



**ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS AND ECONIMICS
MASTER OF BUSINESS ADMINISTRATION**

**ANALYSIS OF CHALLENGES ON BUSINESS STRATEGY
IMPLEMENATION AND IMPACT ON PERFORMANCE: IN THE CASE
OF ZEMEN BANK**

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**A THESIS SUBMITTED TO THE COLLEGE OF BUSINESS AND
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DECLARATION

I, the undersigned, declare that this study was original and has been done by myself, the work has not been submitted to any other Institute for any degree or diploma or other professional qualifications, all sources of materials used for the study have been properly acknowledged by citing them in the text and giving their detail information in the reference.

Declared By:

Tarik Berhe

Name

Signature

April, 2021

Date

CERTIFICATION

This is to certify that the work contained in the thesis entitled “Analysis of challenges on business strategy implementation and impact on performance”, by “Tarik Berhe”, has been carried out under my supervision and this research study has been presented for examination with my Approval.

ASRES ABITIE (PHD)
Advisor

Signature

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Acronyms

ATM – Automated Teller Machine

FY – Fiscal Year

IT – Information Technology

ICT – Information and Communications Technology

VAT – Value Added Tax

NBE – National Bank of Ethiopia

SWOT – Strength, Weakness, Opportunity and Threat

KMO – Kaiser-Meyer-Olkin

ANOVA – Analysis of Variance

Abstract

This research study is about analyzing challenges and factors that affect the strategy implementation process and their impact on performance. In conducting the research study explanatory and descriptive research design was used. Probability sampling technique, more specifically stratified random sampling technique was used in distinguishing the target sample of the study. Both qualitative and quantitative data were collected. Qualitative data were collected through interviews and presented in summary. On the other hand, quantitative data were collected using questionnaires and were analyzed by using descriptive analysis and inferential analysis methods. A descriptive analysis method was employed for the demographic characteristics of respondents. Three independent variables were identified in this research study. Those variables were operational factors, organizational structure, and measure and follow-up methods. Under operational factors, six sub-factors were identified. These sub-factors are communication, operational planning, resource availability, human resource factors, work environment, and policy and manual. These variables have been inferentially analyzed. The finding was that all independent variables correlated positively with the dependent variable (performance). Based on the result of the finding, measure and follow-up methods have the greatest effect on strategy implementation and as a result, it affects performance highly, the organizational structure has a moderate effect and operational factors (communication, operational planning, resource availability, human resource factor, work environment, and policy manual) have a lower but significant effect on performance. Although the analyzed result of quantitative data shows operational factors to have a lower effect on performance, qualitative data collected on this research study identified these factors as highly significant and factors that affect performance highly. Possible recommendation for effective strategy implementation and better performance is forwarded.

Chapter one

1. Introduction

1.1. Background of the study

Due to the high dynamism of customers' needs and the impact of globalization, in today's market environment, companies are facing tough competition not only locally but also internationally. For that, companies are highly demanding a strategy for the success of their business. Strategy is a game plan that identifies what the company is offering, what its mission, vision, and value is, what goal to set (long-term or short-term goals), and planning on how to accomplish those goals and managing activities and resources during the implementation of the strategy (Bruner, 2003).

In order to achieve the fundamental long-term goals of a firm and in order to make a strategy a success, companies now have the understanding that effective strategic management is essential. Amason (2011), defined strategy management as, "strategy management is essentially a framework for analyzing the environment, for integrating the firm's activities, for learning and adapting to change, and for creating value both in the present and into the future" (Amason, 2011, p. 7). The process of strategic management has three separate but interconnected components. Strategic planning, strategic implementation, and strategic control are the three interdependent yet separate processes of strategic management (Misankova, 2014).

As discussed in the above paragraph, one of the main components of strategic management is strategy implementation. Strategy implementation is the process that makes a formulated strategy come into life. It is a process of cracking down a formulated and written strategy into a series of actions, activities, tasks, and practices that lead to achieving the intended goals as planned (Thompson and Strickland, 2003).

A well-planned formulated strategy consequently has to be effectively implemented (Gillon and Pearson, 2004). However, Homburg, Krohmer, and Workman (2004) argue that a well-planned formulated strategy does not mean an efficient strategy implementation process. As for Gillon and Pearson (2004), they further expanded this notion by saying that during the strategy implementation process there might be situations that exist that could make the process of

implementation hard to reach the goals and objectives set on strategy. The implementation process needs deliberate management to ensure that it is working towards meeting the objectives of the strategy (Gillon and Pearson, 2004).

Research indicates that for superior organizational performance, strategy implementation is more significant than strategy formulation. So, to ensure superior organizational performance, effective strategy implementation is vital (Jooste and B. Fourie, 2009).

However, strategy implementation is the most difficult process of all. Aside from the rest of the strategy management components, the more intricate one is strategy implementation. It is affected by many factors. Controllable and uncontrollable factors affecting strategy implementation exist. These factors are communication gap, work environment, people's character, and indifference, incompetence of leaders and employees are some factors that affect the strategy implementation process to fall short of achieving intended goals and objectives (Pearce and Robinson, 2003).

Besides the abovementioned challenges, another factor for effective strategy implementation is strategic leadership. Although strategic leadership is mentioned as a crucial part of strategy implementation, it has been detected that it is also one of the major challenges for effective strategy implementation. This is because companies lack effective leadership for effective strategy implementation (Jooste and B. Fourie, 2009).

Researches on challenges of strategy implementation have been conducted. Those research studies have assessed and listed out possible challenging variables of strategy implementation. This research is an analysis of challenges on strategy implementation and its impact on the performance of the case company. Besides figuring out major challenges, it shows the impact of the challenges on the performance or success of the strategy.

1.2. Overview of the organization

Zemen bank is a bank that was formulated with a vision to bring a new dynamism to the financial sector and the banking business in Ethiopia. Its value is upholding the highest standards, being progressive and innovative, and its aim is offering a professional partnership, trust, and outstanding levels of service to its customers (Zemen Bank Annual report 2009). Zemen bank started its operation by installing world-class information technology (including

some of the most advanced banking software and hardware to be found anywhere in the country). It introduced the use of multi-channel banking (such as ATMs, Internet, and Mobile banking), and by offering unparalleled customer service tailored to the unique circumstances of its clients (Zemen Bank Annual report 2009).

Besides focusing on quantitative measures of banking operations, the bank brought qualitative improvements to the banking sector in Ethiopia. Backed with world-class information technology, it has offered innovative products and services that were new to the Ethiopian market. Alongside this, services were provided with extraordinary customer service; through customized corporate services, impeccably furnished branch environment. The bank's focus is not just on what they do but how they do it (Zemen Bank Annual report 2009).

1.3. Statement of the problem

As researches showed, strategy implementation is one part of strategic management which is the most crucial but undervalued process. If the strategy is implemented effectively, a firm's success towards its intended goals is guaranteed (Misankova, 2014).

Even though strategy implementation is the most crucial process, for most firms it is the most difficult one to effectively accomplish. The difficulty of strategy implementation could arise from different factors. Different barriers prohibit strategy implementation from becoming a success. The first challenge is ineffective and unproductive communication. Mostly, ineffective and unproductive communications exist from the up to down, which is a vertical form of communication. But ineffective and unproductive communication could exist in the horizontal form of communication as well. Therefore, this implies that poor way of communication is an all-way around that affects the coordination of a firm from up to down or down to up, or from across the same level position, from across different departments and sections (Chepkoskei, 2012). As a result of ineffective and unproductive communication, the employees of a firm can have a poor understanding of strategy which leads to insufficient achievement in strategy implementation (Jooste and Fourie, 2009).

Another main challenge is the interconnection of the three processes of strategy management. The three processes of strategic management are highly interconnected and dependent on each other. A well-thought-out strategy formulation is a ground roll to a successful implementation.

Nevertheless, Chepkoskei (2012) explains the inadequate interrelation of the processes. The poor knowledge and perception of most companies about the interrelation of strategy management components lead to a wrong understanding that strategy formulation and strategy implementation are separate processes that do not have a linkage much. Because most companies do not understand the strong interrelation of the two strategy management processes; as a result, a well-thought-out formulated strategy is implemented ineffectively. Fewer than 10% of companies formulate a good strategy and implement that strategy efficiently (Chepkoskei, 2012).

Furthermore, different challenges of strategy implementation are the misalliance of organizational structure and strategy, organizational environment, organizational culture, organizational politics, problem of clarity on tasks during implementation, motivational schemes for employees like training, compensation and adequate resources (Miako, 2016).

Zemen Bank situates its strategy on three main commitments made to three stakeholder groups in the Bank's mission statement. More specifically those key mission statements are; "deliver to its clients' innovative banking products backed by world-class IT infrastructure and exceptional customer service", "ensure for its staff a best-in-industry working environment and compensation scheme", "provide its shareholders superior financial returns on a sustainable basis" (Zemen Bank strategy Plan: FY 2015-2016 to FY 2019-2020).

The researcher believes that Zemen Bank has introduced a transformational change in the Finance industry of Ethiopia. However, the researcher observes that the bank is facing challenges during the implementation of the strategy and consistently maintaining the core/initial aim of the bank.

As aforementioned, one of the major missions of Zemen Bank is delivering to its clients' innovative banking products backed by world-class IT infrastructure and exceptional customer service. However, the case company is having difficulties in developing the world-class IT infrastructure and is not going at the pace of the dynamic customer's preference towards technological methods of banking.

Although on-the-job and off-the-job training is given for newly employed fore-fronted employees, the perceived understanding of employees about exceptional customer service is

deficient and the case company lacks follow-up and motivating procedures for the fore-fronted employees to deliver the required outcome.

The high restrictions, rules, and regulations of NBE have an impact on the flexibility of the Bank and customization of service for customers. The country's economic inflation and stability is another major external obstacle for achieving the needed objectives of the bank.

1.4. Research questions

1. What are the major challenging factors of strategy implementation and their impact on performance of Zemen Bank?
2. How does the existing organizational structure influence strategy implementation?
3. What measures and follow up methods are used to ensure the success of the strategy?
4. How do the challenges of strategy implementation affect Zemen bank's performance?

1.5. Objective of the study

1.5.1. General objective

The general objective of the study is to analyze the challenges on business strategy implementation and impacts in the case of Zemen Bank.

1.5.2. Specific objectives

- ✓ Finding out major factors that affect strategy implementation of Zemen Bank and their impact on performance.
- ✓ Determine the effect of exiting organizational structure on strategy implementation process.
- ✓ Analyze the measures and follow up methods used to ensure the success of the strategy.
- ✓ Examine the effects caused by the challenges of business strategy implementation on Zemen Bank's performance.

1.6. Significance of the study

This research is mainly important to the case company is Zemen Bank as it will help the company to find out major strategy implementation barriers. This as a result could benefit the case company to understand challenges during the implementation of strategy and have a clear and effective way of implementing the strategy.

The researcher believes that this study can also benefit future researchers who will make use of the findings to conduct further research work. Finally, yet importantly, it is an opportunity for the researcher to acquire deeper knowledge since conducting this research paper requires going through much literature.

1.7. Scope of the study

This study was delineated to the analysis of challenges on business strategy implementation of Zemen Bank. It intended to analyze the challenges and their impact on performance of the organization. To have a better understanding of the challenges, it was conducted by participating all departments and branches management and employees.

1.8. Limitation of the study

The limitation of this research study was; unavailability of executive managers for providing useful information about strategy implementation. Deeper knowledge could have gained if they were included but was impossible to approach them. Even though employees have engaged in this research, still the amount of information they share is minimal not being completely honest.

