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EFFECT OF INTERNAL FACTORS IN STRATEGY IMPLEMENTATION: THE CASE OF WEGAGEN BANK S.C.

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Effect of internal Factors in strategy implementation: the case of Wegagen Bank S.C.

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DECLARATION

I, the undersigned, declare that this study entitled "Impact of internal factors in strategy implementation, the case of Wegagen bank S.C." is my original work and has not been presented for academic purpose in any other university. In addition, all sources of references used for the study is duly acknowledged.

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Date____

CERTIFICATION

This is to certify that Kidane W/Giorgis has done a study on the topic “Impact of internal factors in strategy implementation: The case of Wegagen Bank S.C.” for the partial fulfillment of Executive Masters of Business Administration [EMBA] at Addis Ababa University with my guidance and approval as a university advisor.

Advisor’s Name: ___________________________

Signature: __________________________

Date: ______________________________

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LIST OF ACRONYMS

HRM: Human Resource Management

GTP: Growth and Transformation Plan

NGO: Non Governmental Organization

IS: Information system

IT: Information technology

Ha: Alternative Hypothesis

NBE: National Bank of Ethiopia

S.C: Share Company

SPSS: Statistical Package for Social Science

S.D: Standard Deviation

I/O: Industrial Organization

SWOT: Strength, Weakness, Opportunity, and Threats

BSC: Balanced score card

ABSTRACT

Strategic management is becoming order of the day in many Ethiopian banks committing substantial resources even hiring foreign consultants at higher price that will be paid in hard currency. The perception seems having formulated strategy will solve everything without giving much thought on other components of strategic management. This study examined internal factors that affect strategy implementation in Wegagen Bank S.C taking samples from head office units and districts as well as branches located in Addis Ababa. Since the staffs at head office, districts, and branches contains a heterogeneous collection of members with different vested interests, orientations, values, and philosophy, the target population is clustered in three groups (head office,district,and branch staffs). Representativeness of the sample respondents was assured by using cluster random sampling design technique. The variables used in the study were sourced from different theoretical as well as empirical literatures. Since the research data source was primary, structured questionnaire was used as field survey method to collect data.. Since Likert scale data was applied in developing questionnaire for the variables used in the study, both descriptive and inferential statistics is used in analyzing responses of the questionnaire that includes frequency, percentage, mean, standard deviation, Pearson correlation coefficient, ANOVA, and multiple linear regression with the support of SPSS version 20. Majority of the respondents were male, holder of a first degree and above, and having more than three years of experience in supervisory or above management position. Based on the descriptive analysis and correlational results for the independent variables, the study showed that resource allocation, organizational structure, leadership style, staff competence, organizational culture, and management information system were found having strong influence in strategy implementation at Wegagen bank. Based on the results of the study, concluding remarks as well as ways forward were drawn.

Key Words: Strategic management, Strategy implementation, internal factors of strategy implementation

CHAPTER ONE

1. Introduction

1.1. Background of the Study

Strategic Management after it has become more mature and consolidated field in the realm of management since 1950s, it is currently widely practiced in the business world. There is general agreement among strategic planning researchers (e.g., Armstrong, 1982) and theorists (e.g., Hax and Majluf, 1991; Higgins and Vincze, 1993; Pearce and Robinson, 1994) cited by (W. E. Hopkins and S. A. Hopkins, 1997) about strategic planning process that consists of three major components: (1) formulation, which includes developing a mission, setting major objectives, assessing the external and internal environments, and evaluating and selecting strategy alternatives; (2) implementation; and (3) control. These three components are focus of strategic planning activities in organizations. It has been argued that positive results from strategic planning are realized more times than not when managers place relatively equal emphasis on each component of the strategic planning process according to Dimma (1985). Proponents of strategic planning (e.g., Schwenk and Shrader, 1993; Steiner, 1979; Thompson and Strickland, 1987) have also argued that the value of strategic planning is that it generates information, promotes long-range thinking, forces the firm to evaluate its environment, provides a structured means for identifying and evaluating strategic alternatives, stimulates new ideas, increases motivation and commitment, and reduces focus on operational details, all of which improve firm performance. According to *W. E. Hopkins and S. A. Hopkins (1997)*, if financial institutions want to succeed financially, they must engage in the strategic planning process with greater intensity. He suggested that the issue is not whether strategic planning affects financial performance in banks, but rather under what conditions banks' financial performance is enhanced by strategic planning.

Academics have studied strategic management extensively and defined it in many ways even though they are increasingly inclined to see it as a means to effectively manage change continuously adapting their systems, products, and cultures to survive the shocks and prosper from the forces that decimate the competition according to David (2011). He defined strategic management as the art and science of formulating, implementing, and evaluating cross-functional decisions that enable an organization to achieve its objectives. It implies that strategic management is all about integrating all functions of a company in different departments to bring organizational success.

According to Vattikoti (2016), strategic management includes the framing and implementation of the prescribed goals and initiatives taken by a company from time to time based on consideration of the available resources and the evaluation of the environments in which the organizations usually compete. In this sense, it is the duty of strategists to balance organizational needs with environmental constraints in order to gain competitive advantage through strategic management.

Strategy implementation is an integrated and coordinated set of commitments and actions designed to exploit core competencies and gain a competitive advantage and a firm has a competitive advantage when it implements a strategy, competitors are unable to duplicate or find too costly to try to imitate (Hitt, Ireland, and Hoskisson, 2009). In this sense, any strategy is not permanent and it lasts only until competitors acquire the skills and resources to duplicate the benefits of a firm's value-creating strategy.

In his book titled key concepts of Strategic management, Palgrave (2004) defined strategic management as that provides an organization with the ability to determine long term direction, asses its long term performance, ensure that plans are correctly and expertly formulated, monitor and implement plans effectively, and carry out a continuous evaluation of the business and its performance. For him, strategic management seeks to integrate the organizational functions and processes into a broad and cohesive strategy ensuring that various functional elements of the organization interact and use their interdependencies in a positive and constructive manner. It gives more focus on the need strategic management to be a holistic and continuous process in response to environmental dynamism the organization faced (Palgrave, 2004).

Although there are different definitions of strategy/strategic management, according to Katsuhiki Shimizu (2011), the important issue is not identifying and arguing about what is the right definition, instead what we need to understand in thinking about and developing a strategy for an organization. According to him, in thinking about strategy we have to understand the goal of strategy and the 3Cs (customers, competitors/competition, and the company itself). He defined strategy as a future plan to achieve certain goal and strategy is consist of identifying target customers, providing better or less expensive services or products than competitors, and utilizing the strengths (uniqueness) of the company

For many scholars reflecting upon the discipline, one of the key issues identifying its evolution is the primacy of attention given to internal or external considerations when explaining firm success (Guerras-Martin, Madhok, Montoro-Sanchez, 2014). Hoskisson et al. (1999) as cited by (Guerras-Martin, Madhok, Montoro-Sanchez, 2014) also popularized the metaphor of the pendulum and its swings to explain how strategic management has always tended to look for the factors of success either inside or outside a firm.

The business environment in the banking sector is not different and should look for the factors of success to respond to changes due to issues that includes changes in law and regulations, technology advancement, customer expectations, and growing pressure from globalization. As a result banks need to prepare themselves to respond to the changes appropriately. Such a reaction can result into a change of strategy and this change is important, as it assists the firms either gain or retain a competitive advantage in dynamic business environment. Strategic change and the successful implementation are mainly aimed at improving organizational performance. The biggest challenge however is the implementation of the strategy proposed.

Strategy implementation is thought as the most complicated issue that management have to cope with within the organization and it is time-consuming. It is also believed that managers do not pay as much attention to the planning of implementation as they pay to formulating strategy. Many also suggests several factors affect strategy implementation in any type of organization and, in turn, affect organizational performance. According to Alharthy, Rashid, Pagliari, Khan (2017), there is no clear definition of strategy implementation at present, despite the presence of numerous publications on the topic in the relevant literature. However, Li, Guohui and Eppler (2008) cited by (Alharthy, Rashid, Pagliari, Khan, 2017) propose a three-part definition of strategy implementation: 1) an emphasis on process and the systematic nature of implementation; 2) an emphasis on the performance of certain actions, either in sequence or at the same time, and how these actions translate to organizational behavior; and 3) a hybrid approach of both process and behavior. Essentially, researchers define strategy implementation as a multifaceted, changeable, repetitive process in which managers and employees carry out a number of decisions and tasks, which are influenced by various organizational and environmental factors and are designed to realize strategic goals according to Li, Guohui and Eppler, 2008).

In strategy implementation research, studies have shown that developed countries have dominated comparatively to rest of the world. The combined groups of papers from USA, UK and Europe represented around 70% of the analyzed pool of papers while the remaining statistics of approximately 30% indicate similar percentages among different regions such as Australia, India, Brazil and Latin America (Alharthy, Rashid, Pagliari, Khan, 2017). Availability of advanced research facilities, presence of major industries like automotive and aerospace in these countries, and on hand experience by providing strategy solution around the globe could be thought as possible reasons for their dominance. Considering less attention given to Africa in strategy implementation research and its factors that influence the implementation process, use of these researches and data from the major industries requires great scrutiny since each industry and country data might not be the same as each industry and country have different important factors (Alharthy, Rashid, Pagliari, Khan, 2017).

In service industries like banking where competition can move very quickly and new players can enter easily, there is a constant need to think strategically about what is going on (Schmenner, 1995). This appears to be precisely what banks in particular have begun to do in recent years in Ethiopia. In response to increasing uncertainty on when foreign banks entry to the country will be allowed on top of growing complexity and change in the financial services industry, Ethiopian banks have turned their attention to strategic planning. In addition, introduction of National bank directive that require Ethiopian banks to prepare five year strategic plan has added additional momentum for strategic thinking in the Ethiopian banking industry. The relatively recent emphasis toward strategic planning in Ethiopian banks is expected to be a move designed not only to help them negotiate their internal and external environment more effectively, but also to improve their financial performance.

The Banking Industry in Ethiopia has experienced a rapid growth in terms of profits, deposits and revenues during the GTP period (FDRE, National Planning Commission, 2016). This trend has triggered a lot of competition among commercial banks on top of attracting new ones to the industry. To weather this competition and to stand out as successful businesses, commercial banks, just like other public and private organizations needs to adopt strategic management. Successful implementation of strategies is vital to any organization. However, transforming strategies into action is a far more complex and daunting task to most banks' managements. The purpose of this study is therefore, to analyze factors that influence strategy implementation in Wegagen bank.

1.2. Ethiopian Banking Business

One of the main objectives of financial institutions such as banks is mobilizing resources (in particular, domestic savings) and channeling these to would-be investors (Alemayehu G.,2006).To materialize this intermediation role, development of Ethiopian banks has gone through different forms in different economic systems. Literatures indicate that it was in 1905 that the first bank, the "Bank of Abyssinia" was established and until the end of 1974, there were state owned, oreign owned, and Ethiopian owned banks in Ethiopia. The banks were established for different purposes: central banking, commercial banking, development banking, and investment banking. Following the 1974 revolution, on January 01, 1975 all private banks and 13 insurance companies were nationalized and along with state owned banks, placed under the coordination, supervision and control of the National Bank of Ethiopia. However, after removal of the Derg Regime, the era of privatization has started including establishment of privately owned financial institutions.

Consequent to the policy change from a command to a market economy, the Ethiopian government took Structural Adjustment and Economic Recovery Program measures to liberalize the economy since 1994 (Assefa W.,2016). As part of this broader reform policy and given the importance of the banking industry in the economy, financial sector reform policy measures have been undertaken by the government to develop the sector and permit private domestic investors to engage in the business of banking and finance. Consequently, the Monetary and Banking Proclamation No. 83/1994 and the Licensing and Supervision of Banking Business No. 84/1994 laid down the legal basis for private sector investment opportunity in the banking sector. This has given the opportunity for the emergence of a new era of competitive environment (diluting monopoly of the public banks). Banks, insurance companies and microfinance institutions are the major financial institutions operating in Ethiopia. Of the existing 18 banks, 16 were private and 2 state-owned (namely, Commercial bank of Ethiopia and Development bank of Ethiopia).The private commercial banks currently operating in Ethiopia with the year of establishment are: Abay Bank (2010), Addis International Bank (2011), Awash Bank (1994), Bank of Abyssinia (1996), Birhan International Bank (2009), Bunna International Bank (2009), Cooperative Bank of Oromiya (2004), Dashen Bank (1995), Debub Global Bank (2012), Enat Bank (2012), Lion International Bank (2006), Nib International Bank (1999), Oromiya International Bank (2008), United Bank (1998), Wegagen Bank (1997), and Zemen Bank (2008) (NBE, 2017). The National Bank of Ethiopia, as a regulator of the financial system, is entrusted by law to monitor the financial health of the sector and build the trust of customers and the public at large.

Until this time, banking was the preserve of Ethiopian nationals. Investment in the banking sector is exclusively reserved to Ethiopian nationals (Article 2 (1) (a) of Regulation No. 270 of 2012 Council of Ministers) as cited by (Mesfin D ,2017) – for good reason, according to the Ethiopian government. Foreigners are outlawed from opening a bank or branch offices or subsidiaries of banks in Ethiopia or acquire the shares of Ethiopian banks (Article 9 of Banking Business Proclamation No. 592 of 2008). NBE is a regulator and supervisor of commercial banks (Proclamation No. 591, 2008; Article 5 (7)). The role of the financial sector is expected to be strengthened with the aim of establishing accessible, efficient and competitive financial system as strongly stressed in the GTP II (2015/16 to 2019/20). The goal of GTP II is to finance at least two-third of gross domestic investment from domestic saving. To this end, target is set to increase the share of gross domestic saving in GDP from 21.8 percent in 2014/15 to 29.6 percent by 2019/20. The emphasis given for the financial sector in the GTP II highlights importance of strategic planning for Ethiopian banks to contribute as expected in the country's GDP.

However, adoption of strategy planning by commercial banks in Ethiopia is not without limitation. Studies made regarding financial sector in Ethiopia witness its infancy and dominancy by the state owned commercial bank. Compared to most countries, it is believed Ethiopia has taken a cautious approach toward the liberalization of its banking industry. For all intents and purposes, the financial industry is closed and generally less developed than its regional peers (Keatinge, 2014, Harvey, 1996) as cited by (Wubshet, 2018). According to Mesfin (2017), Ethiopia hosts a banking industry which is far below African and international standards with low coverage of banking services, excessive urban concentration and inefficient and ineffective central bank. It is also characterized by poor infrastructure and suffer from shortage of skilled human power for better understanding and implementation of strategy planning.

But many suggests the rapid pace of innovation and growth in sub-Saharan African economies is driving new opportunities for financial inclusion. Nearly all the financial institutions included in the study have a process for annual strategic planning, but there are fundamental differences in how institutions go about reviewing trends and data, what the output of the strategy is and how it is converted into concrete action plans to be implemented (Financial Sector Development/FSD Africa, 2015). However, there is still a tendency in many organizations for strategic planning to stay within the status quo rather than addressing disruptive opportunities. Organizational elements like project governance, performance management structures, and leadership styles seems to affect the ability to drive effective change.

1.3. Wegagen Bank S.C.

Wegagen bank S.C was established by 16 founding members in June 11, 1997 raising an initial capital of birr 30 million. As at June 30, 2019, its capital has reached birr 2.5 billion contributed by 3,285 shareholders and having 339 branches in all corners of the bank (Annual Report of the bank, 2018/19).As of June 30, 2019, the bank's total assets has reached birr 29,770,016,000.00 registering profit before tax of birr 735,139,000.00.The bank's total staff size has also surpassed 4,800 as of June 30, 2019. Wegagen bank is a financial services provider which offers conventional and interest free banking services that includes cash deposits and withdrawals, international trade finance, credit provision, digital payment solutions among others. There are several financial institutions currently working in Ethiopia putting aside others that are under establishment. Despite the growing competition, Wegagen bank has been able to sustain its business operations and be ranked as one of the top five private banks in Ethiopia. Wegagen bank has developed and implemented strategic plan starting from 2015/16 G.C (the bank's annual report, 2018/19).

1.4. Statement of the Problem

According to M. Blahová and A. Knápková (2010), implementations of strategy have been overlooked and most of the research had been carried out in the formulation of strategy. They also argued that in reality, each failure of execution is also considered as failure of the planning without giving due emphasis to strategy implementation. Therefore, understanding the concept of strategy implementation and execution before we can begin formulation of strategy is critical according to them. They also insisted that by considering a wider scope of inputs to the strategy formulation phase, it is expected to produce a good strategy with greater chance of successful implementation. The strategy, in its two phases: formation and execution would shape the overall success or failure of an organization, and they change almost the whole dynamics of the organization (Alharthy, Rashid, Pagliari, Khan, 2017). Therefore, it is important to formulate and implement the strategy by involving all the stakeholders using both the top down and bottom up approach.

The other notion that has dominated the field is that strategy implementation is simply operationalization of strategic plan (Muriuki, 2015). However, it requires taking into consideration many internal and external factors. According to Thompson and Strickland (2003) as cited by (Muriuki, 2015), strategy execution task is complex and time consuming part of strategic management. In addition, scholars describes strategy implementation as dynamic, iterative and complex process which is composed of a series of decisions and activities by managers and employees who are affected by a number of interrelated internal and external factors as they strive to achieve strategic objectives through implementation of strategic plans (Muriuki, 2015).

Despite growing importance of strategy implementation in an organization, researches accessed on the subject area were found limited and research papers referred for this study includes: Effective strategic action: from formulation to implementation (M. Blahová and A. Knápková, 2010),Identification of Strategy Implementation Influencing Factors and Their Effects on the Performance (Alharthy, Rashid, Pagliari, Khan, 2017), An empirical analysis of strategy implementation process and performance of construction companies F I Zaidi, et.Al.,2018, Determinants of Strategic Plan Implementation in Organizations: Determinants of strategic plan implementation in organizations (Muriuki, 2015), Effect of Strategy Implementation on Performance of Commercial Banks in Kenya (Njagi and Kombo, 2014), internal factors influencing strategy implementation in the banking sector: a case study of the chase bank in Kenya (Ngeche, 2017).These studies have brought light on the need more research to be undertaken in strategy implementation and the factors that influence strategy implementation in organizations. Particularly, the internal and external factors that influence strategy implementation for in-depth understanding that goes with half a century old debate: should strategic management more focus in responding to internal or external factors?

Scaling it back home, the researches or unpublished studies made in Ethiopia in strategic management includes (Tsehay, 2014; Timoteyos, 2015; Dinberu, 2016; Amelework, 2015, Tekestebirhan, 2016, Wubshet, 2018, Selamawit, 2018, Mekdes, 2019) and these studies mostly focused on strategic processes from strategy formulation, strategy implementation, and strategy evaluation of an individual firm or NGOs to strategic management practices. Most of these undertaken researches in strategic management processes identifies presence of gaps in strategy implementation and evaluation both in public and private organizations particularly in the Ethiopian banking industry. Despite the apparent importance and observed gap in strategy implementation, there was no study made on the factors that influence successful strategy implementation by Ethiopian banks except an assessment research made by Tekestebirhan (2016) on competitive Strategy Formulation and Implementation Practices of Private Banks in Ethiopia: The Case of United Bank S.C and a research made by Mekdes (2019) on the challenges of implementing strategic management in commercial bank of Ethiopia. Both studies are qualitative and general in nature as they didn't classify the factors as internal and external factors and establish correlational relationship between the factors and strategy implementation using statistical analysis. This raised the need for further research to provide an insight on factors that needs to be dealt well in strategy implementation. This research paper is therefore, sought to establish the factors, in particular internal factors that may affect strategy implementation process in Wegagen bank using statistical models and the research was guided by the following research questions:

- To what extent leadership style affect Strategy implementation at Wegagen bank?

