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THE EFFECT OF STRATEGIC PLAN IMPLEMENTATION ON BANK'S PERFORMANCE: EMPIRICAL EVIDENCE FROM OROMIA BANK

**A Thesis submitted to the Addis Ababa University, Department of
Management in partial fulfillment of the requirements for the
Degree of M.Sc. in International Business**

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Dedication

Dedicated to my father, Tesfaye Sahilu Olkeba, whose life was tragically cut short just two months before the graduation. His untimely assassination tested my emotional strength, yet I remained committed to my studies and completed my degree. His memory inspires me as I face life's challenges. Rest in peace!

Abstract

This study aims to investigate the impact of strategic plan implementation on the performance of Oromia Bank, addressing the critical need for effective strategic planning in enhancing operational efficiency, profitability, and customer satisfaction within Ethiopia's dynamic banking sector. Utilizing a mixed research approach and explanatory research design, the study collected data from employees through descriptive and inferential statistics, focusing on key performance indicators such as return on assets (ROA), return on equity (ROE), and customer satisfaction. Findings indicate that while the quality of strategic plans is perceived positively, their direct correlation with profitability is weak, with a notable example being a weak correlation coefficient of 0.071 for strategic plan quality. Moreover, employee engagement significantly enhances strategic implementation outcomes, as evidenced by a positive correlation of 0.150, while challenges in execution, particularly resistance to change, negatively affect performance, with a regression coefficient of -0.159. The study concludes that gaps in leadership commitment and resource allocation hinder effective strategy execution, recommending improved training and development programs to foster a more engaged workforce. By addressing these challenges and enhancing employee involvement, Oromia Bank can achieve better performance outcomes and maintain a competitive edge in the financial landscape.

Key Words: *Strategic plan implementation, Strategic planning, Bank performance, Leadership, Profitability, Leadership commitment, Change resistance.*

1 Contents

Chapter One	1
Introduction.....	1
1. Background of the Study.....	1
1.1. Statement of the problem.....	3
1.2. Research Questions.....	4
1.2.1. Main Research Question.....	4
1.2.2. Sub Research Questions	5
1.3. Objectives.....	5
1.3.1. General Objective.....	5
1.3.2. Specific Objectives.....	5
1.4. The Significance	6
1.5. Operational definition of key terms.....	6
1.6. Scope of the Study	8
1.7. Organization of the study	8
Chapter Two	9
Related Literature Review	9
2. Introduction	9
2.1. Theoretical Review	9
2.2. Empirical Review.....	30
2.3. Conceptual Framework	32
Chapter Three.....	33
Research Methodology	33
3. Introduction	33
3.1. Description of the study area	33
3.2. Research approach	34
3.3. Research Design.....	35
3.4. Target population	35
3.5. Sampling design and size.....	36

3.6.	Sampling Techniques	37
3.7.	Data Sources and Collection Methods.....	37
3.8.	Method of Data Analysis	37
3.9.	Reliability, Validity and Ethical Research.....	38
CHAPTER FOUR		40
Data Analysis, Interpretation and Discussion		40
4.	Introductions	40
4.1.	Response rate	41
4.2.	Reliability Test of the Instruments	41
4.3.	Descriptive Statistics Analysis.....	42
4.4.	Inferential Statistics Analysis	51
Chapter Five.....		66
5.	Summary of findings, Conclusion and Recommendations	66
5.1.	Summary of findings	66
5.2.	Conclusions.....	68
5.3.	Recommendations	69
5.4.	Theoretical contribution and policy implications.....	70
5.5.	Limitations and Recommendations for further research.....	71
References		72
Appendix 1		77
Appendix 2		83

List of Tables

Table 4.1: Results of the Reliability Test.....	41
Table 4.2: Demographic Profile of Respondents	41
Table 4.3: Perceptions of Respondents Regarding the Quality of the Strategic Plan.....	43
Table 4.4: Respondent Perception on Employee Engagement.....	45
Table 4.5: Respondent Perception of Leadership Commitments.....	45
Table 4.6: Respondent Perception of Resource Allocation Sufficiency.....	46
Table 4.7: Respondent Perception of Challenges in Execution.....	47
Table 4.8: Respondent Perception of Market Analysis Role.....	48
Table 4.9: Respondent Perception of Innovations and Adaptability.....	48
Table 4.10: Respondent Perception of CRM Practices.....	49
Table 4.11: Respondent Perception of Effects on Performance.....	50
Table 4.12: Correlation Matrix between Dependent and Independent Variables.....	52
Table 4.13: Result of Normality Test.....	55
Table 4.14: Test for Multicollinearity.....	57
Table 4.15: Model Summary of Bank Performance.....	58
Table 4.16: ANOVA of Bank Performance.....	58
Table 4.17: Summary of Coefficient on Bank Performance.....	59
Table 4.18: Summary of Hypothesis Testing	64