1.9. Organization of the study

The research study was composed of five main chapters. Each chapter's content is composed under sub-topics of the chapters. Chapter one is an introduction part that begins by explaining the background of the study and continued by overviewing the case company and stating the problem of the study. It contains research questions, general and specific objectives of the study, significance of the study, and scope of the study. Proceeding, on the second chapter related literature, has been reviewed. Theoretical and empirical reviews have been conducted in this chapter. The next chapter is chapter three. In chapter three mainly research design and methodologies of conducting the research study were discussed. Succeeding is chapter four, which includes data analysis and interpretation of data. Finally, in chapter five summary, conclusion, and recommendation were discussed.

Chapter Two

2. Review of related literature

2.1. Introduction

Related literature on the challenges of strategy implementation and their impact on performance was reviewed in this section of the research study. Theoretical and empirical reviews of the literature have been covered in this part. Conceptual framework as well is presented. The theoretical review of literature emphasizes the concept of strategy, strategy management, and strategy implementation. Core areas of strategy management were discussed. Components of strategy implementation and factors that affect strategy implementation were discussed. Measures and follow-up methods and the relationship between performance and strategy implementation are presented. Previously conducted researches have also been assessed for empirical review of the literature.

2.2. Theoretical review

2.2.1. Strategy

Strategy by Jain (2009) is defined as “Strategy in a firm is the pattern of major objectives, purposes, or goals and essential policies and plans for achieving those goals, stated in such a way as to define what business the company is in or is to be in and the kind of company it is or is to be.”

2.2.1.1. *Building a Strategy*

A certain firm has a short-term or long-term plan that clearly states intended objectives or goals to reach and accomplish. Strategy is built for a firm to accomplish those goals and objectives by setting the best possible tactics with the best possible activities and procedures (Gillon and Pearson, 2004).

A strategy to be built must be inclusive of all stakeholders. Majorly participating employees can have a great result for a successful strategy. Non-managerial staffs, managers, leaders, and top-level management, and board of directors all must have a uniform set of understanding about the mission, vision, and value of strategy. A part of the stakeholders also includes customers, investors, or directly relatable bodies which must also have a clear understanding of strategy as

well. A firm can be fruitful if all its stakeholders are doing their part based upon a clear understanding of the strategy (Reading, 2002).

2.2.1.2. Strategic Planning

A strategy is to be mentioned as successful if it can guarantee a firm's competitive advantage and achieve intended goals not only for the short run but also the long term. The best strategy maintains the firm's greatest market share of its competitive environment for a long hall. This can be a reality if the firm can have a strategic plan that sets a strategic framework and structured processes (Reading, 2002).

As for Kotler and Keller (2012), strategic planning is divided into four organizational levels;

1. Corporate level – designs corporate strategic plan. Decisions are what business to choose, what business to avoid, general plan, resource allocation and as such a holistic plans.
2. Divisional level – a division is composed of business units. Decisions here are an evenly distribution of resources and fund to each business unit. Plan to manage the business unit is settle here.
3. Business unit level – sets specific business plan drawn from the main plan.
4. Product level (product line, brand) – a plan specifically to the product line within the business unit is adapted here. Kotler and Keller (2012) said this plan a marketing plan.

Kotler and Keller (2012) further elaborated the marketing plan. They said that a marketing plan is used by companies for management, organization, and alignment of marketing activities. The marketing plan operates at two levels. These are;

1. **Strategic marketing plan** – before making any practical move, a firm must first identify its target market where there is a bigger marketing opportunity. Any firm or organization must research and analyze its market to choose the best marketing environment that gives the greatest marketing opportunity. This level of the marketing plan is all about the analysis and setting target market and firm's value proposition (Kotler and Keller, 2012).
2. **Tactical marketing plan** – after choosing the best market environment and target market, a firm then set specific marketing tactics. The marketing tactics are about the four marketing mix, that is the product, price, placement and promotion (Kotler and Keller, 2012).

2.2.1.3. An effective strategy

An effective strategy is one that is organized by analyzing internal and external factors and that balance all. Internally it should analyze its strength and weakness and externally its opportunity and threat (Gillon and Pearson, 2004).

Any business in any market works for a successful business run by having a major market share of its market environment and sustaining its top score for a long period of time as possible. This desire of a firm can be a reality if it begins its business grounding customer's need wants and desires as a foundation of its success (Gillon and Pearson, 2012).

According to Gillon and Pearson (2012), they put five key elements saying a productive strategy concentrates. These key elements are;

A. Corporate objectives

The corporate objective is all about the corporate guidance of a firm. A firm must have a corporate level objective for guidance and comparison of functional work which is if the operation is going according to the plan that is according to the corporate objectives. Corporate objectives can be used as a referral point or measurement. Operational activities must work accordingly in the time frame, resources, and general objectives of the corporate objectives (Gillon and Pearson, 2004).

B. Corporate resources and competencies

A successful strategy must identify SWOT analysis which its strength, weakness, opportunity, and threat. Identifying strengths and weaknesses can benefit a firm by maintaining its strength and improving its weakness. Knowing opportunities can benefit a firm in utilizing them effectively. The amount of risk of business can be reduced as threats are identified. Aligning with the SWOT is the allocation of resources. Investing more in the internal strength and external opportunity can result in a successful strategy (Gillon and Pearson, 2004).

C. Priority targets

A firm can categorize priority targets into two aspects. One is the external environment and the second the internal environment. A prioritized external environment is a market business environment where there is a high return on investment. This market environment gives firms the

best business opportunity. On the other hand, a prioritized internal environment is an area that is more productive and gives the best result. For this area of the business, priority must be given to the distribution of resources (Gillon and Pearson, 2004). But they also have underlined that when formulating a strategy other aspects should also be taken into account, way deeper than this so that the most effective strategy and ways of implementation can be formed.

D. Business environment

A successful strategy keenly observes the business environment a firm is in and identifies the business opportunity that best serves the firm. Identifying the best business opportunity will help the firm to come up with the best tactics that improve a firm's performance and long-term success. The business environment encompasses all factors affecting the business. These factors are internal and external. Internal factors are controllable by a business entity, whereas, external factors are uncontrollable. But with the right strategy, the effect of these factors on the business can be reduced (Gillon and Pearson, 2004).

E. Business opportunity

A business opportunity is the business area, territory, or region or it can be a specific target group where it gives a business entity the suitable environment that fulfills customers' wants. A business opportunity is using an internal strength, given the best possible external opportunity. This makes a firm to be more productive and best serve its end users (Gillon and Pearson, 2004).

Gillon and Pearson (2004) put two aspects in reviewing the business opportunity in target markets.

- ✓ Cost-benefit equation – is the capacity of the company and willingness for an investment and the fruit of the investment which is potential return of investment.
- ✓ Nature of investment – Analyzing the opportunity and threat of the industry to be in.

2.2.2. Strategy Management

Strategy management is the identification of goals and objectives to achieve, identification of methods and activities to achieve those goals and organization, management, and control of those activities for sustainability (Alkhafaji, 2013).

2.2.2.1. Core areas of strategy management

1. **Strategy analysis** – before developing a strategy, a certain firm has to analyze its business environment. When a firm does analysis, it should analyze and study its internal environment as well as external environment. A strategy constructs vision, mission, value and objective. These vision, mission, value and objectives must be analyzed and studied well before formulation of strategy (Lynch, 2018).
2. **Strategy formulation** – after doing analysis, a strategy that have a clearly defined vision, mission, value and objectives have to be formulated (Alkhafaji, 2013). Strategy formulation is the process of stating mission, vision and value statement, setting goals and objectives, and developing methods of achieving those goals. The process requires defining potential solutions, evaluating potential solutions and selecting the best one out of the alternatives (Ulwick, 1999).
3. **Strategy implementation** – the selected options now have to be implemented. Strategy implementation is execution of formulated strategy. It is caring out series of activities that lead to achieving objectives of organization. This stage of strategy management process is the most crucial but the most difficult one (MacLennan, 2011).
4. **Evaluation and Control** – this is the final process of strategy management. It evaluates the successfulness of the previous process that is the analysis, formulation and implementation of strategy. It measures the actual outcome of strategy implementation with intended goal planned to achieve. It takes corrective actions when the implementation process is not going smoothly as planned (Hiriyappa, 2018).

2.2.2.2. Strategy management linkage

Strategy formulation and strategy implementation are interlinked in two forms of linkage (Hiriyappa.B, 2018). These linkages are;

Forward linkage

This linkage is when strategy formulation is the one that affects strategy implementation. A planned strategy must be implemented and turned into actions so that goals on the formulated strategy will be achieved (Hiriyappa.B, 2018).

Backward linkage

This strategy management is when both strategy formulation and strategy implementation affect each other. Strategy formulation affects strategy implementation which is in a way that during implementation what is to be done and turned into action is based upon the formulated strategy. On the other hand, the past implementation process can be a foundation for a newly forming strategic plan (Hiriyappa.B, 2018).

2.2.3. Strategy Implementation

The strategy implementation process is one of the core components of strategic management. Strategy implementation assures the success of a formulated strategy. It co-operates all level bodies in an organization working together for achieving certain goals (Misankova, 2014).

Strategy implementation is the practical process of making a statement on a strategy to become a reality. It is an operational process. The coordinated effort of top-level managers' management skills and the day-to-day activities of low-level employees is in general the strategy implementation process of executing a formulated strategy. Strategy implementation requires operational planning and organization (Hiriyappa.B, 2018).

McKinsey & Company discovered seven elements for a successful business practice in which all begins with the letter "s". These basic elements of business practice are strategy, structure, system, style, skills, staff, and shared values. Of which the first elements that are strategy, structure, and system are known as the "hardware" of the business success and the rest the "software". Strategy implementation is effective and successful when all of these business practice elements are presented in a collective manner (Kotler and Keller, 2012).

2.2.3.1. Components of strategy implementation

According to Gillon and Pearson (2004), the four fundamental components of strategy implementation are;

- A. An action plan that identifies what needs to be done, and who is responsible for doing it
- B. A broad time-scale for putting this plan into action
- C. A projected implementation budget
- D. Plans for longer-term management and monitoring

2.2.3.2 Theories on strategy implementation

In the past time, much more focus was given to the content model of strategy than the Process model. However, focus to the process model of strategy or strategy implementation must be given so that firms will perform more effectively (Bourgeois and Brodwin, 1984).

Bourgeois and Brodwin, (1984) laid five process model approaches. These are;

1. Commander model

In this model, essentially the concerned body is the top-level management. The model highly focuses on an analysis of objectives and information from an external source and deciding what objectives to set before any activities to be done. Then the top-level management facilitates strategy implementation by planning courses of action to achieve objectives of the strategy, in how to allocate resources to yield the best outcome and giving directives. A resource can be allocated by analyzing the internal capacity and profitability of the sector. Under the commander model there are two approaches (Bourgeois and Brodwin, 1984).

- One is system approach - steps for this approach are; first ascertaining objectives. Then planning courses of action to attain these objectives. Evaluating results according to economic efficiency and finally choosing the best sets of objectives for implementation (Bourgeois and Brodwin, 1984).
- Incremental approach – steps involved are; identifying current strategy and then evaluating opportunity and threats encounter using this strategy and then giving modification to the current strategy (Bourgeois and Brodwin, 1984).

The commander model is believed to be biased because the strategy implementation process highly concentrates on the top level management (Bourgeois and Brodwin, 1984).