- Is there any influence employee competence has in strategy implementation at Wegagen bank?
- How strong the relationship between resource allocations and Strategy implementation at Wegagen bank?
- Does organizational structure affect Strategy implementation at Wegagen bank?
- Effect of management information system in strategy implementation at Wegagen bank?
- Is there any relationship between organizational culture and strategy implementation at Wegagen bank?

1.5. Objective of the Study

1.5.1. General Objective

The major objective of this study is to assess the influence of internal factors on strategy implementation in banks the case of Wegagen Bank S.C.

1.5.2. Specific Objectives

The specific objectives of the study are:

- To assess influence of organizational structure in predicting effectiveness of strategy implementation at Wegagen bank.
- To investigate the influence of leadership style in predicting effectiveness of strategy implementation at Wegagen bank.
- To examine the influence of employee competence in predicting effectiveness of strategy implementation in Wegagen bank.
- To examine the influence of organizational culture in predicting effectiveness of strategy implementation in Wegagen bank.
- To assess the influence of resource allocation in predicting effectiveness of strategy implementation at Wegagen bank.
- To assess the influence of information management system in predicting effectiveness of strategy implementation in Wegagen bank.

1.6. Significance of the Study

Having strategic plan is becoming order of the day in many Ethiopian banks committing substantial resources even hiring foreign consultants at higher price that will be paid in hard currency. The perception seems like having strategic plan will solve everything without giving much thought on the need for organizational readiness and not properly understanding strategic planning as a continuous process that helps to materialize its deliverables commonly known as financial and non-financial objectives. Even though it is a case study in one of the private banks in Ethiopia, the study could be helpful

- To highlight the internal factors that should be considered in strategic plan formulation, implementation, and evaluation practices of banks in Ethiopia and work more on the limitations before much resource is wasted at a country and company level.
- Serve as a basis for secondary source of data for those who want to pursue further investigation in this specific area.
- It is also believed that the research will have importance to the relevant policy makers in the government to ensure the policies they make will have positive impact in strengthening strategic thinking and successful strategic management.
- There are a number of studies regarding strategy implementation and the influence of internal factors on strategy implementation in organizations conducted in other countries. But little has been done on the studies whether they are valid in different cultures of developing countries like Ethiopia. Therefore, this study will justify and witness if there is any conformity to the research findings of other countries.

1.7. Scope of the Study

The study mainly covered the internal factors that affect strategy implementation at Wegagen bank. In this case, the target population for this study were respondents who oversee the strategic management processes and implementation at Wegagen bank. They are comprised of employees from District and branch offices (both of whom are in the operational level in their structure and considered as active implementers) and Division Managers and Heads of departments (both of whom in their structure are considered to be at corporate level). Moreover, the catchment area of the study is made to cover Wegagen Bank head office units, Addis Ababa District offices, and selected branches found in Addis Ababa mainly for cost and time reasons. Since the respondents included in the study are those at supervisory or higher management positions, it is my strong assumption that representative sample could still be obtained from this catchment area.

The body of knowledge on different internal and external factors that affect strategy implementation in organizations is rich, even though many of the researches and literatures emanate from Western countries. However, due to limited time and resources to undertake such an extensive research, this study will be delimited to consider only the influence of selected internal factors that are expected to have relevance to the banking industry in Ethiopia. The internal factors that are expected to affect strategy implementation and covered in this study are: organizational structure, resource allocation, organizational culture, leadership style, staff competence, and information management system.

1.8. Limitation of the Study

This study had been affected due to limitations in accessing adequate researches that could be used as a reference since online access requires membership with subscription fees. But it has overcome through friends abroad and being online members of certain academic groups for free. Moreover, the study selected the internal factors based on qualitative reasoning that are expected to be relevant in the case of Wegagen bank S.C. Accordingly, the result of the study could not be generalized as the only internal factors that affect strategy implementation and it might not be also inferred to the banking industry as a whole since it is a case study at Wegagen bank.

1.9. Operational Definition of key words

The study uses some important words or phrases that are related to the research objectives. Hence, the following central terms are operationally defined based on their usage in this study:

1.9.1. Strategic Management

Strategic management is the processes by which the organization, in a dynamic and, above all, interactive manner, seeks to ensure that it responds to its general environment. Strategic management for this study, is therefore considered as a set of processes that includes environmental scanning, strategy formulation, strategy implementation, and control and evaluation

1.9.2. Strategy Implementation

Although strategy implementation is one of the strategic management process, for this study, it is considered as organizational capability/strength to use strategic planning as competitive advantage.

1.9.3. Internal Factors of Strategy Implementation

Despite presence of many internal factors that affect strategy implementation, internal factors considered for this study are leadership styles, staff competence, organizational structure, organizational culture, resource allocation, and information management system.

CHAPTER TWO

2. Review of Related Literature

This section deals with the theoretical and empirical foundation of the study. It starts with basic components of the strategic management processes with main focus being on strategy implementation. Then, it will be followed by the industrial organization and Resource Based view. This part will be concluded through review of literatures related with the research questions and presentation of conceptual framework that serves as a guiding rule to test presence of statistical significance on the relationship between the dependent and independent variables.

2.1. Strategic Management Processes

The twenty-first-century realities of globalization, rapid changes in technology, increasing competition, a changing workforce, changing market and economic conditions, and developing resource shortages all increase the complexity of modern management. In order to survive the new business challenge, global thinking and practice must permeate all corporate activities and planning strategically is certainly a new requirement in the global business world (Alkhafaji, 2003). Successful companies are, of course, the first to consider the global marketplace as their arena for competition according to him. In addition, recent studies have concluded that organizations engaged in strategic management have outperformed those who do not. According to John Peter as cited in Alkhafaji (2003, p.3), strategic management has become vital part of most, if not all, organizations. "Almost all organizations of any reasonable size have some kind of strategic planning."

Scholars also feel that the strategic management process is best understood and applied using models. According to Alkhafaji (2003), the strategic management framework consists of four connected, dynamic, and continuous elements.

2.1.1. Environmental Scanning

Strategy formulation is believed to start with analyzing internal and external factors that may affect the organization. Environmental scanning is the monitoring, evaluating and disseminating of information from the external and internal environment to strategists within the organization according to David (2011). However, He argued that there should be a limit to environmental scanning since it is not aimed at developing an exhaustive list of every possible factor that could influence the business; rather, it is aimed at identifying key variables that offer actionable responses. Thus, managers need to comprehend the various elements of internal and external environment to understand which ones have a direct influence on operations and which ones have little or no influence. Alkhafaji (2003) emphasizes the importance of Information systems and forecasting techniques in environmental scanning. According to him, to cope with change, the strategist must be able to forecast the future using forecasting techniques and supported by an information system that provides current information to various levels of the management. It is, therefore critical for strategists to establish strategic decisions based on relevant information that will assist in the forecast of the company's future strengths, weaknesses, opportunities, and threats.

2.1.2. Strategy Formulation:

Strategy formulation involves making strategic decisions concerning the organization's mission, philosophy, objectives, policies, and methods of achieving organizational objectives Alkhafaji (2003). According to him, formulating a strategy is an important step in enhancing organizational position and building competitive advantages not only in the national but also in the global arena.

However, strategy formulation should not be a duty of a few individuals at the top according to David (2011). He insisted that identifying and evaluating alternative strategies should involve many of the managers and employees who earlier assembled the organizational vision and mission statements, performed the external audit, and conducted the internal audit. He argued that involvement provides the best opportunity for managers and employees to gain an understanding of what the firm is doing and why and to become committed to helping the firm accomplish its objectives.

2.1.3. Strategy Implementation

Many literatures suggest strategy implementation has attracted much less attention in strategic and organizational research than strategy formulation or strategic planning. Alexander (1991) suggests several reasons for this: strategy implementation is less glamorous than strategy formulation, people overlook it because of a belief that anyone can do it, people are not exactly sure what it includes and where it begins and ends. In the world of management, increasing numbers of senior people are recognizing that one of the key routes to improved business performance is better implementation (Renaissance Solutions, 1996). However, at the same time, it is also understood that implementation is one of the more difficult business challenges facing today's managers (Piercy, 1992).Strategy implementation is concerned with making a variety of managerial decisions such as the type of organizational structure, the type and source of information systems, leadership "fit," and the type of control mechanism that should be employed (Alkhafaji, 2003).

Although implementation is usually considered after strategy has been formulated, many believes it is a key part of strategic management. Strategy formulation and strategy implementation should thus be considered as two sides of the same coin (Hunger & Wheelen, 2010). David (2011) also stressed that m any organizations tend to spend an inordinate amount of time, money, and effort on developing the strategic plan, treating the means and circumstances under which it will be implemented as afterthoughts! Change comes through implementation and evaluation, not through the plan. He insisted that even the most technically perfect strategic plan will serve little purpose if it is not implemented. Grundy (1998) as cited (Ng'enoh,2013) also reiterated that strategic management gradually is shifting from paying 90 per cent attention to strategy formulation and 10 per cent to strategy implementation, to paying equal attention to both.

Mintzberg (1996), implementation means carrying out the predetermined plans. According to him, some strategies are planned and some others just emerge from actions and decisions of organizational members. Strategy implementation is concerned with the translation of strategy into organizational action through appropriate structure and design, resource planning and the management of strategic change (Johnson and Scholes, 2002). They argued that when considering implementation, questions relating to who should be responsible for carrying out the predetermined strategic plans, what are the structures in place, and what changes are necessary must be addressed. For Thompson (1993), the way in which the strategy is implemented can have a significant impact on whether it will be successful or not and in most cases, different people from those who formulated it do implementation of the strategy. For this reason, care must be taken to communicate the strategy and the reasoning behind it. Otherwise, the implementation might not succeed if the strategy is misunderstood or if the affected parties resist its implementation because they do not understand why the particular strategy was selected (Thompson, 1993).

Thanks to growing studies by many scholars, it is taken into consideration that no matter how effectively a company has planned its strategies, it could not succeed if the strategies were not implemented properly. Hendry and Kiel (2004) also clarified that the more ineffective the top management decisions, the more ineffective are the choices made at lower levels of management. Similarly, if top management's strategic choices tend to be successful, it reflects favorably on choices made in other parts of the organization. Simons (1994) refer to three categories of factors that affected strategic decision-making process: environmental factors; organizational factors; and decision specific factors. Here, environmental factors mean external agents such as national culture, national economic conditions, and industry conditions. Organizational factors refer to organizational structure, organizational culture, structure of decision making bodies, impact of upward influence, and employee involvement. Decision-specific factors can be explained as time, risk, complexity, and politics.

While the details of strategy implementation are specific to every situation, certain operational and administrative bases have to be covered no matter what the organization’s situation is according to Thompson & Strickland (1993) as cited by (Njagi and Kombo, 2014). It implies that the process of strategy implementation involves at least two issues namely operationalization of strategy (tactical issues) and institutionalization (administration issue) of strategy. According to Pearce & Robinson (1996), operationalization of strategy involves breaking long-term corporate objectives to operational short-term objectives and developing specific functional unit or departmental strategies and drawing action plans to achieve the objectives. The implementation phase also requires institutionalization of strategy through developing organizational capability to a point where it is fully supportive of the new strategy. The reality of strategy resides in its strategic actions rather than its strategic statements (Burgelman, Grove & Meza, 2006).

2.1.3.1. Challenges in Strategy Implementation

Strategies are a critical element in organizational functioning but successful implementation remains a major challenge since it could be affected by many factors. Nutt (1986) as cited by (Katamei, Omwono & Wanza,2015) studied strategic decisions in organizations located in USA and Canada and concluded that half of the strategic decisions fail to attain their initial objectives mainly because of the problems during strategy implementation process.

One of the factors influencing strategy implementation is poor planning. Galbraith (2000) as cited by Onwonga (2015) maintains that without step-by-step planning, change in an organization is likely to fall apart or cause more problems than benefits. He emphasizes the importance to understand the changes that will take place and how these changes will occur on top of having a clear plan on how the process is going to take place by assigning roles to individuals who are responsible for the change. According to Thompson and Strickland (2002), the organization should plan even for the downtime in completing regular work talks while change occurs since the timeline for the change is also a key component.

Lack of proper mechanisms to critically evaluate and monitor performance standards. This keeps the management in the dark about the progress in the implementation process and thus limits them from oversight and improvement. Many believes that execution of any new strategy is never over and there should be regularly scheduled formal reviews of the new strategy to review processes, ensure the plan is performing as designed, and continuously identify weakness and gabs that needs to be filled on time. Training should also be included as part of this perpetual process review and researches suggest subscription-based training platforms are the perfect tool to ensure long-term consistency and ongoing skills evolution. This style of ongoing training is cost effective, team oriented, and can revolve around a curriculum that evolves along with the company's strategy according to Bryson (2005) as cited by Mekdes (2019).

Hrebiniak (2006) explains that lack of professionalism is a major challenge towards successful project implementation. According to him, this is brought about by lack of consistence, resistance to change, poor quality consciousness coming in the way of organizational transformations and inability to align employees to organizational goals and objectives. White (2006) also added the other challenges that prevent strategy implementation: strong unions, rigid mindsets, non-flexible approaches and non-adaptable attitudes, stubborn attitudes regarding existing organization and knowledge and beliefs.

Wheelen and Hunger (2012) also considered the following problems in implementing strategy as cited by (Hourani, 2017):Implementation took more time than originally planned, unanticipated major problems arose, activities were ineffectively coordinated, competing activities and crisis took attention away from implementation, the involved employees had insufficient capabilities to perform their jobs, lower-level employees were inadequately trained, departmental managers provided inadequate leadership and direction, key implementation tasks and activities were poorly defined, the information system inadequately monitored activities. Beer and Eisenstat (2000) cited by (Katamei, Omwono & Wanza,2015) on their part identified some of the main problems for effectively implementing strategies as: ineffective senior management team, unclear strategies and conflicting priorities, poor coordination across functions, poor vertical communication and inadequate down- the- line leadership skills and development.

Verweire (2018) in his work "the challenges of implementing strategies" has forwarded five root causes for an unsuccessful strategy implementation:

- **Too much focus on financials in strategy discussions**. Strategy implementation only succeeds if a company has a well-formulated strategy in the first place. In reality, however, few companies have a genuine strategy. According to Michael Porter – one of the most influential writers in the field – managers often rely on a flawed definition of strategy. For example, managers confuse strategy with aspiration. How many times have we heard or read: "Our strategy is to be #1 or #2 in that particular industry," or "Our strategy is to grow shareholder value by 30% in the next three years." But those statements are not strategies – they're goals or aspirations. These statements say what the company wants to be or achieve, not how it will get there. Goals are important, but they do not substitute for strategy. Great strategies provide guidance and coherence to the organization, financial goals, unfortunately, do not!

- **Functional strategies are no substitute for a business strategy**. One of the major reasons why it's difficult to reach consensus on a clear business strategy is that the focus in many organizations is on the development of functional strategies. Companies have a strategy for operations, for sales, for marketing, for HR, and so on. But the more you break strategy up into various functional strategies, the less likely you will have a winning business strategy. There is a great risk for sub-optimization and conflicts among departments over resources and conflicting goals.
- **Strategy implementation is too fragmented**. While companies face significant problems formulating a compelling strategy, the issue of strategy implementation itself also poses some challenges. What actually is strategy implementation? Some management authors see strategy implementation as a performance measurement and management exercise, where you translate strategies into key performance indicators that you cascade further down in the organization. Others see strategy implementation as creating an organizational culture that empowers people to act in line with the strategy. And still others see implementation as strategic project portfolio management. Strategy implementation is all of that, and even more. Too often managers address only one item of the whole strategy implementation challenge, and they tackle execution in a way that is too fragmented.
- **Managers communicate about strategy but forget to translate strategy into action**. While strategy implementation is about aligning different activities, it is also about creating commitment throughout the entire organization. Commitment is created when employees see where and how they can make a difference and are stimulated to take action within the boundaries set by the strategy. But it takes time to create an organizational context that stimulates widespread action-taking. All too often, managers do not take the time to create that context.
- **Strategy implementation requires leadership capabilities**. The four points outlined above indicate that the implementation job requires leaders, not just managers. Strategy implementation is not about delegating the bits and pieces of a strategy to the functional managers, so that the marketing manager tackles the marketing issues and the operations manager manages the operational issues. The Chief Implementation Officer should be the business manager, or at least somebody from the business

management team. Strategy implementation is difficult because it forces people to change their behaviour. So, it's a job that should not be delegated to lower-level managers.

2.1.3.2. Coping Mechanisms for Challenges in Strategy Implementation

Strategy implementation in these days has become a differentiating factor for organizations to stay competitive. A formulated strategy can only benefit the company if it is successfully implemented and to implement strategy successfully there is several processes needed to be considered (Stewart RA, Mohamed S, Daet R.2002) as cited by F I Zaidi, et.al., 2018:

- A good strategy implementation naturally starts with a good strategic input. The management team has to ensure the employees are aware of the company's vision and mission and understands it well. Acceptance and strong understanding of company's strategy by employees will helps the strategy implementation runs smoothly and effectively.
- Strategy implementation only works when there is a clear strategic action plan. Strategic action plan consist of who does what, when, at what cost. Therefore, building a strategic action plans helps to segregate task, provide datelines and estimate the cost.
- Allocation of resources is another critical activity in strategy implementation. Without resources, strategy cannot be implemented smoothly. Resources allocation for strategy implementation must align with the strategic action plan. Resources allocation in strategy planning includes human resources, physical resources and technological resources.
- Employees are a human being and humans do not like to move out from the comfort zone. During initial strategy implementation, usually employees will resist to make any changes in their working routine. Training helps to eliminate employees' resistance toward changes and helps to adapt employees into implementing the strategic action plan.
- Successful strategy implementation can also be influenced by the involvement of employees in decision making. An organic organization structure helps to increase

employees' involvement in decision making by providing low formality in reporting relationship and shared in authority with employees in decision making process.

- Reward is closely related with successful strategy implementation. Rewards helps to give positive stimulation and helps to influence employees' behaviour. Either monetary or nonmonetary incentives, rewards help to motivate the employees to implement the company's strategy.
- Corporate culture is another human factor which influences company performance. Corporate culture as a set of norms and values that are widely shared and strongly held throughout the organization. Corporate culture as the way group learning, solving its problems and adapt to the external environment.