List of Figures

Figure 2.1: Conceptual Framework.....	32
Figure 4.1: Test for Normality by Histogram.....	53
Figure 4.2: Normal P-P Variables Plot.....	53
Figure 4.3: Homogeneity of Variances Test	54

Acronyms and Abbreviations

OB: Oromia Bank

KPI: Key Performance Indicators

SPSS: Statistical Package for the Social Sciences

ROA: Return on Assets

ROE: Return on Equity

SWOT: Strengths, Weaknesses, Opportunities, Threats

RBT: Resource-Based Theory

RDT: Resource Dependency Theory

CRM: Customer Relationship Management

SCP: Structure-Conduct-Performance

PESTEL: Political, Economic, Social, Technological, Environmental, and Legal

N: Number of respondents

Std. Deviation: Standard Deviation

R: Correlation coefficient

R²: Coefficient of determination

VIF: Variance Inflation Factor

ANOVA: Analysis of Variance

Declaration

I, Oljira Tesfaye Sahilu, declare that the thesis titled “The Effects of Strategic Plan Implementation on Banks' Performance: Empirical Evidence of Oromia Bank”, which I submitted for the Master of Science in International Business at Addis Ababa University's Department of Management, is my original work. I have properly acknowledged all sources and materials utilized in this study.

Name: Oljira Tesfaye Sahilu

Signature:  Date: 28/02/2025

Statement of Certification

This is to certify that Oljira Tesfaye Sahilu has carried out this research work on the topic entitled "The Effects of Strategic Plan Implementation on Banks performance: Empirical Evidence of Oromia Bank". This work is original and suitable for the submission for the award of Master of Science in International Business.

Advisor: Assistant Professor Asres Abitie Kebede (PhD)


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Statement of Certification

This is to certify that Oljira Tesfaye Sahilu has carried out this research work on the topic entitled "The Effects of Strategic Plan Implementation on Banks performance: Empirical Evidence of Oromia Bank". This work is original and it is sufficient for the partial fulfillment of the requirements for the Master of Science in International Business.

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Chapter One

Introduction

1. Background of the Study

In today's financial world, firms confront several problems that require strategic planning and agility. The rapid pace of technological innovation, evolving consumer expectations, and intense competition necessitate that banks effectively implement strategic plans to enhance performance and ensure long-term sustainability (Smith, 2023). Strategic plan execution can be precisely defined as the process of turning a strategic plan into action to achieve an organization's goals and objectives. This involves aligning resources, processes, and stakeholders to ensure that the defined strategies are effectively executed. Successful execution requires clear communication, accountability, and continuous monitoring to adapt to changing circumstances and optimize performance (Kaplan & Norton, 2023). This study looks at the impact of strategic plan execution on the performance of Oromia Bank, highlighting the importance of strategic planning in the banking industry.

Strategic planning provides an essential framework for resource allocation, risk management, and market positioning (Kaplan & Norton, 2021). In an industry with regulatory restrictions and unpredictable market conditions, successful strategic plan implementation has a substantial influence on operational efficiency, financial sustainability, and customer happiness. Successful implementation leads to better performance outcomes like as profitability, market share, and customer loyalty (Hrebiniak 2013). However, many businesses struggle to transform their strategic objectives into actual achievements, showing a continuous gap between conception and implementation.

Oromia Bank, a major participant in Ethiopia's banking industry, is a fascinating case study for investigating the link between strategic plan execution and bank performance. Despite its significant development, Oromia Bank confronts a number of obstacles, including increased competition, fluctuating economic conditions, and changing consumer preferences. Understanding how successful strategic plan execution affects performance may provide significant insights to management and stakeholders.