2. Change model

This model expands the concept of the commander model. It states that after having the right strategy, then how to implement it. Here, the focus is given to the implementers of the strategy. Top-level managers use behavioral science techniques to control strategy implementation. These techniques to be included are

- Organizational structure and staffing – choosing suitable organizational structure by assigning the right staff with the right skill to the right position according to the nature of its purpose is essential (Bourgeois and Brodwin, 1984).
- Planning systems, performance measurement and incentive compensation – planning system “governs capital and operating budgets”. For transparency and control, performance measurement is used to check if things are going in the direction envisioned. Incentive compensation encourages good performances (Bourgeois and Brodwin, 1984).
- Cultural adaptation - techniques mentioned are “to use demonstration, start with clearly perceived needs, and enlist the support of high-credibility presenters (Bourgeois and Brodwin, 1984).

3. Collaborative model

This model is about the participation of management and senior employees during the formulation of strategy so that they can have a sense of ownership towards the strategy. Different opinions will be included and then a group decision is made. It is called the collective model because of group decision-making. This as a result can create much more commitment during strategy implementation (Bourgeois and Brodwin, 1984).

4. Cultural model

This model is about how low-level employees of an organization should maintain strategic direction. Emphasis should be given to the low-level employees by training, coaching, and guiding them to internalize the value established. Daily operational activities are designed based upon the mission of strategy. A Uniform set of understanding is created from top to bottom (Bourgeois and Brodwin, 1984).

5. Crescive model

This model is about “growing strategy within the firm”. The previous models are top-down strategic implementation systems. Whereas, a crescive model is a down-up system where internal staff design possible strategies and then the top manager chooses from given alternative strategies. For the case of this model, internal staffs are the “strategy developers”. This can encourage innovation within the firm (Bourgeois and Brodwin, 1984).

Relevance of these five models

These five models are relevant because these approaches can increase ease of strategy implementation (Bourgeois and Brodwin, 1984). The models are relatable. Relationship of the models is as follows.

- “The Commander Model was the first solution offered to the general management planning problem; the Change Model followed, in response to the perceived failure of strategic planning in some firms; the collaborate and Cultural Models proceeded to enhance implementation by broadening the base of participation. Now the Crescive Model, as we use the term, is taking shape as managers of diversified and multinational firms recognize the limitations of more or less centralized control and attempt to harness and exploit the initiatives taken at local levels” (Bourgeois and Brodwin, 1984, p. 242).

2.2.3.3. Major factors that affect strategy implementation

According to Obeidat, Al-Hadidi, Tarhini and Masa'deh (2017), major operational process factors that affect strategy implementation are resource availability, communication, operational planning, human resource factors and control and feedback.

Operational factors

A. Resource availability

Resource allocations, availability of financial and technological resources have a direct correlation with strategy implementation. Firms have to provide an adequate amount of resources for better performance of strategy implementation (Lemarleni, Ochieng, Gakobo, Mawaura, 2017).

Resource based view theory

Resource-based view theory is by using unique and not easily accessible resources sustaining a competitive advantage. This theory is about using resources that are hard to copy thus support and maintain the company's market share leadership. Resources have to fulfill four criteria. These are, valuable (must add strategic value), rare (hard to find), imperfect imitability (hard to re-do), and non-substitutability (no alternative resource can be found) (Madhani, 2010).

B. Communication

Communication is one of the major factors that affect strategy implementation. For an effective strategy implementation process, front-line employees especially needed to be communicated so

that they can have sufficient information at the time of the day-to-day operation. Communication is also important to create uniformity within the entire organization (Danford, 2011).

C. Operational Planning

Operational planning is the means to achieve overall strategic planning. Strategic planning is a holistic and long-term plan. Derived from the strategic plan, an operation plan is formulated. An operational plan is a more detailed and short-term plan. It is much more specific about how to achieve the objectives of the strategy. Strategic planning is a vision set for where the organization would go and operational planning is how to attain that vision (Towbin, Perry, Moskovitz and Oconnor, 2018).

D. Human resource factor

The main executors of strategy are the human resource. By understanding this, companies have to develop a human resource practice. This human resource practice is about learning, development, and performance management which can be developed by giving necessary training for strategy implementation. Compensation schemes and other reward systems also affect the performance of the human force, therefore companies have to give emphasis on those. Human resource management influences the productivity of employees; hence have to be appropriately managed (Horte, Lundback, and Engberg, 2015).

E. Control and feedback

Companies must have an ongoing control and feedback method also known as implementation controls. This control and feedback method can be implemented during strategy implementation process regularly with some time interval. This will help the company to observe the strategy implementation process if it is going as planned or not. If the implementation process is going within the time frame, budget line, and achieving goals intended, then control and feedback method can help the company in keeping the right track. If not, the company can take immediate corrective action and adjust its problem (Kotler and Keller, 2012).

Additional factors affecting strategy implementation are

F. Work environment

For a smooth strategy implementation, companies have to create a comfortable work environment for employees or executors of strategy in general. The top-level management has to

engage employees in decision-making so that they can internalize the aim and value of the strategy. Managers have to give attention to teamwork. The teamwork must be participative of all bodies and leaders have to be members of the teamwork. The top-level managers have to give precise guidelines and directions to encourage the commitment of employees but also have to leave a space for employees to initiate and work on themselves (Maika and Wachira 2020).

G. Policy manual and procedures

The policy is a guideline about how to implement a strategy. The policy is developed by top-level managers, thus is considered a high-level documents. It is a detailed guideline for how to work on strategy implementation at the strategic level (Cannon, 2016).

Procedure on the other hand is an even more detailed guideline of strategy implementation. It is derived from the main policy to specific operational activities. Thus, Policy is considered as a guideline at the strategic level and the procedure is a guideline for the operational level (Cannon, 2016).

2.2.3.4. Organizational structure

The strategy-structure linkage

Bigler (1985) showed a correlation between structure and strategy. In the article the linkage between structure and strategy is viewed with the complexity of information and strategy programs flow. Four aspects of the linkage were listed out. These are;

1. The specific diversity of the structure – this is about the number of different departments and divisions and the way of communication and information flow among them.
2. The shape of the structure – this aspect is about the extent of power, responsibility and bureaucracy.
3. The third aspect is about the absolute quantity of information sent, received, processed and feedback
4. An the last mentioned aspect is the time span of feedback of information

According to Bigler (1985), if all of these aspects are properly managed, then they yield the following positive attributes of the structure and strategy linkage

- Flexible: that is for different departments to be easily pliable

- Adaptive: departments have to be adaptive of new information and processes
- Practical: this means that “the most cost effective level of structural complexity should be chosen”.
- Legitimate: “the structural change or program must respect the very subtle power bases that have been formed in the organization”.

Organizational structure and strategy must be in alignment for an efficient strategy implementation process. Organizational structure should be shaped in a way to support strategy implementation. The organizational structure must be a guarantee that there is an ease of information flow and complete harmonization of different departments for better performance. Direction given by the management must be clear and the organizational structure should be flexible to fit the strategy to be implemented (Kagumu, Odhiambo, and Waiganjo, 2017).

2.2.3.5. The challenges of strategy and Implementation

The most difficult process of strategy management is strategy implementation. During implementation of strategy, companies face several challenges (Verweire, 2014). The five possible challenges of strategy implementation are;

A. Too much, focus on financial strategy discussions

Companies mostly have inadequate knowledge of strategy implementation. Although they know that strategy implementation is crucial to the development of their firm, they also lack the knowledge of how to make that a reality. “Most companies say as such kind of statements like our strategy is to grow shareholder value by 30 % in the next year, those statements are not strategies, but are goals or aspirations” (Verweire, 2014, p. 5). So companies need to figure out how to accomplished the company’s goals instead of the financial target to achieve (Verweire, 2014).

B. Functional strategies are no substitute for a business strategy

At the corporate level, companies do have the best strategy. Cracked down, they have formulated good functional strategies. However, they lack in formulating a business strategy which is the basic one for strategy implementation and that plans the action plans and activities to be done in achieving the goals of the strategy (Verweire, 2014).

C. Strategy implementation is too fragmented

Too often strategy executors fall short in executing one aspect of strategy implementation. Strategy implementation is activities that touch the culture, politics, operation, management, monitoring, controlling, and so on. But most companies only are focused on one aspect given they know about a certain aspect and not fully committing to the whole aspect of strategy implementation (Verweire, 2014).

D. Managers communicate about strategy, but forget to translate strategy into action

Goals are explained to employees. Vision, Mission, and values are clearly presented. Objectives of the strategy are communicated. But many managers do not give attention and time to the details of the strategy which is the actions required to attain those goals and objectives. They do not give much attention to the people involved in the execution of the strategy (Verweire, 2014).

E. Strategy implementation requires leadership capabilities

Leadership in strategy implementation is critical. Including the aforementioned points, all suggested that for effective strategy implementation not only is a manager needed but most importantly there has to be competent leadership. Strategy implementation must be performed effectively with visionary leaders. Leadership during strategy implementation is vital not just management (Verweire, 2014).

2.2.3.6. Measures and follow up methods

Strategy Implementation control

Strategy implementation control is a method to make sure that the implementation process is going as intended to achieve the planned objectives. It is continuous monitoring of activities to assess if problems exist during the strategy implementation process and to take corrective action as required (Hammer and Henderson, 2001).

Hammer and Henderson (2001) put two methods of strategy implementation. These are;

1. Monitoring strategic thrusts

Monitoring strategic thrusts are making sure that all activities are on the right track for the achievement of intended goals. If there is any problem then corrective actions can be

taken and keep the consistency of the implementation process (Hammer and Henderson, 2001).

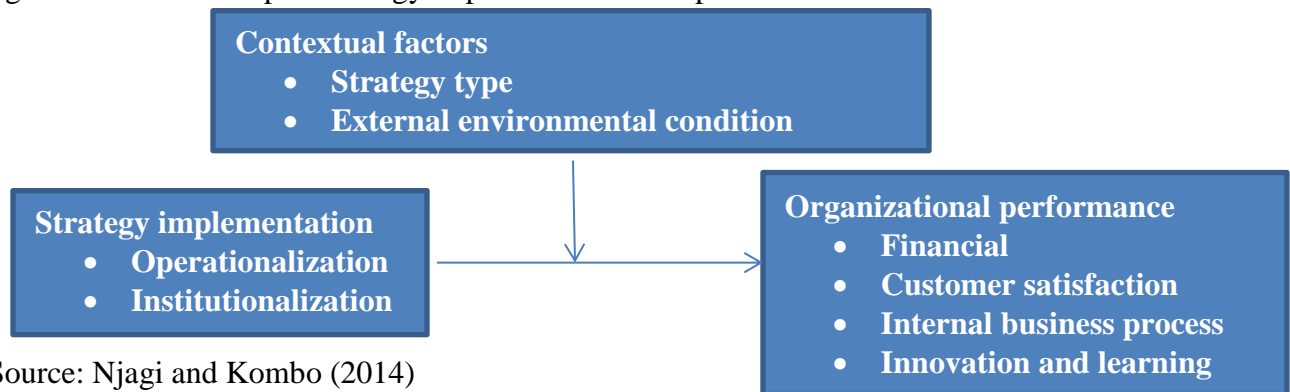
2. Milestone review

Milestone review is reviewing the strategy itself. It is a reassessment of the strategy so that companies can decide whether to keep on implementing or switch on to another better profit yielding strategy and implementation process (Hammer and Henderson, 2001).

2.2.4. Performance and strategy implementation

Performance and strategy implementation has a strong correlation among them. An effective strategy implementation results in better performance. Njagi and Kombo (2014), show the correlation of strategy implementation and performance in their research study as shown on figure 2.1 below.