Gavurová (2010) also defines basic principles which could help to achieve an effective implementation of the strategy of the company:

- Communication of the strategy through the whole company: employees are not inclined to organizational changes that accompany the implementation of the strategy so there is a need for effective communication of strategic goals, their achievement as well as their influence on daily activities of employees,
- Involving employees in the implementation of the strategy: keeping initiative on employees to find effective way for achieving strategic goals allows company to eliminate employee´s resistance to changes,
- Assignment of responsibilities for strategic projects: defining responsibilities and financial involvement of employees have a significant impact on success of strategic goals,
- Adaption of the organizational structure: company should adjust the organizational structure to company´ s processes in connection with outputs from employees and control systems, and
- Implementation of effective controls: control in the process of implementation of the strategy is necessary and the problem is content and methodology of control. It is necessary to focus not only on control of the implementation of the strategy but also on the relevance of the strategy given by changing internal and external environment of the company.

2.1.3.3. Strategic management systems for strategy implementation

A study made by Mišankováa and Kočišováa (2013) on strategy implementation as a part of strategic management has described “7s” model and Balanced Scorecard methods to implement company´s strategy. According to Mišankováa and Kočišováa (2013), one comprehensive approach used to implementation of the strategy was developed by Peterson & Waterman at McKinsey & Company in the early 80th. The model is based on seven internal company factors (7s), consists from hard and soft” factors, that must be aligned together for successful implementation of the strategy in the company.

The three hard elements of the model are (Mallya, 2007): (1) Strategy – express how the company achieves its vision and how responds to opportunities and threats from environment, means awareness of the strategy, its explanation to external subjects not only to internal, (2) Structure – the way how the company is structured, inferiority and superiority relations, organizational structure supports the implementation of the strategy, (3) Systems – formal and informal everyday activities and procedures carried out by employees, it is about systems of planning, control and information that support the implementation of the strategy.
Soft elements of the model are (Papula & Papulová, 2012): (1) Style – style of leadership and choice of the appropriate style of leadership of the company belong to important factors affecting the implementation of the strategy, (2) Staff – employees and their basic skills are key factors of the success, companies should have right people on the right place, (3) Skills – actual skills and abilities of company´s employees, companies should focus on the development of the skills in the future, extension of knowledge and acquisition of experiences, (4) Shared values – values enforced in the strategy are based on shared interests and are included in the mission of the company, they are a key element that influences the effectiveness of all other factors, it is an important feature of company´s culture that supports the creation and implementation of the strategy.

Mišankováa and Kočišováa (2013) described that Model “7s” and represents a model that can be applied in any company and if something does not work in the company, probably there is a conflict between some elements listed in the model. They argued that after identifying these discrepancies and their re-harmonization, company proceeds to the outlined objectives and values. They also claimed that experiences of companies showed that these elements support the implementation of the strategy and contribute to the long term success of the company.

The other method described by Mišankováa and Kočišováa (2013) as a strategic management system to implement company´s strategy is to use the Balanced Scorecard. Balanced Scorecard as Strategic Management System was developed by Kaplan & Norton in 1992 and was firstly introduced in the journal of Harvard Business Review. Balanced Scorecard (BSC) translates mission and strategy of the company into a comprehensive set of performance indicators that provide a framework for assessing company´s strategy and management system according to Kaplan & Norton (1992). Balanced Scorecard in companies facilitate the formulation and subsequent implementation of strategic mission through whole company and employees (Kaplan & Norton, 2000).Goals and indicators of Balanced Scorecard are based on the vision and strategy of the company and follow the performance of the company from four perspectives (Marinič, 2008): customer perspective, internal perspective, learning and growth perspective, and financial perspective. According to Marinič (2008) four Balanced Scorecard perspectives allow the company to achieve a balance between short-term and long-term objectives, between desired outcomes and the drivers of those outcomes and between hard and soft indicators and subjective indicators. Despite the large number of indicators used in the BSC, properly assembled BSC contains only meaningful data because all indicators are directed to achieving an integrated strategy (Mišankováa and Kočišováa, 2013).

2.1.4. Evaluation and Control

Most strategists agree that strategy evaluation is vital to an organization's well-being; timely evaluations can alert management to problems or potential problems before a situation becomes critical. According to David (2011), strategy evaluation includes three basic activities: (1) examining the underlying bases of a firm's strategy, (2) comparing expected results with actual results, and (3) taking corrective actions to ensure that performance conforms to plans.

However, strategy evaluation must have both a long-run and short-run focus since strategies often do not affect short-term operating results until it is too late to make needed changes. Therefore, Strategic management should be considered as a process of appraising the corporation as a whole, taking the environment into consideration. Strategic evaluation and control as strategic management process usually focuses on opportunities and problems related to the achievement of corporate objectives in the long run (Alkhafaji, 2003).

Managers responsible for a strategy and its success are typically concerned with two sets of questions: 1) Are we moving in the proper direction? Are key things falling in to place? Are our assumptions about major trends and changes correct? Are the critical things we need to do being done? Do we need to adjust or abort this strategy? 2) How are we performing? Are we meeting objectives and schedules? How are costs, revenues, cash flows matching projections? Do we need to make operational changes? Strategic controls, augmented by certain operational controls, are designed to answer these questions according to John and Richard (2004) as cited by Wubshet (2018).

2.2. Internal and External Factors in Strategy Planning

According to Mintzberg (1990), the quest to find the factors of success has focused on different firm aspects and variable of interest. He insisted that one way of making sense of this diversity of factors is to classify them according to some criterion; broadly, on the one hand many researchers have tended to focus their attention on a firm’s internal factors, such as its strengths and weaknesses (Resource based view). On the other hand, the reasons for success have been sought in the environment’s opportunities and threats (Industrial organization view).

2.2.1. Industrial Organization View

From the 1960s through the 1980s, the external environment was thought to be the primary determinant of strategies that firms selected to be successful (Hitt, Ireland, and Hoskisson, 2011). Grounded in economics, the I/O model has four underlying assumptions according to them: First, the external environment is assumed to impose pressures and constraints that determine the strategies that would result in above-average returns. Second, most firms competing within an industry or within a segment of that industry are assumed to control similar strategically relevant resources and to pursue similar strategies in light of those resources. Third, resources used to implement strategies are assumed to be highly mobile across firms, so any resource differences that might develop between firms will be short-lived. Fourth, organizational decision makers are assumed to be rational and committed to acting in the firm's best interests, as shown by their profit-maximizing behaviors.

2.2.2. Resource Based View

The resource-based view stipulates that in strategic management the fundamental sources and drivers to firms' competitive advantage and superior performance are mainly associated with the attributes of their resources and capabilities which are valuable and costly-to-copy (Mills, Platts and Bourne, 2003; Peteraf and Bergen, 2003). Building on the assumptions that strategic resources are heterogeneously distributed across firms and that these differences are stable overtime, Barney (1991) examines the link between firm resources and sustained competitive advantage. According to him, four empirical indicators of the potential of firm resources to generate sustained competitive advantage can be value, rareness, inimitability, and non-substitutability. In Barney (1991), firm resources include all assets, capabilities, organizational processes, firm attributes, information, knowledge, etc. controlled by a firm that enable the firm to conceive and implement strategies that improve its efficiency and effectiveness.

Hitt, Ireland, and Hoskisson (2011) stressed that many resources can either be imitated or substituted over time. Therefore, it is difficult to achieve and sustain a competitive advantage based on resources alone unless these four criteria are met and resources and capabilities become core competencies.

Both the industrial organization (I/O) and Resource based views have enhanced our understanding of strategic management. However, it is not a question of whether external or internal factors are more important in gaining and maintaining competitive advantage. Strategy is seen as the way to link a firm to the environment in which both the internal and external aspects were important. This was mirrored in the SWOT analysis that investigated both the interior of firms (strengths and weaknesses) and their exterior (opportunities and threats) or in the strategic matrices (BCG growth share matrix, or Mckinsey market attractiveness-business strength) which merged both aspects -firm and industry environment-in a single analytical tool (Guerras-Martin, Madhok, Montoro-Sanchez, 2014). David (2011) also insisted that effective integration and understanding of both external and internal factors is the key to securing and keeping a competitive advantage. Research also shows that both the industry environment and a firm's internal assets affect firm's performance over time. Thus, to form a vision and mission, and subsequently to select one or more strategies and to determine how to implement them, firms use both the I/O and the resource-based models (Hitt, Ireland, and Hoskisson, 2011). In fact, these models complement each other in that one (I/O) focuses outside the firm while the other (resource-based) focuses inside the firm.

2.3. Empirical Review of Related Literatures

Failure of strategies is a major problem and challenge for many organizations. Literature reviews show most of the strategies fails at implementation stage and in many cases, implementation failures are attributed to organizational structure and reward systems. Although it is certainly true that a strategy that is not supported by an organizational structure and is inconsistent with reward systems will not be successful, there are various reasons for implementation failures that can be summarized into three causes according to Shimizu (2012): unexpected problems, unclear roles and responsibilities, and conflicts and misunderstandings within an organization. All these problems are exacerbated by environmental uncertainty.

Alharthy, Rashid, Pagliari, Khan (2017) insists presence of many factors that are usually been ignored during the strategy implementation which are the major reason for strategy to be ineffective or failure. These are:“Poor or vague strategy, Clear Objectives, Communication, Engagement, Sufficient resources, Benefits realization management, Accountability, Talent Management, Involvement, Buy-in, Prioritization, Selection, Alignment, Project management, Risk management, Monitoring, Performance, Leadership, Sponsorship, Commitment, Effective competitor responses to strategy, Authority, Governance, Motivation and Rewarding”. They have also identified the basic themes that play an influential role in the successful implementation of the strategy and these are: Management Options available to the organization now and in the future, Teams of people that internally and externally relate to the organization and their knowledge with the rest of the team, Tactics of short term nature that encompass the organizations daily operational nature and finally; the Necessary tools better facilitate the corporate strategy implementation. These are the four input items that are vital to the efficiency and effectiveness of any strategy formulation or implementation processes as summarized hereunder:

Table 2.4.1: Factors Affecting Strategy Implementation

Factors Affecting Strategy Implementation			
Management decisions	**Employee engagement**	**Organizational systems**	**Organizational performance**
• Clear Objectives	•Communication	• Governance	• Performance
• Prioritization	• Involvement	• Authority	• Monitoring
• Selection	• Commitment	• Sufficient resources	• Reward
• Sponsorship	• Engagement	• Alignment	
• Leadership	• Buy-in	• Talent Management	
•Effective competitor responses	• Motivation	• Risk management	
•Poor or vague strategy	• Accountability	• Project management	
		•Benefits realization management	

Source: Adopted from Alharthy, Rashid, Pagliari, Khan (2017)

However, most authors agree that despite presence of many factors that affect strategy implementation, all the factors have different impact and carry a different force individually. Since focus of this study is on internal factors, review of related literature and empirical studies only relevant to the proposed research questions will be presented as follows:

2.3.1. Leadership Style and Strategy Implementation

Perhaps the most widely shared understanding among contemporary theorists is that leadership is primarily a relationship between leaders and followers (L.Morrill, 2007). According to him, the concern for leadership will center precisely on the development of an interactive method of strategic leadership that involves a variety of social processes, practices, and engagements through which followers respond to the influence of leaders, and leaders attend to the needs and values of their followers.

Effective strategic leadership is the foundation for successfully using the strategic management process. Strategic leadership is the ability to anticipate, envision, maintain flexibility, and empower others to create strategic change as necessary ((Hitt, Ireland, Hoskisson, 2010). By word or by personal example, and through their ability to envision the future, effective strategic leaders meaningfully influence the behaviors, thoughts, and feelings of those with whom they work.

The ability to attract and then manage human capital may be the most critical of the strategic leader's skills, especially because the lack of talented human capital constrains firm growth (Ready & Conger, 2007). Effective strategic leaders also establish the context through which stakeholders (such as employees, customers, and suppliers) can perform at peak efficiency according to them. They insisted being able to demonstrate these skills is important since strategic leadership is all about the ability to manage the firm's operations effectively and sustain high performance over time.

Literatures suggest the primary responsibility for effective strategic leadership rests at the top, in particular with the CEO. Other commonly recognized strategic leaders include members of the board of directors and the top management team. Regardless of their title and organizational function, strategic leaders have substantial decision-making responsibilities that cannot be delegated (Burgleman & Grove, 2007).Leadership can be understood as deriving from a mixture of time, place, predisposition and potential (Bennis and Thomas 2002). According to them, the essential skills are the ability to engage others in shared meaning, a distinctive and compelling voice, a sense of integrity (including a strong set of values),and adaptive capacity that turns out to be an almost magical ability to transcend adversity, with all its attendant stresses, and to emerge stronger than before.

The styles used to provide leadership often affect the productivity of those being led. According to Bass and Riggio (2006), it appears that transformational leadership positively affects performance. This style entails motivating followers to exceed the expectations others have of them, to continuously enrich their capabilities, and to place the interests of the organization above their own (Borener, Eisenbeliss, & Griesser, 2007). They claimed that transformational leaders make followers aware of the need to achieve valued organizational outcomes and encourage them to continuously strive for higher levels of achievement.

Keter (2015) advises that ineffective leadership may be a challenge to the eminent strategy execution as cited by (Ngeche, 2017). He claims that this can particularly be in developing nations where majority of the organizations lack effective leadership and effectiveness in such organizations is placed on shorter-term frames, robust specialty in command, control, and certainty, with very little stress being placed on worker authorization and motivation. That is why, Van Niekerk, Coetzee, and Meyer (2015) reiterated that leaders ought to have a talent set that permits them to research the opportunities and also the threats that will exist, both presently and going forward, and equally have the flexibility to research and utilize the resources and skills that a corporation possesses to counter those threats and weaknesses.

Many researchers agree that the reasons which lead to strategic plan failure despite having the best strategies has to do with leadership behavior which include lack of commitment, lack of creative strategic vision and poor motivation to staff (Muriuki,2015). Jooste and Fourie (2009) argue that there are many organizations which have various strategies, but due to lack of commitment by policy makers and lack of strategic leadership those strategies do not produce fruitful results. Research also suggests that senior-level leaders are more than willing to communicate, but they often approach the task on a tactical rather than a strategic level (Clampitt, Berk, and Williams, 2002). In addition, these same people are trained to plan, but not execute plans (Hrebiniak, 2005). Inspiring role of leaders, their commitment, innovation thinking and above all, their vision can be attributed to the success of a firm (Herath and DeSilva, 2011).

Literatures suggest that failure to perform is becoming the new corporate disease, but it is not always a fault of the CEO/leader or someone along the hierarchy. Many also believes companies do not generally lack good ideas, projects, meetings, action plans, documents, Power Point slides or key performance indicators, the almost universal problem is to ensure that you do what you promised and do it quickly and effectively at every level. Developing and reinforcing an execution culture at every level of an organization is more than an essential duty of any senior executive or middle manager (Antunes, Korda, Mistry, 2010).

2.3.2. Staff competence and Strategy Implementation

Human resource capabilities play a very significant role in strategy implementation. Strategic Human Resource Management (SHRM) is a new paradigm in managing Human Resource in the modern organization which hinges on the understanding that the most critical resource that any organization must provide itself is Human Resource since it is the Human Resource that is responsible for coordinating the other factors of production to spur corporate performance (Armstrong, 2010). The assumption underpinning the practice of HRM is that people are the organization's key resource and organizational performance largely depends on them. Strategic human resource management is based upon the recognition that organizations can be more effective if their human resources are managed with human resource policies and practices that deliver the right number of people with the appropriate behaviors, the needed competencies, and the necessary level of motivation to the organization (Nemli Caliskan, 2010).

Cooke, Shen and McBride (2005) assert that SHRM is an efficient function that copes with environmental changes as cited by (Muriuki, 2015). According to them, it directly and indirectly benefits companies because it changes passivity into initiative, transmits organizational goals clearly, and encourages the involvement of line managers. Marchington (2008) argues that SHRM positively influences firm performance because it generates structural cohesion, an employee-generated synergy that propels a company forward, enabling the firm to respond to its environment while still moving forward. Appelbaum, Bailey, Berg and Kalleberg (2000) have found a positive relation between HRM practices and firm financial performance. They found that the strategic orientation of HR in high productivity firms differed obviously from that in low productivity firms. Strategic plan implementation brings productivity to the organization and its success leads to financial gains.

According to Chetty and Stangl (2010) as cited by (Ngeche, 2017) on the average, eighty-eight percent of organizations establish higher leadership and worker performance as vital to the business. However, due to lack of ability to predict the talents required, organizations are left uninformed on what skills exist and are required. Huang and Ning (2013) state that some 74% of organizations say that definition of essential competencies by talent phase and job role is crucial, or vital, to the business, yet, solely 7% of organizations have the capability to predict the essential skills needed.

While staff competence is vital, failures are experienced due to many organizations failing to acknowledge human capital as a factor necessary for successful strategy implementation.

This is so as a result of low level managers and employees being the last group to identify with company strategy. As a result, Michlitsch (2010) attributes the obvious lack of human factor as the sole impediment to strategy implementation failure. He attributes to the lack of awareness by managers that employees play a vital role in strategy success. Thus, the absence of employees on board would definitely result into strategy failure according to him.

In a growing number of organizations, human resources are now viewed as a source of competitive advantage. There is greater recognition that distinctive competencies are obtained through highly developed employee skills, distinctive organizational cultures, management processes, and systems (R. Greer, 2003). Aside from its role in providing competitive advantage through a quality workforce, the necessity of controlling labor costs also has elevated the role of human resource management. Wheelen et al (2015) also confirms that it is vital during recruitment and selection process to acquire employees with necessary skills and knowledge ample for organization competitiveness. He further added that this should be done across board and competencies of chief executive officers depend upon the required strategic direction of the firm and which competencies should match the chosen strategy.

For strategy implementation to achieve success optimally, the employees need to be competent and the system put in place must make sure that the proper selections are made and organizations that adopt a complete quality management philosophy are considered capable of fulfilling the challenge of competition in the market (Hrebiniak, 2013). Despite the role recruitment play in strategy implementation within organizations, previous studies like Chukwu and Igwe (2012) and Swanepoel, Erasmus, and Schenk (2008) established that most firms undertake poor recruitment and as such face negative long-term costs in high training and development costs, poor performance, absenteeism, disciplinary issues, high turnover and low productivity which negatively affect staff morale as cited by (Ngeche, 2017). Dessler (2011) highlight that as a result, such firms face challenges in implementing their strategies hence market share loss. On the other hand, Obomate (2016) established that if after training and development, the compensation and benefits package are less compared to similar organizations, employees may exit the firm to join others which they consider are better hence the organizations may not achieve its strategy implementation.

However, strategy-making and strategy-implementation do not necessarily guarantee continuous superior organizational performance. Even well managed firms may experience challenges as a result of adverse conditions beyond management's ability to foresee and react to the environment changes (Valentina, 2013). While it has been revealed that presence of human resource promotes strategy implementation, alternative studies has shown that it's not always the case, for instance, Lankeu and Maket (2012) study on strategy implementation in Iranian instruction institutes indicated that while the firms had skilled employees, issues such as lack of worker motivation, supported financial gain, paperwork, poor cooperation, complicated body processes, insecurity, lack of expertise and data can cause failure of strategic implementation. According to them, to successfully improve the overall probability that the strategy is implemented as intended, senior executives must abandon the notion that lower-level managers have the same perceptions of the strategy and its implementation, of its underlying rationale, and its urgency and instead, they must believe the exact opposite. They must not spare any effort to persuade the employees of their ideas (Rapa and Kauffman, 2005).

