mean and standard deviation
- Path analysis test
- Pearson correlation

## 3. ANALYSIS AND DISCUSSION

### 3.1 Demographic Results

As it was highlighted in table 1 below, study sample responded to the questionnaire and it was indicated through analysis that majority of sample were males forming (69%) of total sample. Regarding age, it can be seen that majority of sample were within age range of (29-35 years) forming (42.2%) who held (MA) degree in related fields of management forming (78%) of total sample and an experience of (more than 9 years) forming (49.6%) of total sample.

**Table 1.** Sample Statistics

<i>Gender</i>	<i>F</i>	<i>%</i>
Male	198	69.0
Female	89	31.0
<i>Age</i>		
22-28	56	19.5
29-35	121	42.2
36-42	76	26.5
+43	34	11.8
<i>Education</i>		
BA	53	18.5
MA	224	78.0
PhD	10	3.5
<i>Experience</i>		
1-4	56	19.5
5-8	106	36.9
+9	125	43.6
Total	287	100.0

### 3.2 Questionnaire and Variables' Analysis

Table 2 below presented mean and standard deviation of questionnaire statements and variables as according to individuals' responses. It appeared that all statements of questionnaire were well-received as all of them scored higher than mean of scale 3.00. Looking at variables of study, it can be seen that (Employees' Performance) scored the highest mean of 3.69/5.00 compared to (Strategic Planning and Strategic Change Management) which scored the lowest mean of 3.25/5.00. Going deeper into analysis, results indicated that statements were all answered positively as all of them scored higher than mean of scale 3.00. The highest mean was scored by the statement articulated "Strategic performance management is the main stream in the organization" with a mean of 3.81/5.00 compared to the lowest mean scored by statement "Employees' engagement is an integral part of strategic planning" scoring mean of 3.10/5.00 but still statistically positive.

**Table 2.** Questionnaire Analysis

1. Strategic goals are all defined and highlighted among employees clearly	3.45	1.42
2. There a huge participation part from employees in decision making process	3.39	1.30
3. Management makes sure to have multi-sourced data	3.37	1.20
4. Internal processes are reflected in better competitive advantages	3.38	1.22
5. Many internal processes aim to reduce cost and develop quality	3.35	1.17
<b>Internal Analysis</b>	<b>3.39</b>	<b>1.06</b>
6. There is a proper and effective leadership strategies	3.21	1.18
7. Our leadership is always prompt when it comes to decision making process	3.20	.96
8. Leadership is built on sustainable strategic plans	3.16	.91
9. Leadership focuses on empowerment of employees	3.26	.92
10. Leadership supports accountability and credibility	3.44	.96
<b>Strategic Leadership</b>	<b>3.25</b>	<b>.82</b>
11. Employees' satisfaction leads to customer satisfaction	3.30	1.00
12. Good strategies leads to better organizational performance	3.34	1.02
13. All employees are aware of organizational goals and strategies	3.37	.98
14. Employees are all engaged in the process of planning and decision making	3.15	1.20
15. Employees' engagement is an integral part of strategic planning	3.10	1.21
<b>Strategic Planning</b>	<b>3.25</b>	<b>.90</b>
16. Change decisions are presented before us for extra insights	3.45	1.15
17. Management makes sure to make smooth transitions in everything	3.40	1.05
18. change resistance is dealt with smoothly and without problems	3.34	1.07

19. Applied changes are normally for the benefit of employees in the first step	3.31	1.02
20. Change is normally applied with a sense of attention and applicability	3.52	.93
<b>Strategic Change Management</b>	<b>3.40</b>	<b>.91</b>
21. We use the latest technologies for R&D	3.32	.91
22. Management pays attention to adding values for employees	3.26	1.13
23. Training courses are held for better learning	3.25	1.08
24. Knowledge sharing is an integral part in the organization	3.45	1.01
25. Empowerment in taking decisions is valid and processed in the organization	3.23	.97
26. Management aim to develop employees' innovative capabilities	3.66	1.17
27. We're always asked to give ideas that would help present the best in us	3.62	1.14
<b>Strategic Learning</b>	<b>3.40</b>	<b>.85</b>
28. Strategic performance management is the main stream in the organization	3.81	1.03
29. Employees performance is always monitored strategically	3.62	1.06
30. Strategic performance management is the main key to monitor performance	3.58	1.25
31. Performance scorecard is used in the organization	3.76	1.11
<b>Employees' Performance</b>	<b>3.69</b>	<b>.97</b>
32. Employees' engagement is an integral part of strategic plans	3.58	1.10
33. Management makes sure that goals, mission and vision are clear in order to smooth the path for empowerment	3.46	1.30
34. All employees' are a part of strategic plans and are involved in drawing organizational policies	3.55	1.26
35. With empowerment, employees present the best of their performance	3.73	1.13
36. The more empowerment an employee has the more good performance they present	3.57	1.11
37. Management are always ready to hear from employees' and apply their suggestions	3.45	1.31
<b>Empowerment</b>	<b>3.56</b>	<b>.99</b>

### 3.3 Hypotheses Testing

In order to test the study hypotheses, the researcher employed the Path Analysis test. The following outcomes were discovered:

**Table 3.** Fit model

Indicator	AGFI	$\frac{\chi^2}{df}$	GFI	RMSEA	CFI	NFI
Value Recommended	> 0.8	< 5	> 0.90	≤0.10	> 0.9	> 0.9
References	(Miles and Shevlin, 1998).	(Tabachnick and Fidell, 2007)	(Miles and Shevlin, 1998).	(MacCallum et al, 1996)	(Hu and Bentler, 1999).	(Hu and Bentler, 1999).
Value of Model	0.917	3.32	0.927	0.079	0.937	0.925

The above table demonstrates that the aforementioned indicators have met or exceeded the levels specified by the relevant sources; this results in the following hypothesis testing:

**Table 4.** Hypotheses Testing

			Total effect	Indirect effect	Direct effect	T-value	P	Decision
Empowerment	<---	Strategic management	0.789		0.789	20.692	***	Accept
Performance	<---	Strategic management	0.828	0.537	0.291	7.726	***	Accept
Performance	<---	Empowerment	0.68		0.68	18.345	***	accept

**Ha:** Strategic management has an influence on employees' performance

Above table shows that (T-value = 7.726; P < 0.05; = 0.000). This means that Strategic management has an influence of employees' performance

**Hb:** Strategic management has an influence on employees' empowerment

Above table shows that (T-value = 20.692; P < 0.05; = 0.000). This means that Strategic management has an influence on employees' empowerment

**Hc:** Employees' empowerment has an influence on employees' performance

Above table shows that (T-value = 13.345; P < 0.05; = 0.000). This means that employees' empowerment has an influence of employees' performance

**Hd:** Strategic management has an influence on employees' performance that is attributed to employees' empowerment

Above table shows that the total effect (0.828) is significant at 0.05 level. This means that strategic management has an influence on employees' performance that is attributed to employees' empowerment.

Correlation Pearson was used to test the relationship between each independent variable and employee performance. It was found that r values were significant at 0.05 level and ranged between (0.124-0.83)

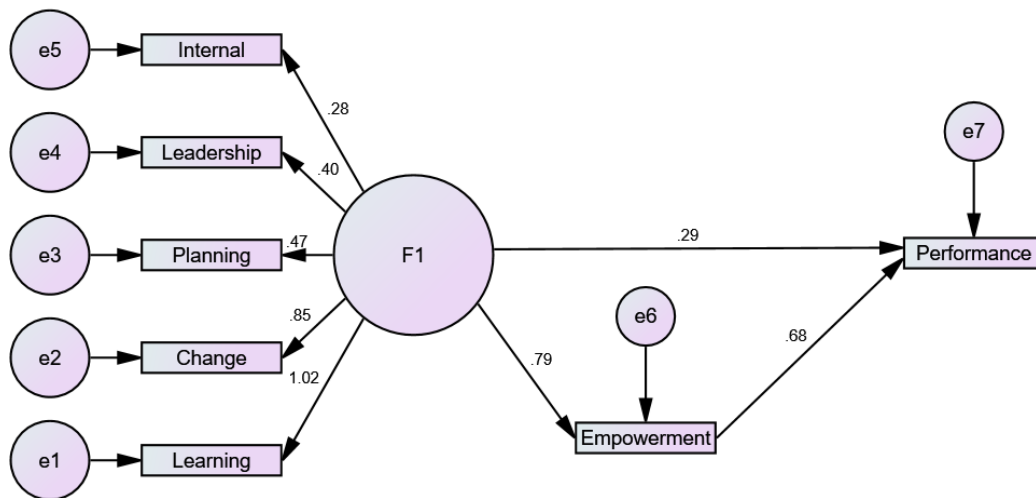
**Table 5.** Correlation Matrix

		<i>Internal Analysis</i>	<i>Strategic Leadership</i>	<i>Strategic Planning</i>	<i>Strategic Change Management</i>	<i>Strategic Learning</i>	<i>Employee Performance</i>
Internal Analysis	Pearson Correlation	1	.514**	.316**	.355**	.295**	.124*
	Sig. (2-tailed)		.000	.000	.000	.000	.036
	N	287	287	287	287	287	287
Strategic Leadership	Pearson Correlation	.514**	1	.576**	.542**	.440**	.319**
	Sig. (2-tailed)	.000		.000	.000	.000	.000
	N	287	287	287	287	287	287
Strategic Planning	Pearson Correlation	.316**	.576**	1	.607**	.507**	.359**
	Sig. (2-tailed)	.000	.000		.000	.000	.000
	N	287	287	287	287	287	287
Strategic Change Management	Pearson Correlation	.355**	.542**	.607**	1	.862**	.609**
	Sig. (2-tailed)	.000	.000	.000		.000	.000
	N	287	287	287	287	287	287
Strategic Learning	Pearson Correlation	.295**	.440**	.507**	.862**	1	.830**
	Sig. (2-tailed)	.000	.000	.000	.000		.000
	N	287	287	287	287	287	287
Employee Performance	Pearson Correlation	.124*	.319**	.359**	.609**	.830**	1
	Sig. (2-tailed)	.036	.000	.000	.000	.000	
	N	287	287	287	287	287	287

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

\* . Correlation is significant at the 0.05 level (2-tailed).