Figure 2.1 Relationship of strategy implementation and performance



Source: Njagi and Kombo (2014)

Operationalization

Operationalization of strategy is drawing a specific, short-term, operational strategic plan for the main strategy of an organization. The overall strategy targets to achieve the overall objectives and goals of an organization and is a long-term plan. Where for operationalized strategy, drawn from the main strategy, is focused on achieving objectives of business units (Pearce and Robinson, 2003).

Institutionalization

Institutionalization is fitting a strategy with the organization. This can be done by explaining the strategy to all execution bodies so that they understand the core aim of the strategy and implemented it accordingly. Managers have to create an organizational environment where the strategy can be implemented effectively (Wiseman, 2007).

Njagi and Kombo (2014) further discussed that for better performance there should be not only a solid strategy but also an effective strategy implementation. They said that operationalization and institutionalization are dependent on each other. For effective both operationalization and institutionalization have to be in place. They also suggested that before strategy implementation activities have to be firstly planned and clearly communicated then effectively executed.

An organization that performed well is an organization that invested in strategy implementation. Summed up all the factors discussed above in this research study will yield the best performance of a certain organization. An organization with effective communication, competent leadership in place, contented organizational culture motivates and initiates innovation and yield the best performance for the organization (Waititu, 2016).

2.3. Empirical review

A study conducted by Mekedas (2019), assessed challenges faced by organizations during the implementation of the strategy. The challenges the researcher found out are “potentially unachievable strategy, ineffective leadership, having wrong people in a leadership position, poor alignment with administrative authority and implementing strategic management tasks were not sufficiently defined, the vagueness of the assignment of responsibility, inadequate down the line leadership, uncertainties, unplanned project causes deviation in implementation”. The researcher recommended improving these challenging factors to have an efficient strategy implementation process.

A research study by Haimanot (2017) showed factors affecting strategy implementation and impact on performance. On the study factors such as human resource factors (i.e. training and development), communication shows a positive correlation with the performance thus the anticipated performance is affected positively by these factors. The study showed a negative impact of leadership in place. Leadership must be improved for better performance.

Scolastica (2012) again found out that, employee participation in strategy formulation, inadequate analysis of progress, financial constraints, change of strategy midstream, a commitment of senior staff and employees, lack of implementation continuity, duplication of activities were major challenges of strategy implementation. For an effective strategy implementation, the researcher recommends that the company has to make implementation

inclusive of every employee and other stakeholders in general. There must be effective measurement, monitoring, and evaluation methods.

Another study by Katamei and Omwono (2015) again found out challenges of strategy implementation and impact on performance. The study found out that structure, leadership, culture, and communication are major challenges encounter during strategy implementation. All of these challenges highly affecting performance. The researcher suggested that skilled leaders must be hired, there must be effective communication and suitable culture, and there should be a feedback method for better performance.

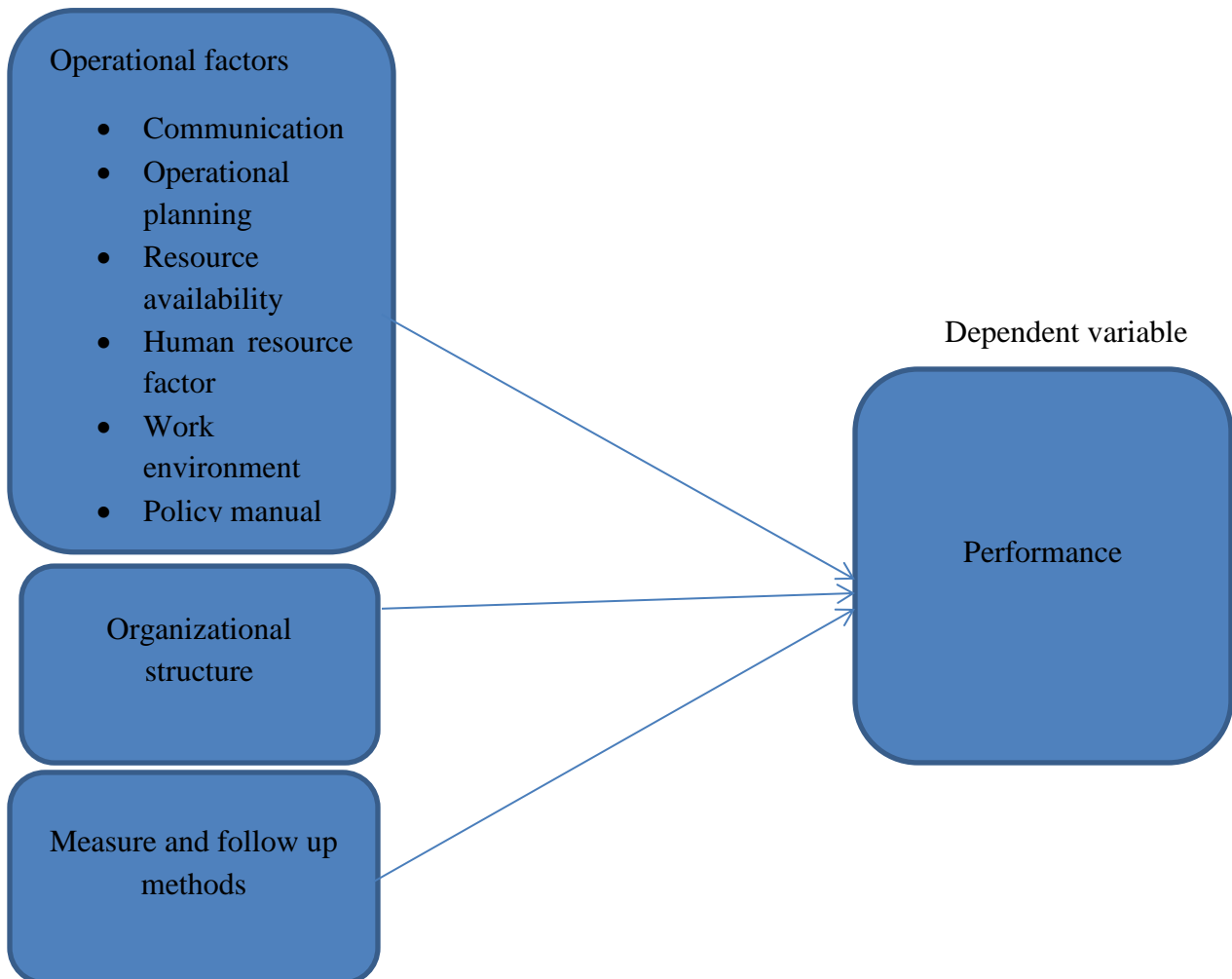
A study by Ogunmokun, Hopper, and Mcclymont (2002) shows the relationship between strategy implementation and performance. The research was done to show the impact of strategy implementation on the performance of an organization. In the research, the researcher categorized organizations into organizations that perform well and organizations that do not. The research shows that organizations that perform well have implemented strategies efficiently. During implementation, those organizations used methods to improve the implementation process. They have “created suitable organizational structure, communicated to employees when and how the strategies will be carried out, provided incentives for employees to carry out the strategies effectively, and assigned people who are able to be responsible for implementing these strategies were cited more”. This as a result increased performance of organizations.

2.4. Conceptual framework

This research study is an analysis of challenges on business strategy implementation and its impact on performance. Following is a figure showing the major factors that affect the strategy implementation process and performance being affected by those factors.

The following figure presents, factors affecting the strategy implementation process and impact on performance. The independent variables are the factors that affect the strategy implementation process and performance being the dependent variable.

Figure 2.4 Conceptual framework
Independent variables



Source: the researcher, 2021

Chapter Three

3. Research design and Methodology

This chapter provides information about the research design and methodology that was employed in doing the research. It gives a detailed explanation about the research design, source of data, collection method, target population, sample design, sample size, and methods of data analysis.

3.1. Research design

The research design that was used in conducting the research was explanatory and descriptive research design. As Saunders, Lewis, and Thornhill (2009) explained, studies that establish causal relationships between variables may be termed explanatory research. The emphasis here was on studying a situation or a problem to explain the relationships between variables (Saunders et al., 2009). The major variables trying to address here were factors or challenges in the implementation of strategy and how those factors affect the case company. Descriptive research design as well was implemented.

Both qualitative and quantitative research approaches were used in conducting the research, so that it can satisfy the objective of the research. “Qualitative research approach is used predominantly as a synonym for any data collection technique (such as an interview) or data analysis procedure (such as categorizing data) that generates or uses non-numerical data. Quantitative in contrast is predominantly used as a synonym for any data collection technique (such as a questionnaire) or data analysis procedure (such as graphs or statistics) that generates or uses numerical data” (Saunders et al., 2009, p. 151).

3.2. Sources of data and data collection method

Primary and secondary data were gathered in conducting this research by using different data collection methods. Primary data was collected by using interviews and questionnaires as a tool of data collection. Where for secondary data company annual reports, company manuals, books, journals, etc. were used in gathering secondary data.

3.3. Target population size

The main targets of this research were the bodies that were directly involved in the implementation of the strategy of the case company. Those bodies are executive managers, directors, managers, section heads, and non-managerial staff. Zemen bank has 1069 permanent

employees as of this year. Out of which, 5 are executive managers. There are 14 interdependent departments. This means within each department there are 14 directors. Under the fourteen directors of each department, there are in total 37 divisional managers. Additionally, there are 40 Addis Ababa city branch managers (including Assistant managers and section heads), and under those divisional and branch managers, there are 621 Addis Ababa city non-managerial professional staff and 180 regional branch employees. The rest 172 employees are non-professional employees that are drivers, motorists, security officers, office messengers, and other supporting staff.

Since the most accountable for strategy implementation are the high-level management, and since the level of accountability downgraded from top to down hierarch of position, and due to the inconvenience to reach employees of the regional branch, the researcher targeted Addis Ababa city employees when conducting this research study. Besides this, since non-professional staffs have an indirect relationship with the strategy, the researcher hasn't included them in the target population.

Therefore, the target populations of the research are executive managers, departmental directors, divisional managers, Addis Ababa city branch managers, and Addis Ababa city non-managerial professional staff.

3.4. Data collection method and target population

As mentioned above, primary data were collected by using both interviews and questionnaires as a data collection method. Interview questions were targeted to executive managers and directors to have a deeper insight into the subject of this research study. Where, for divisional and branch managers and non-managerial professional staff, questionnaire was used to gather primary data.

3.5. Sample design

Probability sampling was used as a sampling design method. Specifically, stratified random sampling technique was implemented as the researcher has determined its target population by involving a process of stratification or segregation, followed by random selection of subjects from each stratum. The target population was first divided into mutually exclusive groups (strata) that are relevant, meaningful in the context of the research. For this research, the researcher divided the target population based on their position level. The researcher used position level

because the level of accountability to strategy implementation is mainly based upon the level of position. These mutually exclusive groups (strata) are; executive managers as the first strata, directors as the second strata, divisional and Addis Ababa city branch managers as the third ones, and Addis Ababa city non-managerial professional staffs as the Fourth.

3.6. Sample size

Based on the target population size mentioned above, the sample sizes of the research are respondents that directly are accountable for strategy implementation. These respondents are divided into four strata as stated on the sample design.

Before determining the sample size of each stratum, let's calculate the desired sample size.