2.3.3. Resource Allocation and Strategy Implementation

Many literatures suggest resource allocation is a central management activity that allows for strategy execution. All organizations have at least four types of resources that can be used to achieve desired objectives: financial resources, physical resources, human resources, and technological resources. Nothing could be more detrimental to strategic management and to organizational success than for resources to be allocated in ways not consistent with priorities indicated by approved annual objectives (David, 2011). However, there often exists an absence of systematic thinking about resources allocated and strategies of the firm.

Johnson at el. (2005) argues that putting strategy into action is concerned with ensuring that strategies are working in practice. Without adequate resources, strategy implementation process would not proceed as planned. This would thus result in stalled projects or results being different from those anticipated. In strategy implementation, the main areas to look into when allocating resources are the procedures of securing and allocating financial resources for the new strategy, information and knowledge requirements, the time available to complete the process, and the political and cultural issues within the company and the impact on resource allocation according to Johnson (2015).

Implementation funding and its management may be a key determinant of the success of strategy implementation. Johnson, Scholes, Whittington (2006) outline the three problems that organizations face in terms of the relation between strategy and finance include managing the funds, funding strategic development and monetary expectations of stakeholders. Punniyamoorthy and Murali (2008) provide Kaplan and Norton's balance record that takes account of the resources necessary for the implementation of strategy. The monetary perspective evaluates the gain component of strategy and an absence of monetary information would foster a climate of uncertainty, permit rumors and wrong data to flourish (Heldenberg, Croquet, Amone & Scoubeau, 2006). Thus, lack of proper financial management is considered a challenge to strategy implementation. Organizations need to continuously develop costing systems and offer the relevant financial statements (Slater & Olson, 2011). Carr & Joseph (2000) also claims effective implementation of budgetary control is an important guarantee for the effective implementation of budget in the organization. According to them, the real value of any resource allocation program lies in the resulting accomplishment of an organization's objectives and strategic management itself is sometimes referred to as a "resource allocation process".

2.3.4. Organizational Structure and Strategy Implementation

Organizational structure specifies the firm's formal reporting relationships, procedures, controls, and authority and decision-making processes (Hitt, Ireland, Hoskisson, 2010). Developing an organizational structure that effectively supports the firm's strategy is difficult, especially because of the uncertainty about cause-effect relationships in the global economy's rapidly changing and dynamic competitive environments according to them. Thus, organizational structure is a critical component of effective strategy implementation processes.

Every organization has a unique structure and it is the reflection of the company's past history, business volume, reporting relationships, and internal politics. Thus, every organization needs to take a very close look at its organization structure and evaluate if it supports the strategy. Organizations may need to customize their organizational structure to fit their strategy (Atlantic Canada Business Blog 2007) as cited by (Ng'enoh, 2013). According to this study, the three focus points in relation to identification of the appropriate structure needed for strategy implementation include: first and foremost, identification of critical activities in the organization's value chain that has to be performed exceedingly well to develop the organization's core competencies. Secondly, the organization needs to decide which of these activities need to be performed internally and see the possibility of outsourcing non-critical activities. Thirdly, the organization needs to build structure around these identified critical activities. Many literatures suggest that an organization could not afford mismatch between its strategy and structure since it can lead to poor strategy implementation. In addition, just as the organization's strategy needs to change with changing external environment, so must the structure change for proper strategy implementation?

Many scholars have tried to develop relationship between strategy implementation and organizational structure. What was revealed is the fact that the industrial environment of the organization influences strategy implementation and therefore, structure. Richards (2006) as cited (Khayota, 2014) asserts that over time, many scholars have claimed that goals and strategies are the biggest determinants of organizational structure. Peters (2003) on his part did not claim the existence of a good or bad structure, but one that is appropriate to strategy, markets, internal policy, customers, culture, and people. He maintained that the purpose of examining organizational structure is to develop ways that structure may be better suited to strategy.

The most necessary elements to describe the shape of an organization are its breadth and depth (Colombo and Delmastro 2002). The depth defines the number of hierarchical layers or management levels that lay between the top management and operational employees. The breadth could be measured by the control span, that is, the number of a supervisor's direct reports or subordinates. Obviously, there exists an inverse affiliation between depth and breadth, given to an organization's size. Literatures suggest that most companies are configured in terms of four basic elements of organizational structure. These are namely; span of control, centralization, formalization and departmentalization.

Span of Control

This is the number of people directly reporting to the next level in a hierarchy (Hambrick, and Cannella, 2002). A narrow span of control exists when very few people directly report to the manager. On the other hand, a wide span exists when a manager has many direct reports. Hambrick, and Cannella (2002) strongly recommended a relatively narrow span of control typically less than 20 employees per supervisor and 6 supervisors per every manager..

Centralization and Decentralization

Khayota (2014) maintained that to economize on bureaucratic costs and effectively coordinate the activities of people, functions, and divisions, managers must develop a clear and unambiguous hierarchy of authority or chain of command that defines each manager's relative authority from the CEO down through the middle managers and first-line managers to the non-managerial employees who actually make goods or provide service. Authority is centralized when managers at the upper levels of a company's hierarchy retain the authority to make the most important decisions. When authority is decentralized, it is delegated to divisions, functions, and employees at lower levels in the company. According to Biam (2006), Centralization defines the formal decision-making authority that is held by a small group of people, typically those at the helm of the organizational hierarchy. Most organization begin with centralized structures as the founder makes the most decisions and tries to direct the business towards his or her business. As organizations grow, however, they diversify and their environments become more complex. Senior executives are not able to process all the decisions that significantly influence the business. Consequently, larger organizations typically decentralize meaning that they disperse decision authority and power throughout the organization (Bray, 1991). Hill and Jones (2010) also maintained that the greater the complexity of an organization's structure, the greater is the need for coordination among people, functions, and divisions to make the organizational structure work efficiently.

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Formalization

Carl and Kaplan (1998) described formalization as the degree to which an organization standardize behavior through rules, procedures, training and related mechanism. Formalization, therefore checks how standardized an organization's jobs are and the extent to which employee behavior is guided by rules and procedures. In highly formalized organizations, there are explicit job descriptions, many organizational rules, and precisely defined procedures that cover work processes, Carl and Kaplan (1998) indicated, therefore that employees have little discretion over what's done, when it is done, and how it's done. However, where formalization is low employees have more discretion in how they do their work. Companies become more formalized as they increasingly rely on standardization to coordinate work.

Departmentalization

According to Pham (2009), departmentalization specifies how employees and their activities are grouped together. It establishes the chain of command and frames the membership of formal work teams and typically determines which positions and units must share resources. Departmentalization is therefore, establishes interdependencies among employees and subunits.

According to Wang (2007), the choice of structure is dependent on organizational size. He claims that larger organizations should have different structures from smaller organizations. He maintains that as the number of employees' increases, job specialization increases due to a greater division of labor. Therefore, larger firms make greater use of standardization to coordinate work activities, hence creating an administrative hierarchy and greater formalization. However, he suggests it might be challenging to define the best organizational structure for a firm since this depends on diverse variables including; the external environment, size, technology, and strategy. An optimal structure may depend on whether the environment is dynamic or stable, simple or complex, diverse or integrated, and hostile or munificent (John and Meier, 2001).

At the firm level, extant research has observed that the effective relationship between strategy and structure is a necessary precondition to the successful implementation of new business strategies (Drazin and Howard, 2004; Olson et al., 2005; Miller et al., 2004) as cited by (Ngonjo, 2013). In addition, a match between appropriate administrative mechanisms and strategy has been found to reduce uncertainty within the firm and increase effectiveness in strategy implementation. Moreover the nature of the organizations structure to be used in implementing strategy is influenced by the environment stability and the interdependence of the different units (Daft, 2000). Failure to address issues of the broad structural design of roles, responsibilities and lines of reporting can at a minimum, constrain strategies development and performance (Johnson & Scholes, 2002; Koske, 2003) as cited by (Ngonjo, 2013).

2.3.5. Organizational Culture for Strategy Implementation

One of the chief challenges in strategy implementation is perceived to be more cultural and behavioral in nature. Researches show that difficulties in strategy implementation include a lack or poor understanding of strategy implementation, lack of full appreciation of the strategy by customers and staff, non-acknowledgement of obstacles, and ignoring the daily business imperatives. Thus, the implementation of a new strategy begins with comprehension of organizational culture and concludes with a change in this culture to facilitate and uphold the strategy (Lund, 2003). He argued that the pervasiveness of an organization's culture necessitates that management identify underlying dimensions of their corporate culture and its corresponding impact on employee related variables that include cohesion, commitment, satisfaction, strategy implementation, performance, to mention a few. Culture allows the adaptive behavior by the organization necessary for strategy implementation (Mehta and Krishnan, 2004). Crittendens (2008) posits that a strategy cannot be successfully implemented without understanding the culture of the organization, since the culture of the organization comprises the main opposition to implementation. With a few slight exclusions, organizational change could translate to cultural change (Heracleous, 2000).

Research indicates that organizational culture, specifically the extent that is aligned or not aligned with strategy, is the single most significant factor in determining the success of strategy implementation aligned to set objectives (Marks, 1999; Kotter and Heskett, 1992;

Lee and Yu, 2004) as cited by (Mukhalasie, 2014) . They argued that when culture aligns to strategy implementation, an organization is able to operate more efficiently in the global marketplace. In addition, it is also believed that culture facilitates organizational leaders to work both individually and as teams to foster strategic initiatives within an organization.

According to House, (2004), organizations differ in their cultures and cultures differ in their relative strength. He claims that stronger cultures are more enduring and create greater consistency in the behavior of employees. Weaker cultures, on the other hand, are more fragile and are subject to disintegration and abuse of common organizational behavior (House, 2004).Strong culture is produced by observing specific processes in developing consistent activity systems (Denning, 2011). Research has shown that organizations with strong cultures incline towards high economic performance over time, especially in markets that are highly competitive, where constraints on organization behavior are greater (Meldrum, and Atkinson, 2008).

Rajasekar (2014) in his study on Factors affecting “effective strategy implementation in a service industry” identified organizational culture as a key element of strategy implementation process. The study addressed in detail the roles of corporate communication (internal and external), leadership, organizational structure, and control mechanisms. He found that a meaningful relationship exists between organizational culture and strategy implementation. Results of the study showed that all types of organizational cultures have significant relationships with the implementation process, but the extent of the culture’s influence varies from the most effective (clan culture) to the least effective (hierarchy culture).

According to Khayota (2014), the pervasiveness of an organization’s culture requires that management recognize underlying dimensions of their corporate culture and its impact on employee-related variables such as satisfaction, commitment, cohesion, strategy implementation, performance, among others. Researches show that only organizations which implement almost all their strategy achieve good records on profitability. However, only a few studies implicitly show the effect of culture on strategy implementation (Van Der Maas, 2008). Aten and Grenville (2011) also implied that globalization has contributed to the rise of some organizational culture that carries significant weight in organizational setups.

2.3.6. Management Information System for Strategy Implementation

A good strategy implementation naturally starts with a good strategic input. The process of strategic management is facilitated immensely in firms that have an effective information system. Information collection, retrieval, and storage can be used to create competitive advantages in ways such as cross-selling to customers, monitoring suppliers, keeping managers and employees informed, coordinating activities among divisions, and managing funds (David, 2011). Like inventory and human resources, information is now recognized as a valuable organizational asset that can be controlled and managed. Knowledge learned in the organization can be catalogued and transferred to other applications within and across organizations and geographies (Teece, 2009).

Recent changes in information system technology have created new avenues for Strategic Information System development in organizations and take information management system as a competitive weapon. Strategic Information System is playing a larger role in organizations' approaches to obtaining competitive advantage (Rackoff, et. al, 1985, Kim, et al, 1990, Gordon, et al, 1998) as cited by (Bogabol, Musadieq, Handayani, 2014). According to them, management information system involves two dimensions: 1) information selection and 2) information presentation. The information selection relates to the selection of appropriate management accounting information (Tillema, 2005) while information presentation refers to the techniques of management control adopted by organizations which includes traditional ones like strategic planning and budgeting (Jermias and Gani, 2004). Ferreira and Otley (2006) also believe that the relationship between these two dimensions of the management information system determines the design of the management control system.

In a study made by Bogabol, Musadieq , and Handayani (2014) on the Libyan health sector to describe the need for management information systems on strategic planning processes, they have concluded that Management information system ensures high level of service quality and effective information sharing between all the departments in the organizations and provide accurate information to the senior management inside the organizations that helps to make precise strategic decisions. However, they have identified several factors affecting the success of management information system in influencing strategic planning process in Libyan service organizations: 1) inadequacies of the capital components, 2) organizational constraints to access internet and computers, 3) stakeholders involvement, 4) government policy, and 5) lack of qualified human resources in IT and IS. Additionally, the study suggest that lack of the required emphasis to be given for risk management in management information system projects. In this regard, David (2011) also insisted firms must increasingly be concerned about computer hackers and take specific measures to secure and safeguard corporate communications, files, orders, and business conducted over the Internet. He argued that thousands of companies today are plagued by computer hackers who include disgruntled employees, competitors, bored teens, sociopaths, thieves, spies, and hired agents and hence, Computer vulnerability is a giant, expensive headache.

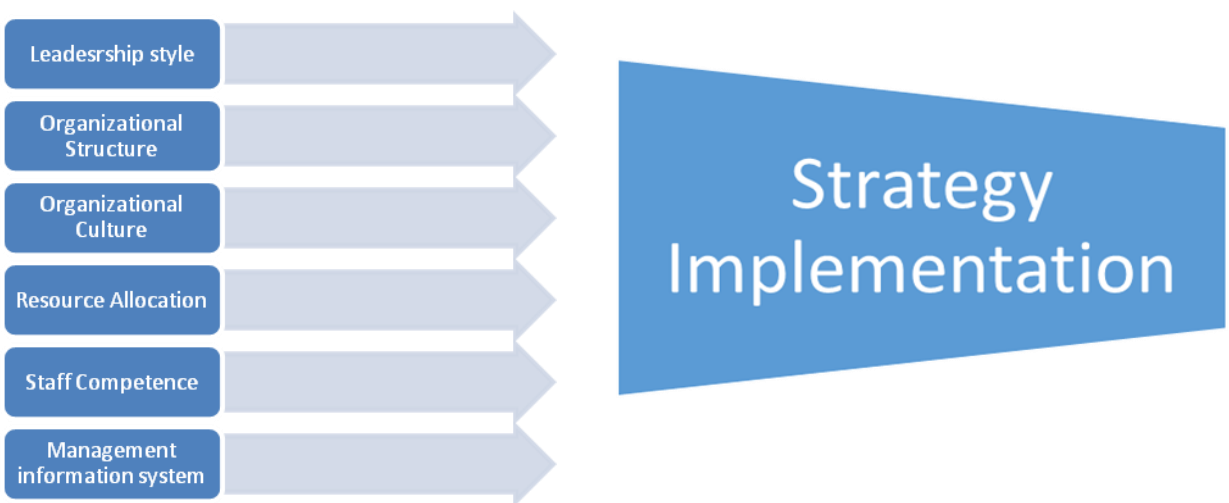
In the study made by Ngeche (2017), Bhattacharya, Gulla and Gupta (2012) advise that with information Technology infrastructure rising as a vital component to achieving business objectives, companies have to be compelled to be technologically able to wrestle the strategic challenges which will fuel growth. The implementation of strategy is dependent on the market and capability of the organization, thus development of IT capability is one of the important tasks of e-business (Eikebrok & Olsen, 2007).There is also a growing literature that focuses on information processing systems and sustained competitive advantage (O'Brien, 1983). They argued that an information system that is deeply embedded in a firm's informal and formal management decision making process may hold sustained competitive advantage.

2.3.7. Conceptual Framework of the Study

Models are theoretical systematic grouping of interdependent concepts and principles that give a framework to, or tie together, a significant area of knowledge as scattered data are not information unless observer has knowledge of the theory that will explain relationships (Olum, 2004) as cited (Hourani,2017). Thus, theories and theoretical models provides criteria for what is relevant, they enable us communicate efficiently and they challenge us to keep learning about our world or the field we operate in as the environment is ever changing (Chiuri, 2015).

Reviewing strategy implementation literature shows that most approaches about strategy implementation may be categorized in two groups; the first considered the term of strategy implementation as a sum of factors that interplays, interacts, and integrates within strategy implementation. This second group of approaches considered the term strategy implementation as "process", therefore this group may be called as "process- oriented" approaches (Amjad, 2013). Whether approaches are “factor-oriented” or “process-oriented”, in their attempts to develop conceptual frameworks of strategy implementation, this study could be categorized as factor oriented. Based on the overall review of related literatures, the following conceptual model in which this specific study framed is developed. Strategy implementation has been taken as dependent variable while, leadership style, organizational structure, organizational culture, resource allocation, staff competence, and management information system as independent variables. The relationship of the variables for this study is depicted as follows:

Fig 2.3.1: Conceptual Framework



Source: Developed by the researcher

CHAPTER THREE

3. Research Methodology

This chapter discusses the methodology applied in this research. The chapter looks at the research design, target population, sample size, data collection methods, research procedures, and data analysis and the statistical techniques used in analyzing the collected data.

3.1. Research Design

A research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure (Kothari, 2004).It was therefore, my strong intention to ensure accuracy, confidence, generalizability, and so on, in my choice about data collection and analysis while at the same time being economical in the research design procedures we follow to undertake the study. This study adopted descriptive research because it aims at collecting information from respondents on their perceptions in relation to internal factors affecting strategy implementation. Further, the correlational analysis was adopted as the study was seeking to describe relationship between the independent variables (leadership style, staff competence, resource allocation, organizational structure, organizational culture, and management information system) and dependent variables (strategy implementation).

3.2. Target Population and Sampling Methods

3.2.1. Target Population

Population can be defined as the total collection of individuals whom researchers seek to make inference on (Cooper& Schindler, 2014). Even though one can argue that the ideal target population for this study is all staffs of the bank, the researcher believes that the target population should be staffs of the bank at supervisory or above positions that have well understanding of strategic management. Hence, the target population for this study were respondents who oversee the strategy implementation process and active implementers who were residing in Head Office Units, District Offices, and Branches. They are comprised of the Senior Management, Head of Departments, and Division Managers (who are considered business level in their structure) and District Managers as well as their subordinates, and

Branch Managers or supervisors (both are considered operational level in their structure). But due to limited time and resources, the catchment area for the study was confined only in Addis Ababa. The target population for the study is therefore, 213 employees of the bank from head office units, four Addis Ababa district offices, and 141 branch offices in Addis Ababa.