### 3.4 Discussion

Strategic management's impact on employee performance was examined in this research by studying the role of workers' empowerment. As part of a study on the Amman Chamber of Industry, a questionnaire was issued to (287) people working in the engineering, electrical, and computer technology sectors. The factors of strategic management included in the questionnaire included the following: (Internal Analysis, Strategic Leadership, Strategic Planning, Strategic Change Management and Strategic Learning). The following results were obtained via the use of SPSS.:

- Employees within engineering, electrical and information technology industries sector in Jordan showed high level of awareness regarding presented variables as they were able to deal with every statement in a positive approach
- There appeared a good level of strategic management practices within engineering, electrical and information technology industries sector in Jordan
- The first hypothesis was accepted and it appeared that strategic management has an influence on employees' performance with a T-value = 7.726;  $P < 0.05$ ; = 0.000.
- The 2<sup>nd</sup> hypothesis was also accepted and results indicated that strategic management has an influence on employees' empowerment with a T-value = 20.692;  $P < 0.05$ ; = 0.000.
- Results also indicated that employees' empowerment has an influence on employees' performance with a T-value = 13.345;  $P < 0.05$ ; = 0.000.
- Finally, strategic management has an influence on employees' performance that is attributed to employees' empowerment given that the total effect (0.828) was significant at 0.05 level. This meant that strategic management has an influence on employees' performance that is attributed to employees' empowerment.

Research found that strategic management has the capacity to improve employee performance by improving their degree of empowerment via their job description. Strategic performance management (SPM) was born out of the marriage of strategic management and operational effectiveness. Using the study's findings, we can conclude that strategic performance management has a substantial mediating role in the good influence on working people's performance. According to the report, strategic management is an all-encompassing strategy that helps a business realize its goals via workers who are the primary backers of the organization's objectives.

#### *Strategic management means better performance*

Because strategic management is a major trend in the organization's organization and planning, this study found it has a direct impact on employee performance. This is because strategic management allows for greater control over employee performance, which enables the organization to catch any gaps that

could potentially lead to instability in the performance of employees. Using a balanced scorecard was also motivated by strategic management, which resulted in a greater level of performance for firms. Nzewi et al. concurred on this point (2017).

#### *Strategic management supports employees' empowerment*

It was discovered via the analysis that strategic management helps to enhancing employee engagement in their job by recognizing that employee participation and involvement are a vital aspect of strategic planning. Furthermore, strategic management, by concentrating on explaining the organization's objectives and purpose, really aids to boosting workers' awareness of what is plainly demanded of them, assuring the attainment of the goals required by the strategic plans. Empowerment appears in strategic management by focusing on the idea that employees are an integral part of the strategic plan, and thus empowering them is necessary in order to raise the level of organizational performance; this empowerment is actually capable of providing distinguished performance in conjunction with empowerment. Nyongesa et al. (2017) and Tolici (2017) agreed on this (2021).

#### *Employees' empowerment is the way to reach better performance*

Gathering the two aspects of empowerment and performance, it is agreed that empowering employees can assist them in identifying the appropriate decisions that must be made for either the organization as a whole or their own department, giving them that – rather – strategic choice of empowerment will make them more capable of identifying weak points and working on them, as well as strength points and leveraging them. As agreed upon by Azbari et al (2015), this may aid in the development of more accurate results, which are typically the outcomes of empowerment accompanied with strategic management techniques.

#### *Employees' empowerment facilitates the positive influence of strategic management on employees' performance*

The study's basic hypothesis has been proven, accepted, and confirmed, as empowerment facilitates the process of creating a positive impact of strategic management on employee performance via the adopted strategic management variables (Internal Analysis, Strategic Leadership, Strategic Planning, Strategic Change Management, and Strategic Learning); these variables positively affected employee performance by clarifying strategic objectives and increasing strategic learning (2019). Strategic management also adds to gaining a competitive advantage by relying on diverse information sources that represent the benefits of internal organizational activities..

## **CONCLUSION AND RECOMMENDATIONS**

There is no doubt that interest in the notion of employee empowerment is a crucial and decisive aspect for companies, particularly given the trend toward embracing and using contemporary administrative concepts such as strategic management, strategic leadership, and many others. In the present day, one of the management principles that has a good influence on the business as a whole is strategic employee empowerment. Employee empowerment is one of the key needs for the effective implementation of contemporary management principles, and it is strategically dependent on training, modeling, and career development at both the organizational and individual levels.

Finally, strategic management focuses on the equation "individuals X correct internal processes = profit," which means that choosing the right people to work with and the correct internal process system will contribute to maximizing performance and thus achieving profits, which include material profits, market share, customer satisfaction, and competitive priorities.

Accordingly, the study recommends the following:

- Attempting to adapt the traditional administrative mentalities based on authority in order to achieve outstanding performance based on strategic empowerment

- The need to adopt an organizational culture and strategic management practices that are compatible with contemporary requirements and developments.

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