Formula: $n = N / (1 + N(e)^2)$

Where: - N = Target population

n = sample size

e = level of precision=0.05

The number of total target population for this research is 889 (total number of Addis Ababa city employees).

$$n = 717 / (1 + 717(0.05)^2) = 256$$

The sample size out of each stratum is as follows;

$$n_h = (N_h / N) * n$$

Where: - n_h = Sample size for h_{th} stratum

N_h = Population size for h_{th} stratum

N = Size of entire population

n = Size of entire sample

1st stratum – Executive managers

$$n_h = (5/717) * 256 = 1.7$$

2nd stratum – Department directors

$$n_h = (14/717)*256 = 4.99$$

3rd stratum – Divisional and Addis Ababa branch managers

$$n_h = (77/717)*256 = 27.49$$

4th stratum – Addis Ababa non-managerial professional staffs

$$n_h = (621/717)*256 = 221.72$$

Summary of result for desired sample size is as follows;

Table 3.1: Sample size

Stratum	Total population size	Mathematical procedure	Desired sample size
Executives managers	5	$n_h = (5/717)*256 = 1.7$	2
Directors	14	$n_h = (14/717)*256 = 4.99$	5
Divisional and A.A branch managers	68	$n_h = (77/717)*256 = 27.49$	27
A.A non-managerial staffs	630	$n_h = (621/717)*256 = 221.72$	222
Total	717	$n = 717 / (1 + 717(0.05)^2) = 256$	256

3.7. Data analysis methods and processes

This part of the research discusses data analysis methods and processes of analysis for collected data. Collected data of the research were analyzed qualitatively and quantitatively. Qualitatively analyzed data were data that were collected using interview as a data collection method. These data are impossible to explain in numerical values or by tabulating and categorizing. So data were presented in summary.

Quantitative data that were collected through questionnaires were analyzed by using descriptive and inferential data analysis methods. The descriptive data analysis method was only employed for the general profile of respondents. Likert scale was used to measure the variable's scale.

On the other hand, the inferential data analysis method was used for analyzing independent and dependent variables. The regression analysis method was used to show the relationship between

independent and dependent variables. On top of that, correlation analysis was employed to show the impact of an independent variable on the dependent variable. During the analysis of data by inferential analysis method, multiple linear regression analysis was employed.

3.7.1. Empirical Model

An empirical model is a model that shows relationship among two or more variables that is dependent and independent variables (Gujarati and Porter, 2009). Relationship between dependent variable and independent variable mathematically can be shown as follows;

$$Y = \beta_1 + \beta_2 X \quad 0 < \beta_2 < 1$$

From this mathematical equation Y represents the dependent variable, X represents the independent variable, β_1 is the intercept, and β_2 is slope coefficient. This mathematical equation represents an exact relationship of the two variables. However, as Gujarati and Porter (2009) explained, relationships between economic variables are usually imprecise. Therefore, to show the inexact relationship of variables, an equation must include a random (stochastic) variable. This variable is also known as disturbance or error term. So mathematically it can be putted as;

$$Y = \beta_1 + \beta_2 X + \mu$$

Where; Y is dependent variable, X representing independent variable, β_1 the intercept, β_2 slope coefficient and μ showing that there are factors that affect dependent variable but are omitted.

If there is only one independent variable and wants to show the relationship with the dependent variable, then the above formula can be used and is called a single equation model. If there is more than one independent variable, the equation is called the multiple equation models (Gujarati and Porter, 2009).

For the case of this research study, a multiple equation model was employed as there are multiple independent variables. Mathematically can be described as,

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \mu$$

Where; Y represents the dependent variable which is performance. X1 represents the first independent variable which is organizational process factor or major factors that affect strategy implementation. The variable organizational process factor is further divided into sub-factors.

Those sub-factors are communication, operational planning, resource availability, human resource factor, work environment and policy manual. X2 is the second independent variable and represents organizational structure. X3 represents the independent variable measures and follow up methods. β_0 is the intercept or constant variable. β_1 , β_2 and β_3 are coefficient of each variable. μ represents the error term or disturbance.

3.8. Reliability and validity test

Before proceeding to do the whole research, first a pilot study has to be done by taking a sample out of the total sample size. This has a number of benefits. Such as “developing and testing the adequacy of research instruments, assessing the feasibility of a full study, designing and testing the protocols for the larger study, establishing and testing the sampling and recruitment strategies, collecting preliminary data, obtaining effect size information, and training research assistants” (Connelly, 2008, p. 411).

Connelly (2008) suggested taking 10% of the sample for a pilot test. But the percent of a sample taken can be expanded. For this research study, 20% of the sample was taken for reliability and validity test that is out of a total sample size of 256, the researcher took 50 samples to test reliability and validity.

3.8.1. Reliability

Consistency of research instruments is tested using reliability test. That is “the extent to which a research instrument consistently has the same results if it is used in the same situation on repeated occasions” (Heale and Twycross, 2015, p. 66-67).

Result of reliability for this research study is as follows.

Table 3.2: Reliability test

Variables		Result Cronbach's Alpha	Number of questions
Operational factor	Communication	.812	3
	Operational planning	.884	4
	Resource availability	.754	2
	Human resource factor	.736	2
	Work environment	.741	2
	Policy and manual	.752	2
	In total operational factor	.748	15
	Organizational structure	.745	4
	Measure and follow up method	.758	5
	Performance	.778	5
Total		.795	29

Source: Own survey, 2021

According to Cronbach's Alpha, a coefficient value above 0.70 is considered reliable (Matematik, Othman, Yin, Sulaiman, Inbrahim, and Razaha-Rashid 2011). Therefore, based on the result on the above table, since all instruments coefficient is above 0.70, we can conclude that instruments used for this research study are all reliable showing that there exists an internal consistency of instruments used.

3.8.2. Validity

Validity on the other hand is defined "as the extent to which a concept is accurately measured in a quantitative study" (Heale and Twycross, 2015, p. 66).

Validity result is as follows

Table 3.3: Validity result

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.794
Bartlett's Test of Sphericity	Approx. Chi-Square	248.828
	Df	36
	Sig.	.000

Source: Own survey, 2021

Validity is measured with two values. One is the Kaiser-Meyer-Olkin measure of sampling adequacy (KMO) “is a statistics that indicates the proportion of variance in variables that might be caused by underlying factors”. An accepted value of KMO has to be 0.5 and above. The second measuring value is Bartlett’s test of sphericity. An accepted value for Bartlett’s test of sphericity is below 0.5 (Field, 2005).

Based on the result shown on the above table, KMO resulted 0.794 and Bartlett’s .000. From this we can say instruments used are valid.

3.9. Ethical consideration

During conducting this research study, the researcher has involved respondents of the target population voluntarily and has informed clearly about the subject studied. Confidentiality was secured with regard to the responses of participants. Data collected were presented with no fraud. This research study has no potential harm on anyone involved and on the social or financial aspect of the case company.

Chapter Four

4. Data presentation and interpretation

This section of the research study presents data presentation and interpretation. A total number of 256 samples of the population were selected. The desired sample size was divided into four strata. From the total 256 sample population, 7 of them are the first and second stratum (executives and department directors) and the interview was used to collect qualitative data from these strata groups and the response is analyzed in summary.

For the rest of the two strata group, which is divisional and department managers (the third strata) and non-managerial professional staffs (the fourth strata), a questionnaire was used to collect quantitative data. That is, 249 questionnaires were distributed and out of this 186 were returned, that is 72.65%. Results are interpreted and analyzed by descriptive and inferential analysis.

4.1. Descriptive analysis of general information

Descriptive analysis of general information of respondents is tabulated and presented in this section. The general information is the demographic characters of respondents, i.e. age, gender, level of education, and level of the current employment position.

4.1.1. Age

The following table below shows the frequency and percent of age group participated on this research study.

Table 4.1.1. Age group of respondents

Age group	Frequency	Percent	Valid Percent	Cumulative Percent
18 to 25	79	42.5	42.5	42.5
26 to 32	89	47.8	47.8	90.3
33 to 40	17	9.1	9.1	99.5
41 to 50	1	.5	.5	100.0
Total	186	100.0	100.0	

Source: Own survey, 2021

From the table above, we can see that the age group of eighteen to twenty-five is 42.5%, the age group from twenty-six to thirty-two is 47.8%, age group from thirty-three to forty is 17% and age

group from forty-one to fifty is 1%. The age group of 51 and above is none. This shows that the majority of the respondents are between the ages of 18 to 32.

4.1.2. Gender

The second demographic character assessed in this research study is the gender of respondents. Following is a table showing the number of male and female respondents who participated in this research study described in percent.

Table 4.1.2. Gender of respondents

Gender	Frequency	Percent	Valid Percent	Cumulative Percent
Male	100	53.8	53.8	53.8
Female	86	46.2	46.2	100.0
Total	186	100.0	100.0	

Source: Own survey, 2021

As we can see from the table above, the percent of male participants for this research study is 53.8% male and 46.2% female. This shows that there are a balanced number of genders at the case company.

4.1.3. Education

The third demographic character assessed is the level of education of respondents. The following table presents the result of collected data on the level of education.

Table 4.1.3. Education level of respondents

Education	Frequency	Percent	Valid Percent	Cumulative Percent
Bachelor Degree	120	64.5	64.5	64.5
Master Degree	66	35.5	35.5	100.0
Total	186	100.0	100.0	

Source: Own survey, 2021

From the above table, the percent of respondents with a Bachelor's degree is 64.5% and a Master's degree is 35.5%. Above Masters is none. This indicates that the level of education for the majority of the respondents is a Bachelor's degree.

4.1.4. Level of employment position

The desired sample for this research study was selected by using the level of employment position as segregation of the sample population. Four groups of strata were identified. Of which

two strata groups were targeted to collect quantitative data using a questionnaire. These strata groups are divisional managers and branch managers (including section heads and assistant managers) and non-managerial professional staff. Descriptive analysis of the level of employment position of these two strata groups is presented under the following table.

Table 4.1.4. Level of employment position

Employment position	Frequency	Percent	Valid Percent	Cumulative Percent
Non-managerial professional staff	170	91.4	91.4	91.4
Section head/Assistant manager	10	5.4	5.4	96.8
Branch/Department manager	6	3.2	3.2	100.0
Total	186	100.0	100.0	

Source: Own survey, 2021

As per the above result, the percent of non-managerial professional staff is 91.4%, section head/assistant manager is 5.4% and the percent for divisional and branch managers is 3.2%.

Initially (from chapter three), the total sample size of the two strata was 249, of which 222 was for non-managerial professional staffs (in percent 89.15% of the sample population) and 27 was for department division managers and branch managers including assistant managers and section heads (in percent 10.84% of the sample population). The result on the above table indicated that the intended percent of each strata group for effective information was perfectly met. Showing 91.4% of non-managerial professional staffs and a total of 8.6% (sum result of 5.4% for branch/department managers and 3.2% of section head/assistant managers).

4.2. Inferential analysis of variables

Variables of this research study are analyzed using inferential analysis. Inferential analysis is conducted to show the correlation and impact of independent variables on dependent variable.

4.2.1. Correlation of variables

The correlation of variables shows an association of variables with one another. It measures how one variable influences the other variable. The correlation of variables simply shows their association and the direction of their relationship. Variables can be related positively or negatively. A positive correlation coefficient (represented by + sign) means as one variable increases, the other variable increases. A negative correlation coefficient of variables

(represented by – Sign) is the opposite of the positive relation. A negative correlation of variables is when one variable increases, the other will decrease (Freeman and Young, 2009).

Table 4.2.1 shows the correlation of variables for this research study.

MacEachron (1982) described correlation with the following range.