3.2.2. Sampling Design

Sampling is the process of selecting a sufficient number of elements from the population, so that a study of the sample and an understanding of its properties or characteristics would make it possible for us to generalize such properties or characteristics to the population elements (Uma Sekaran, 2003). According to Sekaran, probability sampling designs are used when the representativeness of the sample is of importance in the interests of wider generalizability since the elements in the population have some known chance or probability of being selected as sample subjects. Probability sampling was used for the study since inference from the sample is ultimately made about the population (all staffs at Wegagen bank) on internal factors that affect strategy implementation in the bank.

3.2.3. Sample Size

Krejcie and Morgan (1970) greatly simplified size decision by providing generalized scientific guideline in a table for sample size decisions when population is known (Uma Sekaran, 2003). According to this guideline/table that matches population size with recommended sample size, the recommended sample size is 136 for population of 210. (Krejce & Morgan, 1970) also provided alternative formula that can be used to determine the required sample size when population is known:

$$S = \frac{x^2NP(1-P)}{d^2(N-1) + x^2P(1-P)}$$

Where:

S = required sample size.

x^2 = the table value of chi-square for 1 degree of freedom at the desired confidence level which is 1.96*1.96= 3.841.

N = the population size.

P = the population proportion (assumed to be .50 since this would provide the maximum sample size).

d = the degree of accuracy expressed as a proportion (.05); It is margin of error.

Based on the above formula, the calculated sample size used for the study from population of 213 is 137, which was almost similar to the sample size recommended by the scientific guideline table.

3.2.4. Sampling Frame and Sampling Techniques

The population frame is a listing of all the elements in the population from which the sample is drawn (Uma Sekaran, 2003).The population of the study is comprised of staffs at head office, district offices, and branches of the bank obtained from the bank's human resource data base. The sampling technique used for this study was cluster random sampling method. When several groups with intragroup heterogeneity and intergroup homogeneity are found, then a random sampling of the clusters or groups can ideally be done (Uma Sekaran, 2003). Cluster random sampling involves the population first to be divided into mutually exclusive groups that are relevant, appropriate, and meaningful in the context of the study followed by random selection of subjects from each stratum. The population of our interest was therefore, divided into mutually exclusive groups of head office, District offices, and Branch offices. Then cluster random sampling was used to collect views of respondents from the different hierarchy with equivalent representation. Most of the questionnaires were served to respondents in person using simple random sampling. But certain questionnaires were also served and returned through e-mails when threat of COVID 19 has been high.

Table3.2.4.1: Cluster random sampling technique

Category	Selected number of employees	Employee proportion in each units	No of selected employees
Head Office units	60	28%	38
Addis Ababa District Offices	12	6%	8
Branches under Addis Ababa District Offices	141	66%	91
Total	**213**	**100%**	**137**

Source: The bank's data base and HRM, Directorate

3.2.5. Data Sources

The study used mainly primary data source. The data sources used in the study was through structured questionnaire which was independently handled by the sample respondents.

3.2.6. Questionnaire Design

In order to ease the data analysis process, mainly close ended questionnaires were used. Moreover, the questions were adapted from literatures relevant to this specific study. So as to reduce misunderstanding and uncertainties on the questions, all the possible efforts had been exerted by avoiding technical jargon and using simple and understandable English language. The questionnaire was classified in to eight sections:

Section one is about the general demographic information of the respondents that covers age, gender, highest completed educational level, length of service year in the organization and banking industry, and level of managerial position. And the responses of the respondents were interpreted by using frequency distribution and percentage.

Section two to Section eight is about questions pertaining to the effect of leadership style, staff competence, resource allocation, organizational structure, organizational culture, management information system on strategy implementation. The questions were formed in a five point Likert scale such as 1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree which allows respondents to indicate their level of agreement with the statement provided.

3.2.7. Data Collection Methods

The study administered close-ended questionnaire with certain open ended questions to the respondents as a data collection tool as this is considered effective in collecting large amounts of information from relatively large sample in a limited period of time and cost effective manner. The study instrument utilized a five-point Likert scale to ask respondents to express their opinion on given statements and they were expected to either agree, strongly agree, remain neutral, disagree, or strongly disagree. The Likert scale is designed to examine how strongly subjects agree or disagree with statements on a 5-point scale (Uma Sekaran, 2003). The Likert scale was preferred as they were easy to understand and draw conclusions from. In addition, the questionnaire developed for this study was pre-tested before its actual use to confirm flow, accuracy, and clarity of the interview questions.

3.2.8. Method of Data Analysis

Once the data collected, the information was coded and appropriate data analytic techniques used to describe internal factors that affect strategy implementation and determine the likely association between independent variable (Strategy Implementation) and dependent variables (Internal factors that affect strategy implementation). Since this study applied Likert scale data in developing questionnaire for the variables used in the study, the researcher made use of the data analysis procedure like frequency, percentage, mean, standard deviation, Pearson correlation coefficient, ANOVA, and multiple linear regression.

3.2.9. Validity test

Bhattacherjee (2012) defined validity as the extent to which a measure adequately represents the underlying construct that it is supposed to measure. This study tried to address some of the validity tests used by the researcher.

Internal Validity: refers how the findings of the research match reality and as the researcher measure the things that are aimed to measure. In lab experiments where cause-and-effect relationships are substantiated, internal validity can be said to be high (Sakaran, 2003). Moreover, the reality in quantitative research is an ongoing processes, it always changes due to the fact that what is being studied is how people understand it. Since the study is crosssectional field survey, it is poor in internal validity because of the inability to manipulate the independent variable and cause and effect are measured at the same time.

External Validity: It refers to the extent of generalizability of the results of a causal study to other settings, people or events (Sakaran, 2003). The more representative, the more confident we can be in generalizing from the sample to the population (Bhattacherjee, 2012). This study addressed external validity test by taking representative samples from the population based on stratified random sampling. Therefore, the result of the study could be generalized to all Wegagen Bank S.C branches.

Construct Validity: It examines how well a given measurement scale is measuring the theoretical construct that it is expected to measure (Bhattacherjee, 2012). Construct validity was tested based on correlation coefficient results. Therefore, based on the result of the correlation coefficient it falls to high level correlation coefficient.

Statistical Conclusion Validity: refers to aspects of quantitative evaluation that affect the accuracy of the conclusions drawn from the results of a study that addresses the question of whether the statistical conclusions drawn from the results of a study are reasonable. Therefore, the appropriate statistical testing tools used in the study were mainly Pearson correlation and multiple linear regressions with the assumption of ascertaining that all of the independent and dependent variables of the study was measured based on Likert scale data type.

3.2.10. Description of Variables

The dependent variable is Strategy Implementation whereas the independent variables used in the study are organizational Structure, Organizational Culture, Leadership style, Staff competence, Resource allocation, and Information Management System.

3.2.11. Ethical Consideration

As far as the ethical consideration for the rights of the research participants is concerned, utmost care has been made. The researcher has ensured that the principle of voluntary participation which requires people are not coerced into participating in research was enacted. The consent of the participants has also been ensured by explaining the aim of the study and the procedures involved so as to make their own judgment whether to participate or not. The researcher also has ensured that the respondents are not required to provide their names and told them the information they provide is confidential and assured that it would be used only for academic purpose.

CHAPTER FOUR

4. Results and Discussion

4.1. Introduction

This section covers the results obtained after data collected from sample respondents through questionnaire and document review by the researcher is analyzed and interpreted. It is arranged in the following manner: the response rate of the questionnaire is presented first followed by the demographic characteristic of respondents. Then the respondents' response regarding the specific research objectives aimed at establishing the factors affecting strategy implementation at Wegagen bank were presented and the results analyzed using descriptive and inferential statistics. Finally on the discussion section, secondary data collected through literature review were used as an attestation for accepting/rejecting the hypothesis made in the study.

4.2. Response rate of the Questionnaires Distributed

Based on the sample size determined in the study, the research issued a total of 137 questionnaires and 94 were filled and returned giving a response rate of 69%. Since the data collection were undertaken after COVID 19 pandemic has entered ,both field and email survey were used to improve the response rate.

4.3. Demographical Factors

The research analyzed data with regard to the demographic factors and the results were presented as follows:

4.3.1. Gender

From the total respondents, 70% are males while the remaining 30% being female as depicted in the table hereunder and it could be said female representation in the research is still good despite male domination.

Table 4.3.1: Gender of respondents

Sr. No	Variable	Frequency	%age
1	Male	66	70
2	Female	28	30
	Total	**94**	**100**

Source: Own survey (2020)

4.3.2. Age

The greatest number, 46% of the respondents are in range between 31-40 age group, followed by 21-30, and 41-50;with 44% and 10%, respectively. Since age group of respondents includes both young and matured employees of the bank, the research is expected to incorporate view of respondents found under different age group.

Table 4.3.2: Age of respondents

Sr. No	Variable	Frequency	%age
1	21-30 years	41	44
2	31-40 years	43	46
3	41-50 years	10	10
4	Above 50 years	0	0
	Total	**94**	**100**

Source: Own survey (2020)

4.3.3. Highest Completed Level of Education

To analyze the literacy levels, the result established that majority of respondents are accounted as first degree holders constituting 64% while 36% had a Master's degree as shown in table 4.3.3.below. This implies that the data received from the response could be dependable since the respondents were very literate holding first degree and above.

Table 4.3.3: Highest Level of Education

Sr. No	Variable	Frequency	%age
1	Degree holder	60	64
2	Master	34	36
	Total	**94**	**100**

Source: Own survey (2020)

4.3.4. Service years worked

To have an insight on the respondents' knowledge about the bank and the banking industry as a whole, their working experience at the bank and in the industry is depicted hereunder.

Table 4.3.4: Service years worked at Wegagen

Sr. No	Variable	Frequency	%age
1	Less than 1 year	3	3
2	1-2 years	15	15
3	3-5 years	22	23
4	6-10 years	24	26
5	Over 10 years	31	33
	Total	**94**	**100**

Source: Own survey (2020)

As you can see in the above table, 82% of the respondents have 3 years or more experience at the bank and only 3% from the total have less than 1 years of experience. This shows the data is collected from respondents that truly knows well about the bank.

4.3.5. Number of Service Years in Banking

To establish the duration the respondents have worked in the banking industry, the findings revealed as shown in the table hereunder. It also shows at least 75% of the respondents have 3 or more years overall banking experience showing respondents' established expertise in the banking industry to understand and respond questions asked.

Table 4.3.5: Number of Service Years

Sr. No	Variable	Frequency	%age
1	Less than three years	23	25
2	3-6 years	18	19
3	6-9 years	15	16
4	9-12 years	19	20
5	>12 years	19	20
	Total	**94**	**100**

Source: Own survey (2020)

4.3.6. Management Level

When we see the management levels participated in the questionnaire, the result established that majority of respondents accounted for 85% were operational managers (it includes district managers, branch managers, and customer service supervisors), 9% were middle and head of departments, and only 1% were senior managers as shown in table 4.3. This implies that the data received was relevant as the prime responsibility to implement strategy falls on the hands of operational managers and the higher management and hence, the respondents were in position to give responses as per the objectives.

Table 4.3.6.: Management Level

Sr. No	Variable	Frequency	%age
1	Customer Service supervisors	61	64
2	Branch Managers	20	21
3	District Managers	3	3
4	Middle Management*	6	6
5	Head of Departments	3	3
6	Vice Presidents	1	1
	Total	**94**	**100**

Source: Own survey (2020)

*****the position includes division managers and other equivalent positions in different departments

4.4. Description of Internal Factors Influence on Strategy Implementation

In this section, the respondents' level of agreement on the effect of internal factors in strategy implementation are presented. Findings was summarized and analyzed applying the following rule of thumb obtained from tips at researchgate.net:

$$\text{Interval} = \frac{\text{the highest score - the lowest score}}{\text{Number of Interval}}$$

$$\frac{5-1}{5} = 0.8$$

Therefore, the average score (mean) obtained from each item was interpreted into degree of agreement level as follows):

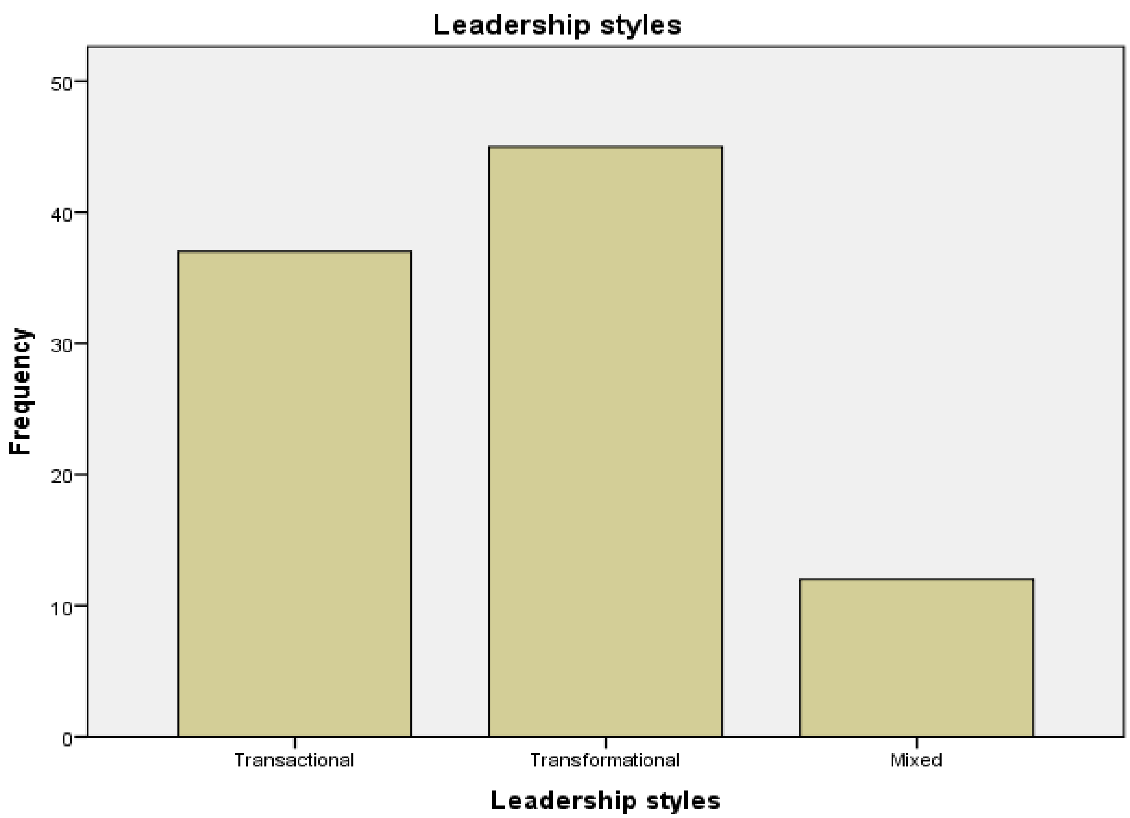
- Mean Score = 1.00-1.80, Very low level of agreement

- Mean Score = 1.81-2.60, Low level of agreement
- Mean Score = 2.61-3.40, Moderate level of agreement
- Mean Score = 3.41-4.20, High level of agreement
- Mean Score = 4.21-5.00, Very high level of agreement

4.4.1. Leadership Style In Wegagen Bank

The research was geared towards identifying the leadership style at Wegagen bank and it was established that 48% said it was transformational while 39% of the respondents termed it transactional and 13% described it mixed as shown hereunder: The research indicates that leadership style at Wegagen bank was not yet clearly identified since there was no majority.

Fig 4.4.1: Leadership styles



4.4.2. Leadership Style and Strategy Implementation at Wegagen Bank

The first objective set to establish is how leadership style affected strategy implementation. Respondents were asked a set of questions to indicate to what extent they agree or disagreed with statement related to leadership style and strategy implementation, using a five point

Likert scale where 1 - Strongly Disagree 2 - Disagree 3 - Neutral 4 - Agree 5 - Strongly Agree

Table 4.4.2. Respondents' level of agreement on leadership style

Leadership Style	N	Mean	Standard Deviation
Do you agree that Leadership style affects strategy implementation?	94	4.37	0.829
Do you agree that relationship between leaders and followers is critical for organizational goal achievement	94	4.33	0.920
Do you agree that the styles used to provide leadership often affect the productivity of those being led?	94	4.11	0.910
Do you agree that the primary responsibility for effective strategic leadership rests at the top, in particular with the CEO?	94	3.48	1.143
Do you agree that strategic leaders ability to influence behaviors, thoughts, and feelings of those with whom they work is important for successfully using strategic management process at Wegagen bank?	94	4.14	0.811
Strategic leaders ability to communicate facilitate achievement of sufficient results?	94	4.07	0.871
Do you agree that leadership skills are critical in realization of goals?	94	4.19	0.907
Do you agree that lack of strategic leader's commitment, inspirational role, and vision leads to strategic plan failure?	94	4.46	0.650
Do you agree that strategic leaders ability to attract and maintain talented human capital is important for firm's higher performance?	94	4.26	0.842
Do you agree that developing and reinforcing execution culture at all levels is more important than leadership styles in strategy implementation?	94	3.41	1.062

Source: Own survey (2020)

Based on the analysis of the response of employees, the mean value and standard deviation were measured for each questions of leadership style. Accordingly the sample respondents have shown very high level of agreement on the statement ‘Do you agree that lack of strategic leader’s commitment, inspirational role, and vision leads to strategic plan failure (mean=4.46, S.D.=0.65). The respondents have also showed high level agreement for the statement “Do you agree that developing and reinforcing execution culture at all levels is more important than leadership styles in strategy implementation” (mean=3.41, S.D.=1.06) but closer to the moderate level agreement. In regards to the other questions, respondents have shown from very high level of agreement to high level of agreement, relatively closer to the upper limit of the range.

The overall respondents’ average agreement with regard to leadership style was 4.082 and standard deviation of 0.89. This showed that most of the respondents had high level of agreement that leadership style had influence on strategy implementation of the bank and hence, the bank needs to do more on the leadership style for effective strategy implementation.