- ✓ range between 0.00 to 0.20/-0.00 to -0.20 is very weak or very low
- ✓ range between 0.20 to 0.40/-0.20 to -0.40 is weak or low
- ✓ range between 0.40 to 0.60/-0.40 to -0.60 is moderate
- ✓ range between 0.60 to 0.80/-0.60 to -0.80 is strong or high
- ✓ range between 0.80 to 1.0/-0.80 to -1.0 is very high or very strong

Table 4.2.1. Correlations of variables

		Comm nicati on	Operat ional Planni ng	Resour ce availab ility	Human resourc e factor	Work environ ment	Policy & manual	Organiz ational structur e	Measure & follow up methods	Perfor manc e
Communi cation	Pearson Correlation Sig. (2-tailed)	1								
Operationa l Planning	Pearson Correlation Sig. (2-tailed)	.211** .004	1							
Resource availability	Pearson Correlation Sig. (2-tailed)	.145* .048	.425** .000	1						
Human resource factor	Pearson Correlation Sig. (2-tailed)	.011 .886	.433** .000	.557** .000	1					
Work environme nt	Pearson Correlation Sig. (2-tailed)	.095 .196	.562** .000	.626** .000	.785** .000	1				
Policy and manual	Pearson Correlation Sig. (2-tailed)	.180* .014	.306** .000	.502** .000	.513** .000	.565** .000	1			
Organizati onal structure	Pearson Correlation Sig. (2-tailed)	.104 .158	.502** .000	.482** .000	.655** .000	.590** .000	.680** .000	1		
Measure and follow up methods	Pearson Correlation Sig. (2-tailed)	.214** .003	.658** .000	.508** .000	.613** .000	.722** .000	.528** .000	.644** .000	1	
Performan ce	Pearson Correlation Sig. (2-tailed)	.138 .060	.593** .000	.486** .000	.462** .000	.495** .000	.293** .000	.536** .000	.650** .000	1
	N	186	186	186	186	186	186	186	186	186

** . Correlation is significant at the 0.01 level (2-tailed). * . Correlation is significant at the 0.05 level (2-tailed).

Source: Own survey, 2021

The result on this table shows the correlation of variables with one another and the dependent variable. The Independent variable operational factor has six sub-factors. Based on the result in the above table, communication correlates with the dependent variable performance positively at the correlational value of .138, operational planning at a value of .593, resource availability .486, human resource factor .462, work environment .495 and policy and manual positively correlated at correlational .293. Organizational structure is positively correlated with a performance at a .536 correlation value. Measure and follow up again is positively correlated with a performance at .650 correlation value.

Based on the results, we can say that measure and follow-up methods are strongly correlated with performance, the organizational structure is moderately correlated and out of the six operational factors operational planning, resource availability, human resource factors, and work environment correlated moderately. Whereas, policy and manual having a weak correlation, and communication correlated very weakly with performance. The result shows that for except communication all variables being highly significant.

4.2.2. Model Summary

Model summary symbolized by R^2 (R square), is the value to explain how the dependent variables included on a research study express the dependent variable.

A certain amount of R square value means the subject studied by the research is explained by that certain amount of R square value. The result of model summary for this research study is presented as follows on table 4.2.2.

Table 4.2.2. Model summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.732a	.536	.515	.49695

a. Predictors: (Constant), Measure and follow up methods, Communication, Resource availability, Policy and manual, Human resource factor, Operational Planning, Organizational structure, Work environment

b. Dependent Variable: Performance

Source: Own survey, 2021

Based on the result above, which is R square .536, we say that the dependent variable performance can be explained by the independent variables operational factor (that is communication, operational planning, resource availability, human resource factor, work environment, and policy and manual), organizational structure and measure and follow up methods by 53.6%. This result shows that there is room for other possible factors that can affect dependent variable performance. The model summary result gained for this research study is considered to be sufficient.

4.2.3. Analysis of variance (ANOVA)

Analysis of variance (ANOVA) was developed by Ronald Fisher in 1918. It is the measurement of variance of variables. ANOVA tests if there is a difference among variables. The variance of variables is tested to determine if there is a relationship among the variables. It shows if a study is significant or not.

Table 4.2.3. Analysis of variance (ANOVA)

ANOVA ^a					
Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	50.459	8	6.307	25.540	.000b
Residual	43.712	177	.247		
Total	94.171	185			

a. Dependent Variable: Performance

b. Predictors: (Constant), Measure and follow up methods, Communication, Resource availability, Policy and manual, Human resource factor, Operational Planning, Organizational structure, Work environment

Source: Own survey, 2021

As we can see in the table above, the significant result of the ANOVA test is .000. This result indicates that a relationship between the independent variables (measure and follow up methods, operational factor, and organizational structure) and the dependent variable (performance) exists and the study is significant.

4.2.4. Coefficient of variables

The coefficient of variables (the beta coefficient) is an expression of independent variables' level of importance on dependent variable determined. The coefficient of each independent variable is presented in table 4.2.4 as follows.

Table 4.2.4. Coefficient of variables

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.937	.351		5.523	.000
Communication	.028	.090	.021	.310	.017
Operational Planning	.183	.069	.233	2.657	.009
Resource availability	.175	.053	.230	3.333	.001
Human resource factor	.133	.067	.018	.198	.008
Work environment	.174	.079	.099	.939	.003
Policy and manual	.170	.059	.227	2.896	.004
Organizational structure	.204	.077	.248	2.659	.009
Measure and follow up methods	.402	.090	.402	4.465	.000

a. Dependent Variable: Performance

Source: Own survey, 2021

The result of the above table shows that the measure and follow-up method have the largest effect on performance. Organizational structure has a relatively small value of the coefficient. The six operational factors (communication, operational planning, resource availability, human resource factor, work environment and policy, and manual) having relatively smaller coefficient value.

Based on the result on table 4.2.4., mathematically, it can be shown as follows;

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \beta_6X_6 + \beta_7X_7 + \beta_8X_8 + \mu$$

Where, Y representing the dependent variable performance, β_0 representing the constant value which is 1.937. β_1 , β_2 , β_3 , β_4 , β_5 and β_6 representing the coefficient value of operational factors (communication, operational planning, resource availability, human resource factor, work environment and policy and manual) which is the coefficient value of .028, .183, .175, .133, .174, and .170 respectively. X_1 , X_2 , X_3 , X_4 , X_5 and X_6 represent operational factors

(communication, operational planning, resource availability, human resource factor, work environment and policy and manual). β_7 represents the coefficient of organizational structure at the coefficient value of .204 and X7 representing organizational structure. β_8 represents coefficient value .402 of measure and follow up and X8 measure and follow up. μ is the error value. Error value presented at model summary is .49695.

Given this formula and based on the result on table 4.2.4. , the mathematical equation for variables of this study is;

$$\text{Performance} = 1.937 + .028\text{communication} + 0.183\text{operational planning} + 0.175\text{resource availability} + .133\text{human resource factor} + .174\text{work environment} + 0.170\text{policy and manual} + 0.204\text{organizational structure} + 0.402\text{measure and follow up methods} + 0.49695$$

4.3. Assumptions of linear regression test

There are four assumption of linear regression test. These assumptions of linear regression models are clearly presented on this section of the research study.

4.3.1. Multicollinearity test

The first linear regression assumption test covered under this research study is multicollinearity test.

Multicollinearity test is an assumption that tests the correlation degree of an independent with another independent variable. This test is measured using two methods. One is the tolerance (coefficient method) and the second one is variance inflation factor (VIF). The value of tolerance (coefficient method) has to be below 0.80. Variance inflation factor also should not exceed above 10. Table 4.3.1 shows multicollinerity test result for independent variables of this research study.

Table 4.3.1 Multicollinearity test

		Coefficients ^a	
Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Communication	.579	1.726
	Operational Planning	.340	2.940
	Resource availability	.550	1.818
	Human resource factor	.314	3.189
	Work environment	.237	4.213
	Policy and manual	.426	2.346
	Organizational structure	.302	3.317
	Measure and follow up methods	.323	3.095

a. Dependent Variable: Performance

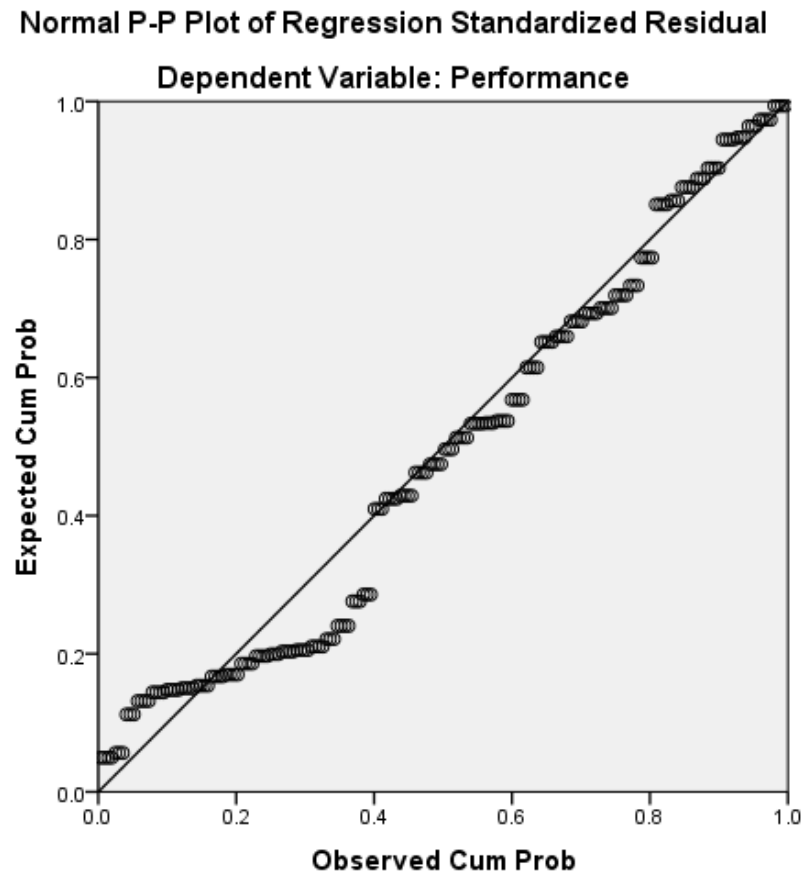
Source: Own survey, 2021

From the result in table 4.3.1, we understand that there is multicollinearity as tolerance value of operational factor (communication, operational planning, resource availability, human resource factor, work environment, and policy and manual), organizational structure and measure and follow up is below 80. Additionally, all independent variables value of multicollinearity, variance inflation factor (VIF) is fulfilled as VIF value of all independent variables is below 10.

4.3.2. Linearity test

The second linear regression assumption test covered under this research study is linearity test. The linearity test assumes that the relationship of the independent and dependent variable must be in a linear line position. This means that when shown in a figure, the P-Plot line should be straight. The following figure shows the linearity test of independent and dependent variables of this research study.