4.4.3. Organizational Structure and Strategy Implementation at Wegagen Bank

The second objective set to establish is how organizational structure affected strategy implementation. Respondents were asked a set of questions to indicate to what extent they agree or disagreed with statement related to organizational structure and strategy implementation, using a five point Likert scale where 1 - Strongly Disagree 2 - Disagree 3 - Neutral 4 - Agree 5 - Strongly Agree

Table 4.4.3. Respondents’ level of agreement on organizational structure

Organizational Structure	N	Mean	Standard Deviation
Do you agree that organizational structure is a critical component of effective strategy implementation processes at Wegagen bank?	94	4.17	0.713
Do you agree that structure should be designed to facilitate the strategic pursuit of a firm and, therefore, follow strategy?	94	4.04	0.815
Do you agree that setting proper span of control is	94	4.19	0.737

important for effective monitoring and control			
Do you agree that most organizations begins with centralized structures but decentralized when the organizations grow?	94	3.65	1.013
Do you agree that maintaining policy and how often it is updated is important for effective strategy implementation?	94	4.02	0.816
Do you agree that departmentalization establishes the chain of command and frames the membership of formal work teams and typically determines which positions and units must share resources for effective strategy implementation?	94	3.99	0.711
Do you agree that organizational structure for a firm depends on diverse variables including; the external environment, size, technology, and strategy?	94	4.02	0.816
Effective relationship between strategy and structure is a necessary precondition to the successful implementation of new business strategies?	94	4.29	0.697
Do you agree that failure to address issues of the broad structural design of roles, responsibilities, and lines of reporting can at a minimum, constrain strategies development and performance?	94	3.89	0.796
Do you agree that technology is a critical factor to consider when designing an organizational structure for new strategy?	94	4.12	0.878

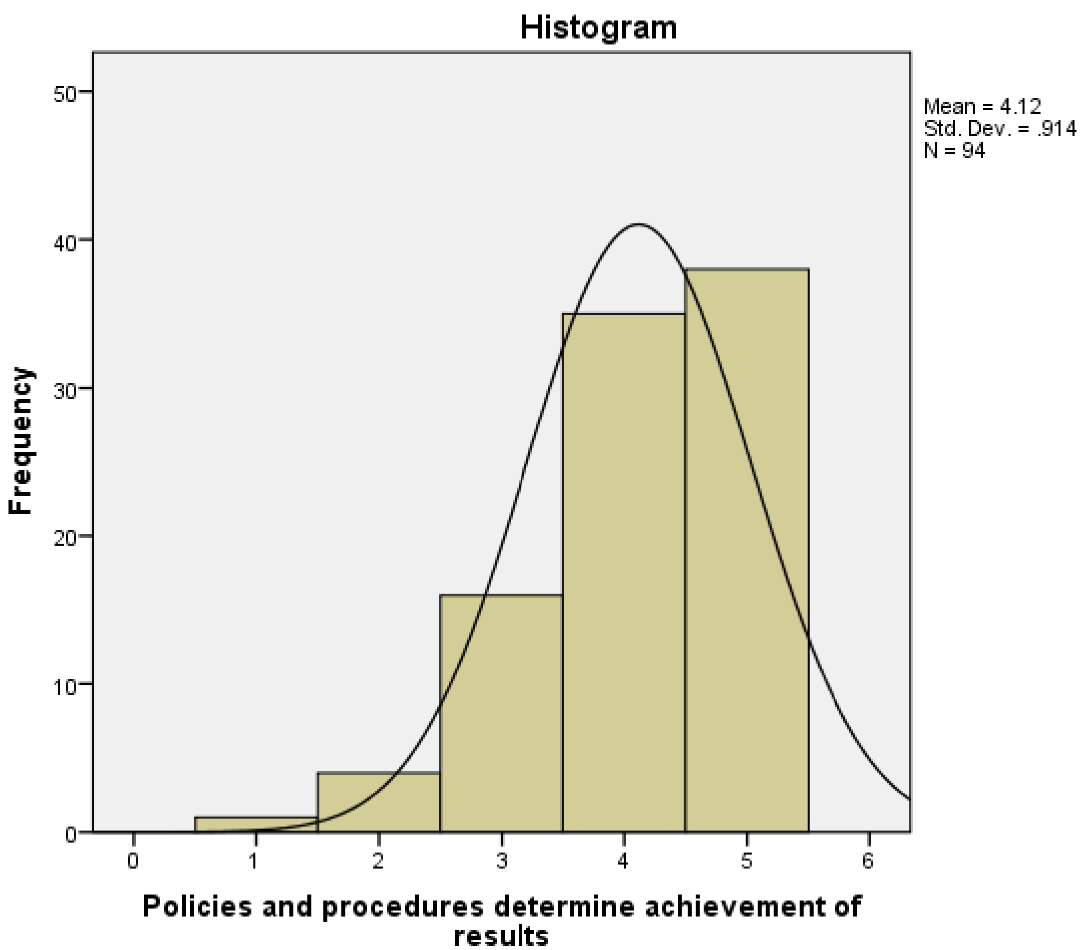
Source: Own survey (2020)

Regarding the effect of organizational structure on strategy implementation, the mean value and standard deviation were measured for each questions of organizational structure. Accordingly the sample respondents have shown very high level of agreement on the statement 'Effective relationship between strategy and structure is a necessary precondition to the successful implementation of new business strategies (mean=4.29, S.D.=0.697). In regards to the other questions, respondents have shown high level of agreement to the stated statements on organizational structure and strategy implementation.

The overall respondents' average agreement with regard to organizational structure was 4.04 and standard deviation of 0.78. This also showed that most of the respondents had high level of agreement that organizational structure had effect in strategy implementation at the bank.

In addition, presence of policies and procedures and how often it is updated is believed to be crucial aspect of better organizational structure thereby for effective strategy implementation. In this regard, the study sought to establish the importance of policies and procedures in strategy implementation and it was established 40% strongly agreed, 37% agreed, and 17% were neutral while only 4% and 1% disagreed and strongly disagreed, respectively as shown in Fig 4.4.4.

Fig 4.4.3: Policies and procedures determine achievement of results



4.4.4. Organizational Culture and Strategy Implementation at Wegagen Bank

The third objective set to establish is how organizational culture affected strategy implementation. Respondents were asked a set of questions to indicate to what extent they agree or disagreed with statement related to organizational culture and strategy implementation, using a five point Likert scale where 1 - Strongly Disagree 2 - Disagree 3 - Neutral 4 - Agree 5 - Strongly Agree

Table 4.4.4: Respondents' level of agreement on organizational culture

Organizational culture	**N**	**Mean**	**Standard Deviation**
Do you agree that implementation of a new strategy begins with comprehension of organizational culture and concludes with a change in this culture to facilitate and uphold the strategy?	94	3.93	0.820
Culture allows the adaptive behavior by the organization necessary for strategy implementation?	94	3.88	0.774
Organizational culture focus is on the internal integration and external adaptation of the organization for organizational success?	94	4.05	0.753
Do you agree that the challenge for an organization and its leaders, is to be able to identify, create, and sustain the type of culture that is conducive to achieve desired results?	94	4.09	0.757
Do you agree that a positive and strong culture can make average individual perform and achieve more whereas a negative and weak culture may demotivate an outstanding employee to underperform and end up with no achievement?	94	3.96	1.036
Organizational culture is a resource and a source of competitive advantage for the organization which has an active and dire role in performance management and strategic plan implementation?	94	4.01	0.740
Culture facilitates organizational leaders to work both individually and as teams to foster strategic initiatives within an organization?	94	4.04	0.717
Organizational culture allows decision making that are widely shared across a firm without extensive communication?	94	3.77	0.921
Do you agree that culture strength directly affects performance variability in Wegagen bank?	94	3.99	0.796
Do you agree that all types of organizational cultures have significant relationships with strategy implementation process, but the extent of the culture's influence varies from the most effective to the least effective?	94	3.78	0.996

Source: Own survey (2020)

As far as the effect of organizational culture on strategy implementation concerned, the mean value and standard deviation were measured for each questions stated in the above table. Accordingly the sample respondents have shown high level of agreement on all the statements that describes effect of organizational culture on strategy implementation and relatively closer to the upper limit of the range.

The overall respondents' average agreement with regard to organizational culture was 3.95 and standard deviation of 0.83. This showed that most of the respondents had high level of agreement that organizational culture had influence on strategy implementation of the bank.

4.4.5. Staff Competence and Strategy Implementation at Wegagen Bank

The fourth objective set to establish is how staff competence affected strategy implementation. Respondents were asked a set of questions to indicate to what extent they agree or disagreed with statement related to staff competence and strategy implementation, using a five point Likert scale where 1 - Strongly Disagree 2 - Disagree 3 - Neutral 4 - Agree 5 - Strongly Agree.

Table 4.4.5: Respondents' level of agreement on Staff competence

Staff Competence	N	Mean	Standard Deviation
Do you agree that lack of awareness by managers that employees play a vital role in strategy success is an impediment to strategy implementation failure?	94	4.04	0.775
Do you agree that improved human resource management can play a key role in the organization's competitive strategy and in the development of distinctive competencies?	94	4.29	0.771
Do you agree that quality people referring to skills, right attitude, capabilities, experiences, and other characteristics of the people required to perform specific tasks are key in strategic plan implementation?	94	4.07	0.858

Do you agree that while staff competence is vital, failures in strategy implementation is experienced as a result of lower-level managers and employees being the last group to identify with company strategy?	94	3.48	1.095
Talent deficiency hampers the implementation process?	94	3.81	0.954
Do you agree that competence evaluation, how often it is undertaken, and competence level of employees influence attainment of results at Wegagen bank?	94	4.11	0.782
Training enhances goals achievement?	94	4.23	0.809
Offering rewards facilitates realization of goals?	94	4.21	0.815
Do you agree that poor recruitment make firms to face long term costs and challenges in implementing strategies?	94	4.17	0.771
Do you agree that competence management has become the quality that highest performing organizations bring up to manage all phases of the worker lifecycle: from talent acquisition to development, to retention and reward?	94	4.11	0.796

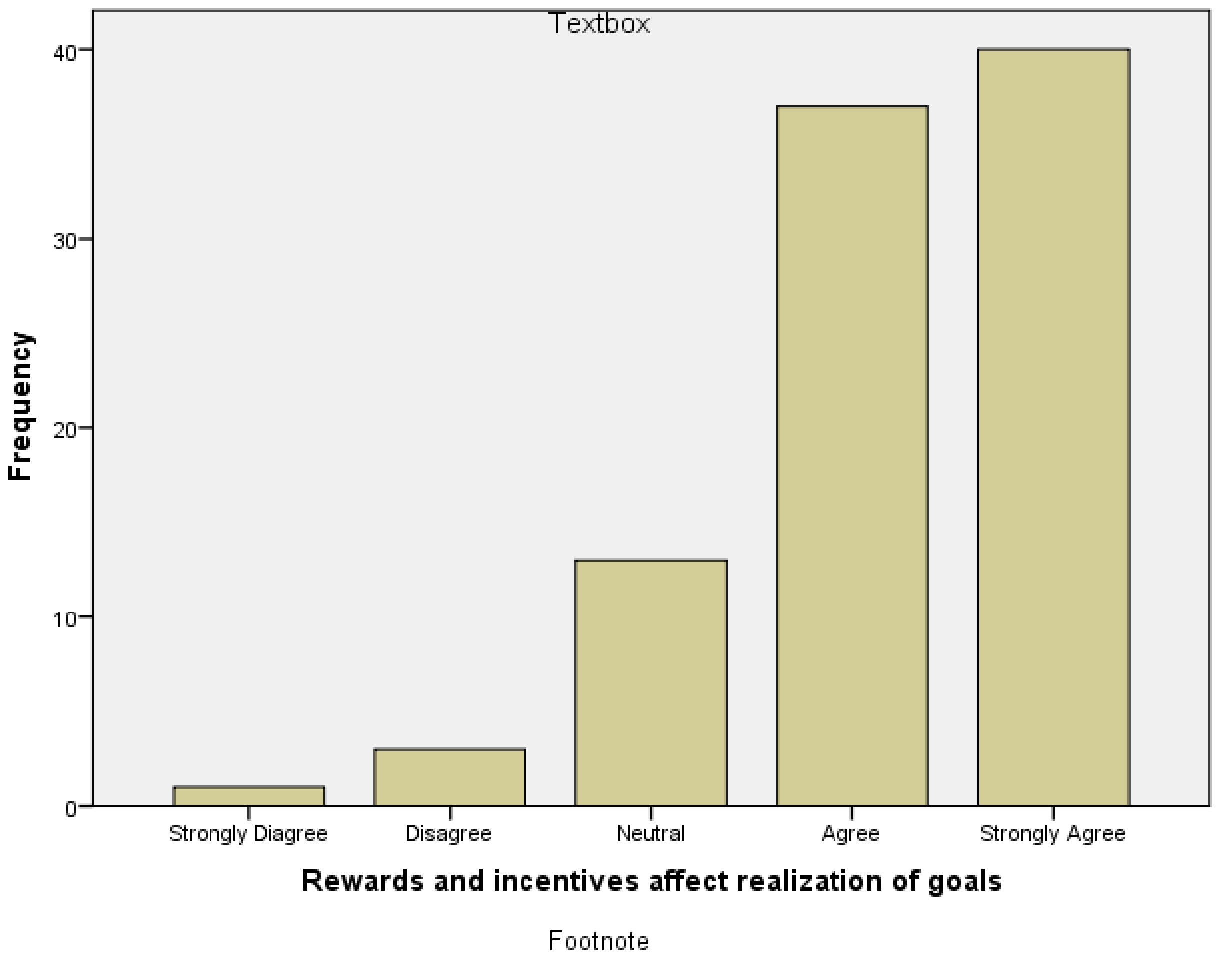
Source: Own survey (2020)

Based on the analysis of the response of employees, the mean value and standard deviation were measured for each questions of staff competence. Accordingly the sample respondents have shown very high level of agreement on the statement 'Do you agree that improved human resource management can play a key role in the organization's competitive strategy and in the development of distinctive competencies (mean=4.29, S.D.=0.771). In regards to the other questions, respondents have shown from very high level of agreement to high level of agreement to the statements.

The overall respondents' average agreement with regard to staff competence was 4.05 and standard deviation of 0.84. This showed that most of the respondents had high level of agreement that staff competence had influence on strategy implementation of the bank.

The study also sought to establish the effect of rewards and incentives on strategy implementation and it was established that 43% strongly agreed while 39% were agreed and 18.3% being neutral. Only 1% strongly disagreed while 3% registered as disagreed as shown in Fig 4.4.5.

Fig 4.4.5: Rewards and incentives effect on realization of goals



4.4.6. Resource allocation and strategy implementation at Wegagen bank

The fifth objective set to establish is how resource allocation affected strategy implementation. Respondents were asked a set of questions to indicate to what extent they agree or disagreed with statement related to resource allocation and strategy implementation, using a five point Likert scale where 1 - Strongly Disagree 2 - Disagree 3 - Neutral 4 - Agree 5 - Strongly Agree

Table 4.4.6: Respondents' level of agreement on Resource allocation

Resource Allocation	N	Mean	Standard Deviation
Do you agree that resource allocation is a central management activity that allows for strategy execution at Wegagen bank?	94	3.94	0.840
Do you agree that financial resources, physical resources, human resources, and technological resources are needed to meet desired objectives of organizations?	94	4.31	0.830
Do you agree that nothing could be more detrimental to strategic management and to organizational success than for resources to be allocated in ways not consistent with priorities indicated by approved annual objectives?	94	3.49	0.901
Do you agree that problems that organizations face in terms of the relation between strategy and finance include funding strategic development, managing the funds, and monetary expectations of stakeholders?	94	3.99	0.726
Do agree that the real value of any resource allocation program lies in the resulting accomplishment of an organization's objectives?	94	3.99	0.910
Do you agree that budget control provides a comprehensive management platform for efficient and effective allocation of resources in strategy implementation?	94	4.01	0.861
Budgeting influences achievement of goals?	94	4.23	0.795
Use of budget as an evaluation and control tool ensures meeting of deadlines?	94	3.71	1.001
Lack of human and physical resources affect realization of goals?	94	4.37	0.829
Information Technology infrastructure facilitates achievement of business objectives?	94	4.23	0.809

Source: Own survey (2020)

Based on the respondents' answer, the mean value and standard deviation were measured for each questions of resource allocation. Accordingly the sample respondents have shown very high level of agreement on the statements 'Lack of human and physical resources affect realization of goals (mean=4.37, S.D.=0.829). In regards to the other questions, respondents have shown from very high level agreement to high, though relatively closer to the upper limit of the range.

The overall respondents' average agreement with regard to resource allocation was 4.03 and standard deviation of 0.85. This showed that most of the respondents had high level of agreement that resource allocation had influence on strategy implementation of the bank.

4.4.7. Management Information System and Strategy Implementation at Wegagen Bank

The six objective set to establish is how management information system affected strategy implementation. Respondents were asked a set of questions to indicate to what extent they agree or disagreed with statement related to management information system and strategy implementation, using a five point Likert scale where 1 - Strongly Disagree 2 - Disagree 3 - Neutral 4 - Agree 5 - Strongly Agree

Table 4.4.7: Respondents' level of agreement on Management Information system

Management Information System	**N**	**Mean**	**Standard Deviation**
Do you agree that the process of strategic management is facilitated immensely in firms that have an effective information system?	94	**3.94**	**0.840**
Do you agree that information collection, retrieval, and storage can be used to create competitive advantages?	94	**4.22**	**0.764**
Do you agree that firms that implement strategies using the best information will reap competitive advantages?	94	**4.18**	**0.842**
Strategic Information System is playing a larger role in organizations' approaches to obtaining competitive advantage?	94	**4.38**	**0.749**

Success of management information system in influencing strategic planning process depends on adequacy of capital at Wegagen bank?	94	**3.84**	**0.908**
Success of management information system in influencing strategic planning process depends on organizational constraints to access internet and computers at Wegagen bank?	94	**3.85**	**0.829**
Success of management information system in influencing strategic planning process depends on stakeholders involvement at Wegagen bank?	94	**3.81**	**0.793**
Success of management information system in influencing strategic planning process depends on government policy?	94	**3.87**	**0.953**
Lack of qualified human resources in IT and IS limits influence of management information system in strategic planning at Wegagen bank?	94	**4.15**	**0.867**
Do you agree that information Technology infrastructure as a vital component to achieve business objectives in Wegagen bank?	94	**4.32**	**0.882**

Source: Own survey (2020)

Based on the analysis of the response of employees, the mean value and standard deviation were measured for each questions of management information system. Accordingly the sample respondents have shown very high level of agreement on the statement ‘Strategic Information System is playing a larger role in organizations' approaches to obtaining competitive advantage (mean=4.38, S.D.=0.749). In regards to the other questions, respondents have shown from very high level agreement to high level agreement, relatively closer to the upper limit of the range.

The overall respondents’ average agreement with regard to management information system was 4.05 and standard deviation of 0.840. This showed that most of the respondents had high level of agreement that management information system had influence on strategy implementation of the bank.