Figure 4.3.2 Linearity test



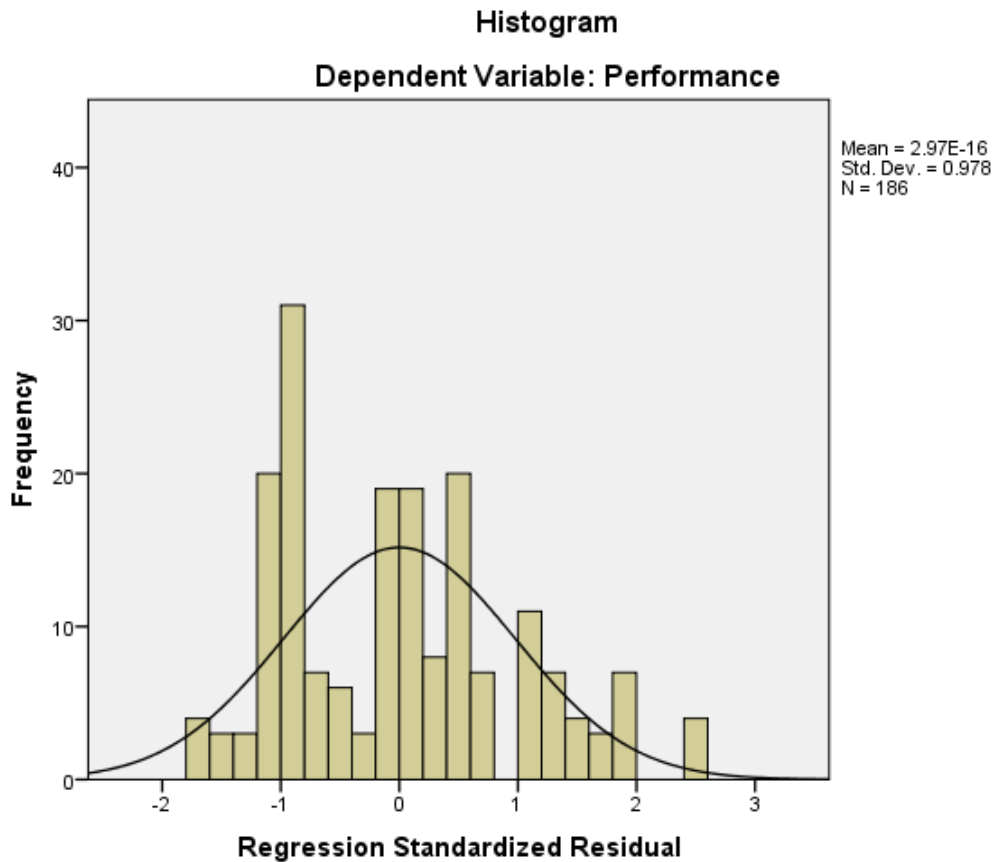
Source: Own survey, 2021

As shown in figure 4.3.2, we can say the assumption of linearity test for the independent and dependent variables of this research is sufficient, showing there is a linear relationship among them.

4.3.3. Normality test

Normality test is used to show the normal distribution of variables. The test is presented by using histogram diagram that shows the distribution of variables. Errors are considered to normally distribute for any arrangement of values on the predictor variables (Osborne and Waters, 2002). A normality test for this research study is represented by figure 4.3.3 below.

Figure 4.3.3: Normality test



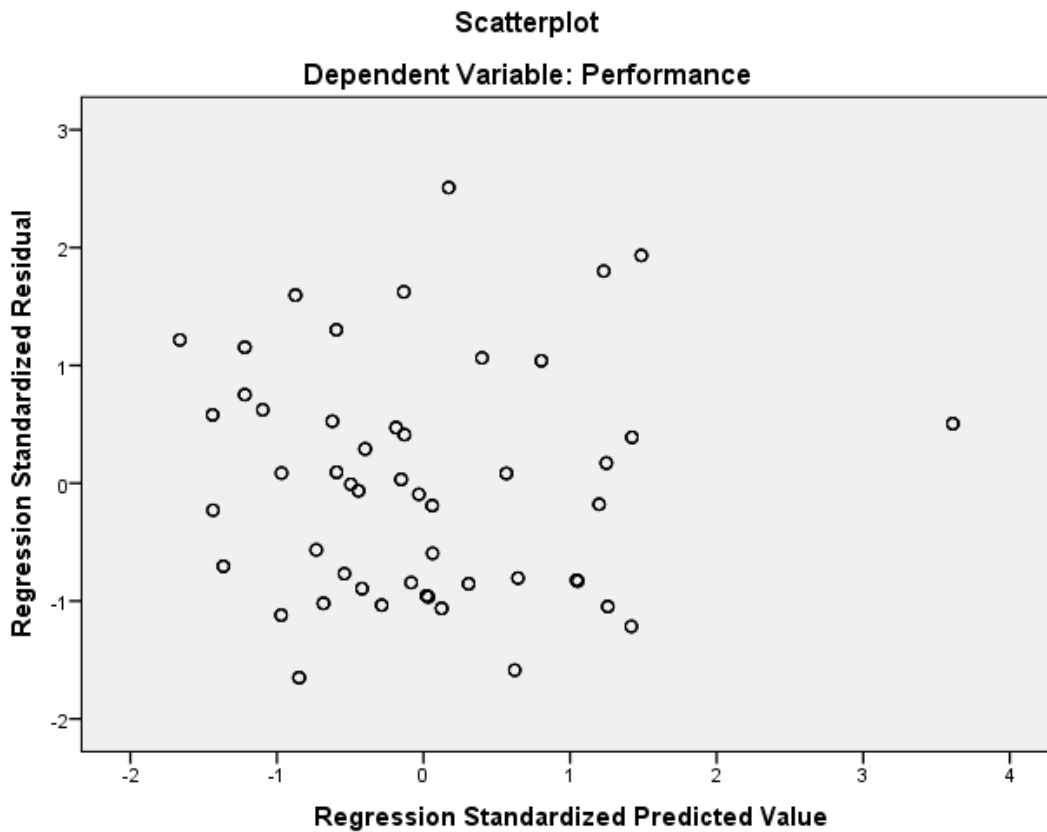
Source: Own survey, 2021

As we can see from figure 4.3.3 there is a normal distribution of variables and we can say the variables of this research study fulfill the assumption of normality.

4.3.4. Heteroscedasticity test

Heteroscedasticity test presented through scatterplot shows how scatter looks variables in an image of scatterplot. Figure 4.3.4 is scatterplot to show the way variables of this research study scattered.

Figure 4.3.4 Heteroscedasticity test



Source: Own survey, 2021

4.4. Summarized qualitative data of interview question

Interview questions were targeted to the executive managers and directors of case company. Summary of answers gained through interview are as follows.

Factors that affect strategy implementation

Factors that affect strategy implementation in the case of Zemen bank are internally and externally arising factors. One internal factor mentioned during the interview was the lack of ownership of the strategy by the executive management team and every level of the hierarchy. This means that top-level managers and every responsible person involved in strategy implementation lack commitment towards strategy implementation. The communication gap was also another internal factor that affects strategy implementation. Additional internal factors are the absence of experts that can implement strategy, unavailability of short term operational plans, unavailability of enough resources (manpower, capital, etc), no information system used to

monitor the implementation of strategy, inadequate training and instructions are given, there is no follow-up unit formed to control strategy implementation, no clearly outlined implementation plan, the limited number of branches, the people who participated in strategy implementation leaving the company and compensation and incentives for employees are internal factors that affect strategy implementation.

The IT department is the backbone of any bank. Fundamentally, for any bank to operate, it needs a system to develop. Besides this, now day, online banking is the most preferred method of banking by consumers. But the barrier to adopting an excellent IT infrastructure exists. These are; lack of ample Tech-infrastructure of Ethiopia, expensive hardware & software, inadequate policy/directive of the case company, lack of security & privacy, ICT expenditures are limited & high VAT, difficulty to recruit qualified personnel & lack of training are the few.

External factors that affect strategy implementation are competition level the banking industry, political and economic factors, regulatory organs interventions that is the interference of National Bank of Ethiopia and its rules and regulations.

Challenges encounter during strategy implementation

Major challenges faced by Zemen bank during strategy implementation are shift of customers wants and preferences, drastic technological advancements, resistance from the target group, employee competency, dynamism of major factors, poor goal setting – no clear goals were set across teams in the bank, lack of alignment – departments are focused on non-strategic objectives which are not aligned with the strategy, inability to track progress – no progress report in line with the strategy was prepared and discussed, limited participation of employees in strategy formulation, focus mainly on the transactional level of operation and not giving attention to the other areas of strategy, organizational culture, and design, monitoring and evaluation methods, resource allocation (financial resources, as well as skills, knowledge, information and technological), weak lines of communication, problem in management leadership, lack of focus on core operational/business lines. In connection with banking center expansion, the number of staff has increased and as a result, there is a lack of consistent follow-up of employees.

Impact of challenges of strategy implementation on performance

One of Zemen Bank's missions is to develop an ample IT infrastructure. Due to the challenges mentioned above and other reasons, the bank is not developing IT infrastructures at the time required. Lack of implementing full strategy adversely affects Bank's performance in terms of financial performance, customer satisfaction, and internal process improvement. As a result, the bank is losing its market shares.

Measures the bank take in eliminating those challenging factors

The bank is arranging an implementation plan to overcome challenging factors. It is trying to increase the participation of staff in designing and implementing strategies. A communication and awareness creation about the strategy to employees is improving.

Organizational structure in place for implementation

The type of organizational structure Zemen Bank currently using is a hierarchical organizational structure, which starts from the board of directors, followed by the president, then vice president, and under those departments and branches. There are four main operational entities namely – IT infrastructure, customer service, corporate service, and operational. The four operational entities are led by four vice presidents. Further, these entities are divided into different departments.

The influence of existing organizational structure on strategy implementation

The bank has a good organizational structure as it has segregated operational entities based on clear and specific operational desires. This clears ambiguity and avoids redundancy and overlap activities across the different operational entities. Tasks and activities are broken down accordingly, providing staff guidance, and areas of lapses are easily managed.

However, the existing organizational structure affects strategy implementation through lack of coordination, top to bottom and bottom to top. There is weak information flow, weak departmental customer segregation, weak understanding of existing strategy and organizational structure. There is a lack of alignment of organizational structure with the strategy and there exists a lack of inter-departmental relationship.

Measures and follow up methods used to ensure the success of the strategy

Currently, the management has a semi-annual meeting to evaluate the performance of the bank. It has set strategic breakdowns to measure strategy implementation intervals. Qualitative and quantitative measurements are used for each period or level to measure performance. Measurement by comparing to the objectives set.

Regular appreciations are given for best performers based on clear performance indicators. The bank empowers supervisory staff to ensure operational activities to be efficient.

Follow-up methods – follow up the strategy implementation as per the above-mentioned measurement. Department named “Knowledge and innovation” is formed but the follow-up made is extremely poor. There is also a need for better tools for managing the change in terms of IT-related products.

4.5. Discussion of findings

Operational factor

The finding of this research study shows that operational factors (communication, operational planning, resource availability, human resource factor, work environment, and policy and manual), positively correlated and being significant for strategy implementation process and performance. Prior studies argue that operational factor having a positive impact on performance of an organization. A study by Adnan Al-Tit (2017), confirmed that organizational culture, which on this study included as work environment, having significant effect on organizational performance. Another study by Sintayehu, Mesfin and Kedir (2017), assessed operational factors that affect performance and factors such as leadership and management skill were identified as factors that affect performance, which in this study described as human resource factor. In the study of Sintayehu, Mesfin and Kedir (2017), they have discussed that the development of policy and manuals is significant and affect organizational performance. Another study showing the significance of operational factors on performance was conducted. The study find out that planning, organizing, communication and resource availability having a significant effect on performance of an organization (Okwanga, mungania and Karanja, 2015).

On this research study, based on the result of the quantitative data collected through questionnaire, communication is very weakly correlated and affects performance with a smaller

coefficients value. However, qualitative data collected through interview shows that communication is highly significant and affects performance highly. Previously conducted studies also identified communication as factor that significantly affects performance of organization (Okwanga, mungania and Karanja, 2015).