4.4.8. Strategy Implementation

The other remaining objective set to establish was respondents' grand view with regard to the importance of the stated internal factors in affecting strategy implementation, using a five point Likert scale where 1 - Strongly Disagree 2 - Disagree 3 - Neutral 4 - Agree 5 - Strongly Agree

Table 4.4.8: Respondents' level of agreement on strategy implementation

Sr No	Strategy Implementation	N	Mean	Standard Deviation
1	Management information system affects strategy implementation	94	4.21	0.717
2	Leadership style affects strategy implementation	94	4.29	0.798
3	Resource allocation affects strategy implementation	94	4.33	0.753
4	Organization structure facilitate strategy implementation	94	4.16	0.794
5	Corporate culture enhances goals achievement	94	4.24	0.772
6	Staff competence facilitates achievement of objectives	94	4.33	0.724

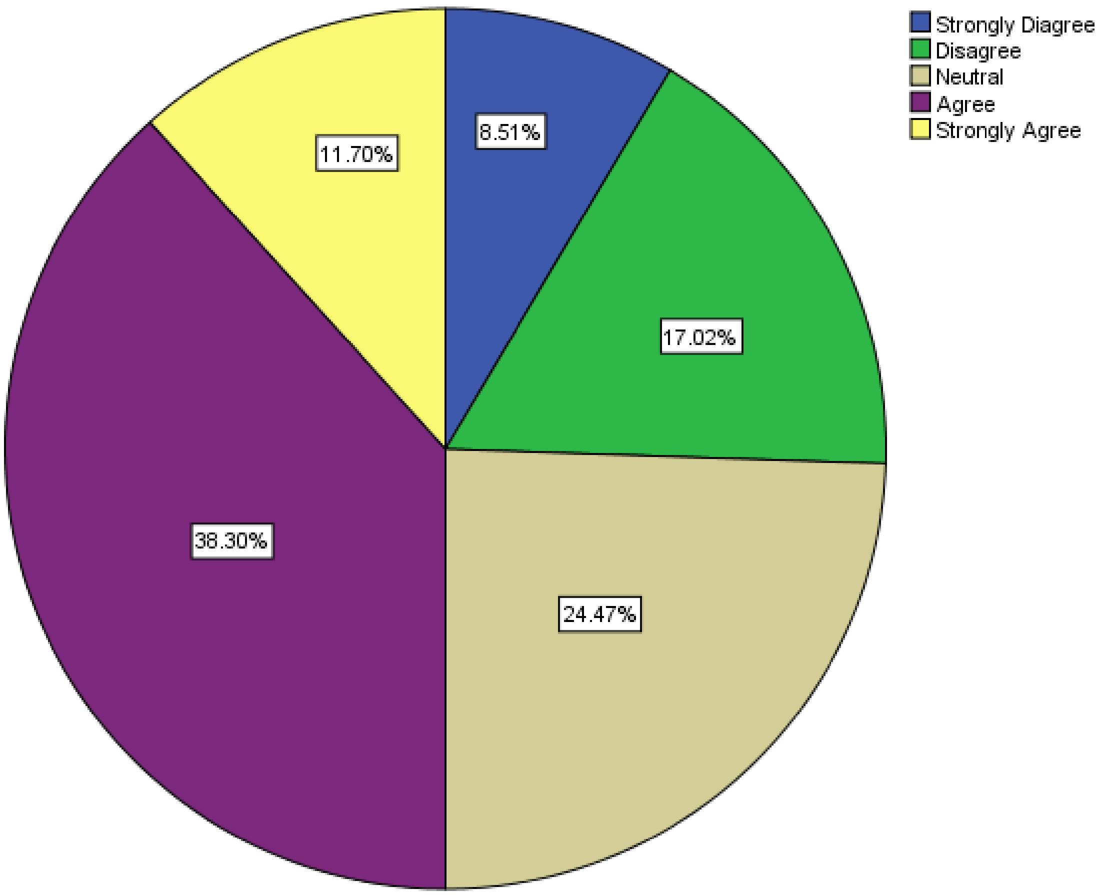
Source: Own survey (2020)

Based on employee's response, the mean value and standard deviation were measured for each internal factors that is presumed to affect strategy implementation. Accordingly the sample respondents have shown very high level of agreement on the statements for all the internal factors. The overall respondents' average agreement with regard to the internal factors was 4.26 and standard deviation of 0.759. This showed that most of the respondents had high level of agreement that the stated internal factors had influence on strategy implementation of the bank.

4.4.9. Emphasis for Strategy Implementation

The study sought to establish whether the organization focuses more on strategy formulation than strategy implementation and it was established that 8.5% strongly disagreed while 17% were disagree and 24.5% being neutral. In addition, 36% agreed while 12% strongly agreed as shown hereunder. The bank seems indifferent or gives equal emphasis for both since only 48% of the respondents are either strongly agreed or agreed.

Fig 4.4.9: Strategy implementation versus Formulation



4.4.10. Strategy Communication

The research sought to establish the impact of strategy communication in strategy implementation and it was established that 60% agreed while 30% were strongly agreed and 10% neutral. Only 1%strongly disagreed as shown in table 4.10.4.The bank seems good in communicating strategies since 90% of the respondents had either agreed or strongly agreed on the statement “effective strategy implementation requires communication”.

Table 4.4.10: Effective implementation of strategy requires communication

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	1	1.1	1.1	1.1
Neutral	9	9.6	9.6	10.6
Agree	56	59.6	59.6	70.2
Strongly Agree	28	29.8	29.8	100.0
Total	94	100.0	100.0	

Source: Own survey (2020)

4.5. Data Analysis

In this section, the results of statistical techniques used in the study were presented. In order to see correlation of identified internal factors on strategy implementation, Pearson correlation coefficients is deployed to see the degree of relationship between dependent and independent variables. Based on the results obtained from the research, conclusions were drawn on effect of ach internal factors in strategy implementation at Wegagen bank.

4.5.1. Reliability Test

Reliability is a measure of the degree to which a research instrument yields consistent results after repeated trials. A reliability test was done by use of Cronbach's Alpha on the variables of leadership style, competence, resource allocation, organizational structure, organizational culture, and management information system. For the utilization of this coefficient, it is a requirement that all the items of an instrument use the same measurement scale. The cronbach's alpha is obtained by the variance of individual components and by the variance of the components sum of each evaluated, aiming to investigate the possible relations between the items. As stated by Masdia Masri (2009), the closer the reliability coefficient to 1.00 is the better. In this study, all the independent variables and dependent variable met the above requirement. The alpha value for each variable is summarized in the table below and it is more than 0.985 for all the variables.

Table 4.5.1.1.Cronbach's alpha value result

Sr No	Variables of the study	No of items	Alpha Value
1	Organizational Structure	10	0.985
2	Organizational Culture	10	0.988
3	Leadership Style	10	0.985
4	Resource Allocation	10	0.985
5	Staff Competence	10	0.986
6	Information Management System	10	0.985
7	Strategy Implementation	10	0.985

Furthermore, the result of Alpha value for the whole variables used in the study was 0.995 which is again considered as good and acceptable as depicted hereunder in a table.

Table 4.5.1.2: Reliability Statistics

Cronbach's Alpha	N of Items
.995	70

4.5.2. Correlation Analysis

A Pearson correlation analysis was done to establish the relationship between the dependent variable (strategy implementation) against the internal factors (management information system, leadership style, resource allocation, organizational structure, corporate culture, and staff competence) considered independent variables. The correlation between two variables measures the degree of linear association between them. If it is stated that y and x are correlated, it means that y and x are being treated in a completely symmetrical way. Thus, it is not implied that changes in x cause changes in y, or indeed that changes in y cause changes in x. Rather, it is simply stated that there is evidence for a linear relationship between the two variables and that movements in the two are on average related to an extent given by the correlation coefficient (Brooks, 2008). Correlation coefficient has both magnitude and direction. As a result, correlation coefficient can take a number with + or – sign (Reimann, Filzmoser, Garrett, & Dutter, 2008).

Table 4.5.2: Correlation Analysis of Independent and Dependent Variables

		Strategy implementation	Management information system	Leadership style	Resource allocation	Organization structure	Corporate culture	Staff competence
Strategy Implementation	Pearson Correlation	1	.796**	.869**	.857**	.866**	.851**	.826**
	Sig. (2-tailed)		.000	.000	.000	.000	.000	.000
	N	94	94	94	94	94	94	94
Management information System	Pearson Correlation	.796**	1	.870**	.905**	.885**	.877**	.899**
	Sig. (2-tailed)	.000		.000	.000	.000	.000	.000
	N	94	94	94	94	94	94	94
Leadership Style	Pearson Correlation	.869**	.870**	1	.967**	.894**	.950**	.932**
	Sig. (2-tailed)	.000	.000		.000	.000	.000	.000
	N	94	94	94	94	94	94	94
Resource allocation	Pearson Correlation	.857**	.905**	.967**	1	.864**	.914**	.961**
	Sig. (2-tailed)	.000	.000	.000		.000	.000	.000
	N	94	94	94	94	94	94	94
Organization structure	Pearson Correlation	.866**	.885**	.894**	.864**	1	.919**	.861**
	Sig. (2-tailed)	.000	.000	.000	.000		.000	.000
	N	94	94	94	94	94	94	94
Corporate culture	Pearson Correlation	.851**	.877**	.950**	.914**	.919**	1	.912**
	Sig. (2-tailed)	.000	.000	.000	.000	.000		.000
	N	94	94	94	94	94	94	94
Staff competence	Pearson Correlation	.826**	.899**	.932**	.961**	.861**	.912**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	
	N	94	94	94	94	94	94	94

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

Pearson product moment correlation is one of the commonly used methods to calculate a correlation coefficient. This method result in a number between −1 and +1 that expresses how closely the two variables are related, ±1 shows a perfect 1:1 relationship (positive or negative) and 0 indicates that no systematic relationship exists between the two variables (Reimann et.al, 2008). Regarding the magnitude of correlation coefficient, Cohen (1988) stated that a correlation coefficient between 0.10 - 0.29 can be considered as small or weak, from 0.30 to 0.49 medium and from 0.50 to 1 large or strong.

Table 4.5.2 shows correlation between dimensions of independent variables (management information system, leadership style, resource allocation, organizational structure, corporate culture, and staff competence) and strategy implementation. As can be seen from the table, strategy implementation had positive and strong relationship with all the independent variables: management information system ($r=0.796$, $P<0.01$), leadership style ($r=0.869$, $P<0.01$), resource allocation ($r=0.857$, $P<0.01$), organizational structure ($r=0.866$, $P<0.01$), corporate culture($r=0.851$, $P<0.01$), and staff competence ($r=0.826$, $P<0.05$). This implies that as one variable increase, the other variable also increases and vice-versa. The table also shows the correlation among independent variables and the result indicated presence of strong correlation among the independent variables.

4.6. Discussion of the Results

The preceding sections presented the overall results of the study. Thus, this section discusses in detail the analyses of the results for the independent variables and their importance in influencing the dependent variable.

4.6.1. Leadership Style and Strategy Implementation

All statements included in the questionnaire to describe leadership style were supported by the majority with mean average value that ranges from 3.41 to 4.46, which denoted from high level of agreement to very high level of agreement. The study established a positive correlation between leadership and strategy implementation with correlation coefficient of $r=0.869$ and $P<0.01$. This implies that leadership style could affect 87% of variation in strategy implementation at the bank.

Leadership is primarily a relationship between leaders and followers (L.Morrill, 2007) and the styles used to provide leadership often affect the productivity of those being led (Bass and Riggio, 2006). The finding had indicated that absence of clear leadership style in the bank. And hence, the bank needs to work more on strategic leadership ability to anticipate, envision, maintain flexibility, and empower others to create strategic change as necessary (Hitt, Ireland, Hoskisson, 2010). In addition, the bank needs to understand the primary responsibility for effective strategic leadership rests at the top that include members of the board of directors, the top management, particularly the CEO, and any individual with responsibility for the performance of human capital for leadership style to have strong effect in strategy implementation in the bank. Generally leaders in a corporation offer the vision, the strategic thinking and set up, thus manage the operational activities.

4.6.2. Staff Competence and Strategy Implementation

The second objective set to establish was how staff competence affected strategy implementation and all statements included in the questionnaire to describe staff competence were supported by the majority with average mean value that ranges from 3.48 to 4.29. The study also established a positive correlation between staff competence and strategy implementation with correlation coefficient of $r=0.869$ and $P<0.01$. This implies that staff competence could affect 83% of variation in strategy implementation at the bank.

The study revealed that quality people referring to skills, right attitude, capabilities, experiences and other characteristics of the people required to perform specific tasks are key in strategic plan implementation. While staff competence is vital, failures are experienced due to many organizations failing to acknowledge human capital as a factor necessary for successful strategy implementation. Organizations can be more effective if their human resources are managed with human resource policies and practices that deliver the right number of people with the appropriate behaviors, the needed competencies, and the necessary level of motivation to the organization (Nemli Caliskan, 2010). Competence management as a quality that highest performing organizations bring up to manage all phases of the worker lifecycle from talent acquisition to development, to retention and reward is vital.

4.6.3. Resource Allocation and Strategy Implementation

The third objective set to establish was how resource allocation affected strategy implementation and all statements included in the questionnaire to describe resource allocation were supported by the majority with average mean value that ranges from 3.49 to 4.37. The study also established a positive correlation between resource allocation and strategy implementation with correlation coefficient of $r=0.857$ and $P<0.01$. This implies that resource allocation had strong correlation in explaining 86% of variation in strategy implementation at the bank.

The study had indicated critical importance of human and physical resources in realization of organizational goals registering the highest average mean value of 4.37 from the other statements in the group while allocating resources not consistent with priorities indicated by approved annual objectives getting average mean value of 3.49. The finding also revealed that resource allocation was taken as a central management activity by the bank on top of the importance given to the relation between strategy and finance and association of resource allocation program with accomplishment of an organization's objectives for effective strategy implementation at the bank. It highlights the need institutions to take resource allocation as a central management activity that allows for strategy execution and organizational resource to include financial, physical, human, and technological resources to meet desired objectives of organizations. Nothing could be more detrimental to strategic management and to organizational success than for resources to be allocated in ways not consistent with priorities indicated by approved annual objectives (David, 2011). Implementation funding and its management should also be taken as a key determinant success in strategy implementation since the three problems that organizations face in terms of the relation between strategy and finance include managing the funds, funding strategic development and monetary expectations of stakeholders according to Johnson, Scholes, Whittington (2006). Companies should also understand that budget control provides a comprehensive management platform for efficient and effective allocation of resources in strategy implementation and use budget as an evaluation and control tool to ensure meeting of deadlines for set annual objectives. In this regard the bank seems effective.

4.6.4. Organizational Structure and Strategy Implementation

The fourth objective set to establish was how organizational structure affected strategy implementation and all statements included in the questionnaire to describe organizational structure were supported by the majority with average mean value ranging from 3.65 to 4.29. The study also established a positive correlation between organizational structure and strategy implementation with correlation coefficient of r=0.87 and P<0.01. This implies that 87% of variation in strategy implementation at the bank could be explained by change in organizational structure.

The study revealed that effective relationship between strategy and structure was a necessary precondition to the successful implementation of new business strategies with maximum average mean value score of 4.29. When organizational structure elements (e.g., reporting relationships, procedures, etc.) are properly aligned with one another, the structure facilitates effective use of the firm's strategies. Thus, organizational structure is a critical component of effective strategy implementation processes (Hitt, Ireland, Hoskisson, 2010). The findings had also shown the bank's strong emphasis for organizational structure to facilitate its strategic pursuit and the need to understand organizational structure dependence on diverse variables including; the external environment, size, technology, and strategy. The study also emphasized organizational structure as a critical component of effective strategy implementation processes on top of its dependence on diverse variables including the external environment, size, and technology for effective strategy implementation.

4.6.5. Organizational Culture and strategy implementation

The fifth objective set to establish was how organizational culture affected strategy implementation and all statements included in the questionnaire to describe organizational culture were accepted by the majority of respondents with average mean value ranging between 3.77 to 4.09. The study also established a positive correlation between organizational culture and strategy implementation with correlation coefficient of r=0.851 and P<0.01. This implies that organizational culture could affect 85% of variation in strategy implementation at the bank

Implication of the results of the study is if organizations does not embrace organizational culture as a resource and a source of competitive advantage for the organization which has an active and dire role in performance management and strategic plan implementation and its importance to create adaptive behavior by the organization necessary for strategy implementation, then strategy implementation at the banking institution could not be comfortably achieved. Rajasekar (2014) in his study on factors affecting effective strategy implementation in a service industry identified organizational culture as a key element of strategy implementation process. It was also discovered in the study that the challenge for the organization and its leaders was to be able to identify, create, and sustain the type of culture that is conducive to achieve desired results with maximum average mean value score of 4.09.

4.6.6. Management Information System and strategy implementation

The final objective set to establish in the study was how management information system affected strategy implementation. All statements included in the questionnaire to describe management information system were accepted by the majority of respondents and the maximum average mean value registered was 4.38 that highlights importance strategic information system in playing a larger role in organizations' approaches to obtaining competitive advantage while management information system is constrained by access to internet and computers to influence strategic planning process scoring the lower average mean value of 3.81. The study established a positive correlation between management information system and strategy implementation with correlation coefficient of $r=0.796$ and $P<0.01$. This implies that management information system could affect 80% of variation in strategy implementation at the bank.

A good strategy implementation naturally starts with a good strategic input and the process of strategic management is facilitated immensely in firms that have an effective information system. Firms that gather, assimilate, and evaluate external and internal information most effectively are gaining competitive advantages over other firms. Information collection, retrieval, and storage can be used to create competitive advantages in ways such as cross-selling to customers, monitoring suppliers, keeping managers and employees informed, coordinating activities among divisions, and managing funds (David, 2011). As pointed out in the findings, strategic information system to play a larger role in organizations' approaches to obtaining competitive advantage, it depends on presence of qualified human resources in Information Technology and Information System, adequacy of capital, government policy, organizational constraints to access internet and computers, and all stakeholders involvement that seems in short at Wegagen bank. The study had also shown strategic management is immensely facilitated through effective information system and information Technology infrastructure but it in turn depends on adequacy of capital, government policy, stakeholders involvement, and presence of qualified human resources in IT and IS in the bank.

CHAPTER FIVE

5. Summary and Recommendation

The chapter covers two parts. The first addresses summary of the major findings of the research while the second part talks about proposed recommendations that needs to be considered by Wegagen bank S.C. for further improvement in strategy implementation.

5.1. Summary

The objective of the study was to assess impact of internal factors on effectiveness of strategy implementation. After review of theoretical as well as empirical studies which were supposed to be relevant for the research, internal factors that include leadership style, staff competence, resource allocation, organizational structure, organizational culture, and management information system were selected to assess their influence on strategy implementation in the case of Wegagen bank S.C.

This study was guided by the following research questions: How does leadership style, staff competence, resource allocation, organizational structure, organizational culture, and management information system affect strategy implementation at Wegagen bank? A descriptive research was adopted as this study mainly tries to obtain the views of the respondents at different positions in Wegagen bank with the aim of establishing any correlation between the internal factors and strategy implementation at the bank.

The target population for this study were respondents who oversee the strategy implementation process and active implementers who are residing in Head Office Units, District Offices, and Branches. They are comprised of the Senior Management, Head of Departments, and Division Managers (who are considered business level in their structure) and District Managers as well as their subordinates and Branch Managers or customer service supervisors (who are considered operational level in their structure) found in Addis Ababa. The sampling technique was cluster random sampling method dividing the population into different groups: Head Office units, Addis Ababa District Offices, Branch Managers/Customer service supervisors at Addis Ababa branches. Then sample size of 137 from target population of 213was determined using formula and random samples were drawn from each group. Out of the total of 137 questionnaires distributed, 94 were filled and returned giving a response rate of 69%.

5.1.1. Effects of leadership Style in Strategy Implementation

Importance of strategic leaders' ability to attract and maintain talented human capital for firm's higher performance is well understood in the bank. Relationship between leaders and followers is also indicated as critical factor for organizational goal achievement. The study has also shown that skills adopted by the leaders not only affect realization of goals but also influences employee's performance in the bank. In addition, the bank has appreciated the fact that primary responsibility for effective strategic leadership rests at the top, in particular with the CEO. However, the bank needs to do more towards identifying leadership styles and should communicate in order to facilitate achievement of sufficient results.