Organizational Structure

The second independent variable affecting performance is organizational structure. Based on the result finding of this research study, organizational structure has a positive correlation and significantly and positively affects performance. A study conducted by Onono (2018), confirmed this result. Organizational structure has significant and positive impact on performance that is type of organizational structure influence the accuracy of decision making, communication and learning and growth and this affecting the efficiency of strategy implementation as a result affecting performance (Onono, 2018). Another study confirmed impact of organizational structure on performance saying “well defined structure should be in place to achieve objectives” (Maduenyi, Oke, and Fadeyi, 2012). A finding shows a decentralized form of organizational structure to better performance. That is a form of organizational structure that empowers employees and encourage for innovation (Ogbo, Chibueze, Christopher and Anthony, 2015). A study by Kampini (2018) shows the positive impact of organizational structure for employee performance collectively that leads to organizational performance. All of this arguments shows that organizational performance significantly and yet positively affecting performance.

Measure and follow up methods

The most significant variable on this research study as per the finding is measure and follow up methods. It correlates positively and affects performance most significantly. A study by Shobaki, Naser, Salama, Alferjany and Amuna (2018), support this as result of their findings shows measure and follow up of strategy implementation for achieving objectives of organization. Kabeyi (2019) also supports. An efficiently controlled and measured strategy implementation process yields better productivity, market share and greatest performance of organization (Kebaya, 2019). Gasangwa, Mulyungi and Ndabaga (2017) also shows the significance of effective measure and follow up method of strategy implementation suggesting for the measure and follow up to be inclusive of all stakeholders so that objectives can be met efficiently. Shobaki, Naser, Salama, Alferjany and Amuna (2018), recommended that companies have to

develop the habit of an ongoing measure and follow-up of strategy implementation and performance.

Chapter Five

5. Summary, Conclusion and Recommendation

On this section of this research study findings summary is presented, conclusions are given and recommendation for an effective strategy implementation and better performance is forwarded.

5.1. Summary

This research study intended to analyze the challenges of strategy implementation and its impact on performance. By using interview and questionnaire data collection tools, qualitative and quantitative data have been collected.

256 samples of the population were selected. The desired sample size was divided into four strata. Of the total sample, 7 of them were top-level management, and an interview was used to gather data from this group. For the rest 249, a questionnaire was employed for the collection of quantitative data.

Through interview, it found out that internal and external factors affect strategy implementation. Factors such as operational factors, like communication, human resource factors, monitoring, and controlling are internal factors affecting strategy implementation. Factors like NBE's regulation and interference, the country's economy, and technological infrastructure are some external factors discussed at the interview.

249 questionnaires were distributed and out of this 186 were returned, that is 72.65%. Results are interpreted and analyzed by descriptive and inferential analysis.

Descriptive analysis was used to analyze general information of respondents that is demographic characteristics. Most respondents were age group 18 – 25 and 26 – 32 that is 42.5% and 47.8% respectively. 53.8% of the respondents were male and 46.2% of them were female. 64.5% were Bachelor degree holders and 35.5% are Master degree graduates. 91.4% of the respondents were non-managerial staff, 5.4% section heads and 3.2% of respondents were managers.

Inferentially data were analyzed. The result showed that measure and follow-up methods to be the most significant variable that affects performance. It also has analyzed that organizational structure having an impact on performance. The result showed that operational factors

(communication, operational planning, resource availability, human resource factor, work environment and, policy and manual) influence performance relatively to a smaller extent.

Although the qualitative data shows that operational factors (communication, operational planning, resource availability, human resource factor, work environment and, policy and manual) affects performance with relatively smaller extent, qualitative data shows that these factors to be highly significant and identified as factors that affect performance highly.

Correlation among independent variables and dependent variable was positive. ANOVA tested the variance of variables and proved that a relationship exists between variables of the study. The result of the model summary was .536 which means independent variables of this research study can explain dependent variables by 53.6%.

5.2. Conclusion

The research study analyzed challenging factors of strategy implementation and its impact on performance. Three independent variables that affect performance were identified. These independent variables were operational factors (under this factor there were sub-factors these are; communication, operational planning, resource availability, human resource factor, work environment, and policy and manual). The second and third independent variables were organizational structure and measure and follow-up methods.

Correlation among the independent variables and dependent variable (performance) was positive. Measure and follow-up methods highly affect performance and organizational structure moderately affects performance. Both are significant variables. Operational factors (communication, operational planning, resource availability, human resource factor, work environment and, policy and manual) affects performance weakly. However, through qualitative data collected on this research study, these operational factors were identified as highly significant and factors that affect performance highly.

Qualitative data collected showed that, there are internal and external factors that affect strategy implementation process and performance. Internally arising factors that affect performance are; communication gap, ownership of the strategy by top-level managers, leadership, resource availability, training, operational plan specific to departments, unavailability of policy and manual, lack of monitoring and controlling, and inter-departmental communication. External

factors like NBE's rules, regulation and intrusion, country's economy and technological infrastructure highly affects strategy implementation and as a result performance of the bank.

5.3. Recommendations

The following possible recommendations are forwarded for an effective strategy implementation process and better performance.

- Based on the result of findings, measure and follow up methods highly affects performance and the case company has to give a greater attention to measuring and follow up of strategy implementation.
- The case company has to develop a monitoring and controlling system and has to regularly control the strategy implementation process.
- There should be a reporting system of difficulties and challenges during strategy implementation, so that problems can be addressed and solutions can be given.
- Organizational structure of the case company has to fill the communication gap from top to bottom and across departments so that all executors of strategy top, middle or lower have uniform understanding and work towards the objectives of strategy.
- The case company should clearly explain and communicate current or new strategy and implementation process to all of its employees.
- Clearly outlined operational implementation plans have to be formulated at each one of departments that clearly explain specific objectives and their daily operation.
- Strategy formulation and implementation plan has to be inclusive and participative of employees.

5.4. Policy Implication

In today's business world many companies have an understanding that strategy is an essential tool for having a long-term success. So companies are developing strategy suitable for their condition. This being said, only developing strategy by itself is not enough. Developed strategies have to be implemented effectively. For an effective strategy implementation, the policy implication is that firstly communicating strategy with all level of bodies involved in execution of strategy. Through communication, every stakeholders involved in strategy implementation can have a deeper knowledge and uniform understanding about the aim of strategy. Secondly,

participating all level employees in development and implementation planning of strategy. Last but not least, there should be an ongoing monitoring and controlling method. A consistent measure and follow-up method is vital so as to make sure implementation process is going in the right direction.

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Appendices

ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
MASTER OF BUSINESS ADMINISTRATION (MBA)

Dear respondents,

I am a prospective Master's Degree graduate student at Addis Ababa University in the Master of Business Administration in Management (MBA). I am working on a research study entitled "Analysis of challenges on business strategy implementation and impact on performance: in the case of Zemen Bank". I would sincerely ask you to provide some information by answering the questions written below. The information you are going to give will be treated as confidential and will only be used for the research purpose.

Thank you in advance
Tarik Berhe (The researcher)

General Instruction

Please use the mark sign (√) to indicate your answer.

Part I: Questionnaire on respondent's general profile

1. Age

a) 18-25

c) 33-40

e) Above 51

b) 26-32

d) 41-50

2. Gender

a) Male

b) Female

3. Level of education

a) BSC/BA Degree

c) Other (specify).....

b) Master's Degree

4. Level of current employment position

a) Non-managerial professional staff

b) Section Head/Assistant manager

- c) Branch/Department Manager
- d) Department Director
- e) Vice president/president
- f) Other (specify)

Part II: Operational Process factors

After reading the statements in the table, please use the mark sign (√) to show the level of your agreement or disagreement.

NO	Statement	Strongly agree (1)	Agree (2)	Neutral (3)	Disagree (4)	Strongly Disagree (5)
Communication						
1.	The bank has a clearly articulated mission, vision and value statements					
2.	The management does not continually update the current strategy to its subordinate employees					
3.	Communication gap is one of the major factor that affect implementation of strategy in the bank					
Operational planning						
4.	There is lack of clarity about how to implement the strategy					
5.	There is no clearly framed action plans and programs that help the bank in attaining efficient strategy implementation process					
6.	There are no defined tasks in how to achieve the necessary objective of strategy					
7.	Employees are not clearly communicated about their specific responsibility and roles during implementation of the strategy					
Resource availability						

8.	Resources essential for strategy implementation are adequately provided by the bank					
9.	The bank is devoted in availing resources that help the strategy implementation process to be smoother at a required time					
Human resource factor						
10.	The leadership in place is competent in an effective implementation of the bank's strategy					
11.	Necessary trainings are given to the human force that support strategy implementation process					
Work environment						
12.	There is pleasant work environment and culture that helps in the process of implementing the strategy					
13.	The strategy process of the bank is participative and inclusive of all level employees					
Policy and manual						
14.	There is an easily accessible policy and manual that clearly states activities and procedural requirements for effective strategy implementation					
15.	The bank regularly update the policy and manual and avail it for ease of strategy implementation					

Part III: Organizational structure

After reading the statements in the table, please use the mark sign (√) to show the level of your agreement or disagreement.

NO	Statement	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree
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16.	The organizational structure of the bank is well-defined and suitable for implementation of the strategy					
17.	The organizational structure clearly defines clear lines of authority and responsibility					
18.	The hierarchy of the bank supports an effective flow of information in implementation of the strategy					
19.	The organizational structure is encouraging in smooth flow of information between non-managerial and managerial staffs					

Part IV: Measures and follow up methods

After reading the statements in the table, please use the mark sign (√) to show the level of your agreement or disagreement.

NO	Statement	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree
20.	There exist a well-defined and formalized method of follow up during implementation of strategy					
21.	There is no support system and guidance during implementation of strategy					
22.	The management inspires, encourage and motivate employees in achieving the required objective					
23.	There is an open and clear way in reporting problems and challenges					
24.	There is up keeping system in giving solution for problems and challenges encountered					

Part V: Performance

After reading the statements in the table, please use the mark sign (√) to show the level of your agreement or disagreement.

NO	Statement	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree
25.	The bank is performing on the expected level					
26.	The major factors affecting the bank’s strategy implementation process are inevitable thus is drawing back the bank form achieving the organizational goals					
27.	The implementation process is suitable for the employees, hence are performing as anticipated					
28.	The strategy implementation of the bank is effective that it keeps in beating the market competition					
29.	The factors affecting the strategy implementation process have no significant effect on the overall performance of the bank					

30. Any additional challenges the bank encounter during implementation of strategy?

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ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
MASTER OF BUSINESS ADMINISTRATION (MBA)

Interview

Dear Respondents,

I am a prospective Master's Degree graduate student at Addis Ababa University in the Master of Business Administration in management (MBA). I am working on a research study entitled "Analysis of challenges on business strategy implementation and impact on performance: in the case of Zemen Bank". I would sincerely ask you to provide some information by answering the questions on this interview. The information you are going to give will be treated as confidential and will only be used for the research purpose.

Thank you in advance.

1. What are the factors that affect strategy implementation at Zemen bank?
2. What major challenges does Zemen Bank encounter during implementation of strategy?
3. How do you think the challenges of strategy implementation affect Zemen bank's performance?
4. What measures would the bank take in eliminating those challenging factors?
5. What kind of organizational structure is in place for implementation of organization strategy?
6. How do you think the existing organizational structure influence the strategy implementation?
7. What measures and follow up methods are used to ensure the success of the strategy?