5.1.2. Effect of Staff Competence in Strategy Implementation

Improved human resource management can play a key role in the organization's competitive strategy and in the development of distinctive competencies. In this regard, quality people referring to skills, right attitude, capabilities, experiences, and other characteristics of the people required to perform specific tasks are key in strategic plan implementation. The bank has, therefore acknowledged that competence management has become the quality that highest performing organizations bring up to manage all phases of the worker lifecycle: from talent acquisition to development, to retention and reward in the bank. It was also understood in the bank that competence evaluation is vital however, poor recruitment make the bank to face long term costs and challenges in implementing strategies.

5.1.3. Effects of Resource Allocation in Strategy Implementation

The institution is focused towards ensuring availability of financial resources, physical resources, human resources, and technological resources to meet desired objectives of organizations. Resource allocation is also considered as a central management activity that allows for strategy execution at Wegagen bank. In addition, the bank acknowledges importance of budget control to provide a comprehensive management platform for efficient and effective allocation of resources in strategy implementation. However, the bank needs to do more in fully exploiting the real value of any resource allocation program since its importance lies in the resulting accomplishment of an organization's objectives.

5.1.4. Effects of Organizational Structure in Strategy Implementation

The bank has appreciated that effective relationship between strategy and structure is a necessary precondition to the successful implementation of new business strategies. Organizational structure is also considered as a critical component of effective strategy implementation processes at Wegagen bank. Institutions like banks should also set proper span of control for effective monitoring and control and technology should also be considered as a critical factor when designing an organizational structure for new strategy.

5.1.5. Effect of Organizational Culture in strategy implementation

The bank accepts that culture facilitates organizational leaders to work both individually and as teams to foster strategic initiatives within an organization. Wegagen bank also considered organizational culture focus is on the internal integration and external adaptation of the organization for organizational success. In addition, organizational culture is understood as a resource and a source of competitive advantage for the bank which has an active and dire role in performance management and strategic plan implementation. However, it is noted that the challenge for the organization and its leaders, is to be able to identify, create, and sustain the type of culture that is conducive to achieve desired results.

5.1.6. Effect of Management Information System in Strategy Implementation

Process of strategic management is facilitated immensely in firms that have an effective information system. For this, the bank is focused to implement strategies using the best information in order to reap competitive advantages. The bank has also appreciated that success of management information system in influencing strategic planning process depends on adequacy of capital, access internet and computers, and government policy at Wegagen bank. However, lack of qualified human resources in IT and IS has limited influence of management information system in strategic planning at Wegagen bank as learned from the study.

5.2. Recommendations

5.2.1. Recommendation for Improvement

- Even though the study has shown that the institution is good in resource allocation as witnessed from strong correlation with the dependent variable (i.e. Strategy implementation), it was not reflected in the bank's financial objectives at least for the year 2018/19. As observed from the bank's annual bulletin (2018/19), the bank's financial achievement has declined by 25% from its previous year achievement and has lagged behind from most of its peer banks. Hence, the bank needs to understand the real value of any resource allocation program lies in the resulting accomplishment of an organization's objectives. In addition, proper mechanisms should be put in place to ensure that the funds are used for the intended purpose and applied budget control is providing a comprehensive management platform for efficient and effective allocation of resources in strategy implementation. In addition, it was also learnt that where applicable, the institutions should be supported through management information system in managing funds to enhance competitiveness in this dynamic sector.
- The research has shown that Wegagen bank considers organizational structure as a critical component of effective strategy implementation processes as observed from correlational analysis that shows strong relationship of organizational structure on strategy implementation in the bank. However, the bank needs to ensure that structure is designed to facilitate the strategic pursuit of a firm and therefore, should follow strategy for sustained achievement of organizational goals. Moreover, the bank should embrace dependence of organizational structure on diverse variables including; the external environment, size, technology, and strategy and the need to ensure that policy and procedure manuals are updated regularly to help guide the organization to overcome dynamic changes in the sector.
- The research was geared towards identifying the leadership style at Wegagen bank and the research was inconclusive in indicated the leadership style in the bank. For this, the bank's top management should assume the prime responsibility for effective strategic leadership and should further strengthen its quality by emphasizing on cooperation and teamwork among the members of the workgroup; building

relationship among all staffs on the basis of strong mutual confidence and respect to each other; providing a working environment where people are encouraged to share ideas, experience, successes and failures. In addition, the bank needs to do more on strategic leaders' ability to attract and maintain talented human capital through proper succession planning on top of putting in place effective communication process between managers and subordinates and vice versa for higher performance.

- Wegagen bank needs to embrace competence management that highest performing organizations bring up to manage all phases of the worker lifecycle: from talent acquisition to development, to retention and reward. Moreover, the bank need to fully recognize the impact of talent deficiency and poor staff remuneration in hampering strategy implementation and should adopt improved human resource management that can play a key role in the organization's competitive strategy and in the development of distinctive competencies.
- The bank should strengthen its quality by emphasizing organizational culture as a resource and a source of competitive advantage for the organization which has an active and dire role in performance management and strategic plan implementation. Its focus shoulde also be on the internal integration and external adaptation of the organization for organizational success. Importance of culture facilitating organizational leaders to work both individually and as teams to foster strategic initiatives within an organization should also further strengthened.
- The study also found out presence of strength at the bank in fully appreciating the process of strategic management is facilitated immensely in firms that have an effective information system. The bank needs to see that information collection, retrieval, and storage can be used to create competitive advantages and information technology infrastructure as a vital component to achieve business objectives. For this to happen, the bank should ensure presence of qualified manpower on information system and information technology, whether the required budget is being allocated to implement management information system at the bank, and fully understand success of management information system in influencing strategic planning process depends on all stakeholders involvement that includes government, different functional units of the bank, staffs, and customers of the bank.

5.2.2. Recommendation for Further Studies

Even though the study's contribution is in identifying the internal factors that influence strategy implementation in banking institution, its significance need to be viewed and acknowledged in lights of the following limitations:

- Even though the study has shown positive relationship of the independent variables on the dependent variable, its level of significance should be ascertained by further studies.
- The study considered six variables that were supposed to influence the effectiveness of managing strategy implementation in the organization. But further studies could be pursued by incorporating additional variables that may include external factors.
- The study considered respondents from head office units and district as well as branch offices found at Addis Ababa emphasizing bank employees at supervisory and higher management position. Therefore, further research could also be carried out by incorporating all employees of the bank.
- The study is made as a case study in Wegagen bank and since all of the statistical tests for regression analysis are not met, in order to increase representativeness as well as generalizability of the study to the population and industry at large, the scope of the study could be further broadened by incorporating samples from other commercial banks.

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Appendixes

ADDIS ABABA UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

EMBA PROGRAM

Dear Participant,

This questionnaire is designed to collect primary data on impact of internal factors in strategy implementation for my thesis in Executive MBA at Addis Ababa University. The information you provide will help me better understand the internal factors that influence strategy implementation at Wegagen bank. As a member of this organization, your participation in this study will be valuable and greatly appreciated. Because you are the one who can give us the right information on the bank's experience in strategy implementation, I request you to respond to the questions frankly and honestly. Your response will be kept strictly confidential and the completed questionnaires will not be used other than the intended purpose. The expected respondents of this questionnaire will be Professional Staff of those randomly selected branch managers or their subordinates from each district in Addis Ababa area, Division managers, District managers, Department Directors, and vice presidents who are mainly involved in strategic management. Thank you very much for your time and cooperation. I greatly appreciate your organization and your help in furthering this research endeavor.

Cordially,

Kidane W/Giorgis

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E-mail, kidanelo@yahoo.com

SECTION ONE: GENERAL INFORMATION

Please underline or circle the numbers representing the most appropriate responses for you in respect of the following items.

1. Your Age (years)

1. 21-30
2. 31–40
3. 41–50
5. Over 50

2. Your Highest Completed Level of Education

1. BA/B.Sc degree
2. MBA/M.Sc degree
3. Other (specify)___________________________________

3. Your Gender

1. Female
2. Male

4. Number of Years Worked in the Organizations

1. Less than 1
2. 1–2
3. 3–5
4. 6–10
5. Over 10

5. Management Level

1. Vice, President
2. Head of Department
3. Middle management
4. District Manager
5. Branch Manager
6. Other Specify________________________________

6. Number of years worked in banking business?

1. Less than 3 years
2. 3 –6 years
3. 6-9 years
4. 9-12 years
5. Above 12 years

SECTION TWO: LEADERSHIP STYLE AND STRATEGY IMPLEMENTATION

7. Identify the leadership style at Wegagen bank:

1. Transactional 2.Transformational 3.Other (specify) ____________________

What is your level of agreement to the following statements on the effects of leadership style on strategy implementation (5- Strongly agree, 4- Agree, 3-Neutral, 2-Disagree, 1- Strongly Disagree)

Sr No	Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	Do you agree that Leadership style affects strategy implementation?	1	2	3	4	5
2	Do you agree that relationship between leaders and followers is critical for organizational goal achievement?	1	2	3	4	5
3	Do you agree that the styles used to provide leadership often affect the productivity of those being led?	1	2	3	4	5
4	Do you agree that the primary responsibility for effective strategic leadership rests at the top, in particular with the CEO?	1	2	3	4	5
5	Do you agree that strategic leaders ability to influence behaviors, thoughts, and feelings of those with whom they work is important for successfully using strategic management process?	1	2	3	4	5
6	Strategic leaders ability to communicate facilitate achievement of sufficient results?	1	2	3	4	5
7	Do you agree that leadership skills are critical in realization of goals?	1	2	3	4	5
8	Do you agree that lack of strategic leader's commitment, inspirational role, and vision leads to strategic plan failure?	1	2	3	4	5
9	Do you agree that strategic leaders ability to attract and maintain talented human capital is important for firm's higher performance?	1	2	3	4	5
10	Do you agree that developing and reinforcing execution culture at all levels is more important than leadership styles in strategy implementation?	1	2	3	4	5

What other leadership factors affect strategy implementation in Wegagen bank____

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SECTION THREE: HOW DOES STAFF COMPETENCE AFFECT STRATEGY IMPLEMENTATION

On a scale of 1-5 where; 1-Strongly Disagree; 2-Disgaree; 3-Neutral; 4-Agree; and 5-Strongly Agree, indicate the extent that you believe the effect of staff competence on the strategy implementation.

Sr No	Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	Do you agree that lack of awareness by managers that employees play a vital role in strategy success is an impediment to strategy implementation failure?	1	2	3	4	5
2	Do you agree that improved human resource management can play a key role in the organization's competitive strategy and in the development of distinctive competencies?	1	2	3	4	5
3	Do you agree that quality people referring to skills, right attitude, capabilities, experiences, and other characteristics of the people required to perform specific tasks are key in strategic plan implementation?	1	2	3	4	5
4	Do you agree that while staff competence is vital, failures in strategy implementation is experienced as a result of lower-level managers and employees being the last group to identify with company strategy?	1	2	3	4	5
5	Talent deficiency hampers the implementation process?	1	2	3	4	5
6	Staff remuneration influences attainment of results?	1	2	3	4	5
7	Training enhances goals achievement?	1	2	3	4	5
8	Offering rewards facilitates realization of goals?	1	2	3	4	5
9	Do you agree that poor recruitment make firms to face long term costs and challenges in implementing strategies?	1	2	3	4	5
10	Do you agree that competence management has become the quality that highest performing organizations bring up to manage all phases of the worker lifecycle: from talent acquisition to development, to retention and reward?	1	2	3	4	5

What other staff competence factors affect strategy implementation in Wegagen bank

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SECTION FOUR: HOW DOES RESOURCE ALLOCATION AFFECT STRATEGY IMPLEMENTATION

What is your level of agreement to the following statements in relation to the effect resource allocation has on strategy implementation? (5- Strongly agree, 4- Agree, 3-Neutral, 2-Disagree, 1- Strongly Disagree)

Sr No	Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	Do you agree that resource allocation is a central management activity that allows for strategy execution?	1	2	3	4	5
2	Do you agree that financial resources, physical resources, human resources, and technological resources are needed to meet desired objectives of organizations?	1	2	3	4	5
3	Do you agree that nothing could be more detrimental to strategic management and to organizational success than for resources to be allocated in ways not consistent with priorities indicated by approved annual objectives?	1	2	3	4	5
4	Do you agree that problems that organizations face in terms of the relation between strategy and finance include funding strategic development, managing the funds, and monetary expectations of stakeholders?	1	2	3	4	5
5	Do agree that the real value of any resource allocation program lies in the resulting accomplishment of an organization's objectives?	1	2	3	4	5
6	Do you agree that budget control provides a comprehensive management platform for efficient and effective allocation of resources in strategy implementation?	1	2	3	4	5
7	Budgeting influences achievement of goals?	1	2	3	4	5
8	Use of budget as an evaluation and control tool ensures meeting of deadlines?	1	2	3	4	5
9	Lack of human and physical resources affect realization of goals?	1	2	3	4	5
10	Information Technology infrastructure facilitates achievement of business objectives?	1	2	3	4	5

What other resource allocation factors affect strategy implementation in Wegagen bank

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SECTION FIVE: HOW DOES ORGANIZATIONAL STRUCTURE AFFECT STRATEGY IMPLEMENTATION

What is your level of agreement to the following statements in relation to the effect organizational structure has on strategy implementation? (5- Strongly agree, 4- Agree, 3- Neutral, 2-Disagree, 1- Strongly Disagree)

Sr No	Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	Do you agree that organizational structure is a critical component of effective strategy implementation processes?	1	2	3	4	5
2	Do you agree that structure should be designed to facilitate the strategic pursuit of a firm and, therefore, follow strategy?	1	2	3		5
3	Do you agree that setting proper span of control is important for effective monitoring and control?	1	2	3	4	5
4	Do you agree that most organizations begins with centralized structures but decentralized when the organizations grow?	1	2	3	4	5
5	Do you agree that companies become more formalized as they increasingly rely on standardization to coordinate work?	1	2	3	4	5
6	Do you agree that departmentalization establishes the chain of command and frames the membership of formal work teams and typically determines which positions and units must share resources?	1	2	3	4	5
7	Do you agree that organizational structure for a firm depends on diverse variables including; the external environment, size, technology, and strategy?	1	2	3	4	5
8	Effective relationship between strategy and structure is a necessary precondition to the successful implementation of new business strategies?	1	2	3	4	5
9	Do you agree that failure to address issues of the broad structural design of roles, responsibilities, and lines of reporting can at a minimum, constrain strategies development and performance?	1	2	3	4	5
10	Do you agree that technology is a critical factor to consider when designing an organizational structure for new strategy?	1	2	3	4	5

What other organizational structure factors affect strategy implementation in Wegagen bank

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SECTION SIX: HOW DOES ORGANIZATIONAL CULTURE AFFECT STRATEGY IMPLEMENTATION

What is your level of agreement to the following statements in relation to the effect organizational culture has on strategy implementation? (5- Strongly agree, 4- Agree, 3- Neutral, 2-Disagree, 1- Strongly Disagree)

Sr No	Statement	Strongly Disagree	Disagr ee	Neut ral	Agr ee	Strongly Agree
1	Do you agree that implementation of a new strategy begins with comprehension of organizational culture and concludes with a change in this culture to facilitate and uphold the strategy?	1	2	3	4	5
2	Culture allows the adaptive behavior by the organization necessary for strategy implementation?	1	2	3	4	5
3	Organizational culture focus is on the internal integration and external adaptation of the organization for organizational success?	1	2	3	4	5
4	Do you agree that the challenge for an organization and its leaders, is to be able to identify, create, and sustain the type of culture that is conducive to achieve desired results?	1	2	3	4	5
5	Do you agree that a positive and strong culture can make average individual perform and achieve more whereas a negative and weak culture may demotivate an outstanding employee to underperform and end up with no achievement?	1	2	3	4	5
6	Organizational culture is a resource and a source of competitive advantage for the organization which has an active and dire role in performance management and strategic plan implementation?	1	2	3	4	5
7	Culture facilitates organizational leaders to work both individually and as teams to foster strategic initiatives within an organization?	1	2	3	4	5
8	Organizational culture allows decision making that are widely shared across a firm without extensive communication?	1	2	3	4	5
9	Culture strength directly affects performance variability?	1	2	3	4	5
10	Do you agree that all types of organizational cultures have significant relationships with strategy implementation process, but the extent of the culture's influence varies from the most effective to the least effective?	1	2	3	4	5

What other organizational culture factors affect strategy implementation in Wegagen bank?

SECTION SEVEN: HOW DOES INFORMATION MANAGEMENT SYSTEM AFFECT STRATEGY IMPLEMENTATION

What is your level of agreement to the following statements in relation to the effect information management system has on the strategy implementation? (5- Strongly agree, 4-Agree, 3-Neutral, 2-Disagree, 1- Strongly Disagree)

Sr No	Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	Do you agree that the process of strategic management is facilitated immensely in firms that have an effective information system?	1	2	3	4	5
2	Do you agree that information collection, retrieval, and storage can be used to create competitive advantages?	1	2	3	4	5
3	Do you agree that firms that implement strategies using the best information will reap competitive advantages?	1	2	3	4	5
4	Strategic Information System is playing a larger role in organizations' approaches to obtaining competitive advantage?	1	2	3	4	5
5	Success of management information system in influencing strategic planning process depends on adequacy of capital?	1	2	3	4	5
6	Success of management information system in influencing strategic planning process depends on organizational constraints to access internet and computers?	1	2	3	4	5
7	Success of management information system in influencing strategic planning process depends on stakeholders involvement?	1	2	3	4	5
8	Success of management information system in influencing strategic planning process depends on government policy?	1	2	3	4	5
9	Lack of qualified human resources in IT and IS limits influence of management information system in strategic planning?	1	2	3	4	5
10	Do you agree that information Technology infrastructure as a vital component to achieve business objectives?	1	2	3	4	5

What other Information Management System factors affect strategy implementation in Wegagen bank?

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SECTION EIGHT: STRATEGY IMPLEMENTATION

To what extent have the following factors affected Strategy implementation in your organization? (5- Strongly agree, 4- Agree, 3-Neutral, 2-Disagree, 1- Strongly Disagree)

Sr No	Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	Do you agree that strategy implementation has attracted much less attention than strategy formulation?	1	2	3	4	5
2	Effective implementation of strategy requires communication of the strategy through the whole company?	1	2	3	4	5
3	Management information system affects strategy implementation?	1	2	3	4	5
4	Leadership style affects strategy implementation?	1	2	3	4	5
5	Resource allocation affects strategy implementation?	1	2	3	4	5
6	Organization structure facilitate strategy implementation?	1	2	3	4	5
7	Policies and procedures determine achievement of results?	1	2	3	4	5
8	Rewards and incentives affect realization of goals?	1	2	3	4	5
9	Corporate culture enhances goals achievement?	1	2	3	4	5
10	Staff competence facilitates achievement of objectives?	1	2	3	4	5