Performance can be evaluated using a range of indicators, including return on assets (ROA), return on equity (ROE), and customer satisfaction ratings (Smith & Johnson, 2023). These measures demonstrate the bank's capacity to achieve its strategic objectives. By investigating the influence of strategic plan execution on these variables, this study intends to contribute to the literature on strategic management in banking, identifying critical characteristics that assist or hinder successful implementation.

This study will also look at the roles of organizational culture, leadership commitment, and employee involvement in the implementation process. A strong organizational culture that is linked with strategic goals is critical for creating an environment receptive to change (Kotter, 2012). Leadership commitment is critical for explaining the vision and encouraging people, whereas employee engagement provides alignment with strategic goals, which improves performance results (Bakker & Demerouti, 2017).

The banking business faces enormous internal and external problems, including fierce rivalry, fast industry developments, various client expectations, and technological advancements. To negotiate these complications, banking administrations must use novel techniques to improve both internal and external performance, therefore increasing their competitiveness. Commercial banks play an important role in promoting economic growth by encouraging savings and efficiently allocating cash from families and companies (Sime et al., 2020). In a worldwide world, the banking business is changing, with new rules and variations in client behavior providing problems for financial institutions. To reach their goals efficiently, financial institutions must react proactively by monitoring micro and macro environmental conditions (Azeem et al., 2021).

Recent trends indicate that financial institutions are becoming more competitive, offering diverse products and services in response to market changes (Liu, 2021). However, Inefficiencies in Ethiopian banks, including Oromia Bank, frequently arise from ineffective resource utilization and insufficient strategic planning (Kebede & Tadesse, 2023). Implementing strategic planning to address these challenges is vital for enhancing overall performance (Moges & Belay, 2023; Tesfaye & Hailu, 2023; Yared, 2023).

Conflicting studies have emerged regarding the effectiveness of strategic planning, as highlighted by Ameer & Mhiri (2013), Ongore & Kusa (2013), and Tesfaye & Shete (2015), who each offer differing perspectives on its impact. For instance, while Ongore & Kusa (2013) found a strong correlation between strategic planning and enhanced performance outcomes, Tesfaye & Shete (2015) indicated that strategic planning may not significantly affect financial metrics in some contexts. These contradictions raise critical questions about how we can assess the effectiveness of strategic planning without adequately addressing the contextual issues that may influence the outcomes observed across different studies.

This research aims to reconcile these varied perspectives by providing a focused analysis of strategic implementation processes at Oromia Bank. By synthesizing existing literature and presenting empirical findings, this study will clarify the relationship between strategic plan implementation and bank performance, thus contributing valuable insights to the ongoing discourse on strategic management within the banking sector.

1.1. Statement of the problem

Implementing strategic plans presents considerable challenges for organizations, especially in the banking industry. Managers often find that while developing strategies may be straightforward, executing them is much more complex. Despite significant investments in strategic planning, many banks struggle to meet their objectives or end up with unintended results (Bui & de Villiers, 2017). Research indicates that around 70% of change initiatives fail (Gigliotti, Vardaman, Marshall, & Gonzalez, 2019), highlighting the importance of effective implementation of strategic plans to boost overall performance.

Additionally, various research has been undertaken in our country examining the elements influencing implementing the strategic plan and its effects on management across different sectors, yet this area requires further attention. For instance, Gizaw (2020) explores the factors influencing strategy implementation within the government sector, focusing on the Ministry of Urban Development and Construction. Research by Addisalem, Belay, and Fanta in 2019 analyzed internal factors impacting strategic plan implementation at Oromia Bank in the North West Showa (NWS) District of Ethiopia. Most studies in our country focus on the internal factors that influence strategic plan implementation across various sectors, including banking.

Mesfin (2021) examined the elements of strategic planning, implementation, and assessment of banking institutions in Ethiopia, especially Berhan Bank.

However, there is still a gap in comprehensive research specifically addressing the implementation of strategic plans and their direct impact on bank performance, particularly at Oromia Bank. This study intends to explore how strategic plan implementation affects banks performance using additional indicators to provide a more comprehensive understanding of the relationship between strategic plan implementation and bank performance.

The research problem is the difficulty of effectively implementing strategic plans in banks, specifically at Oromia Bank in Ethiopia. Despite considerable investments in strategic planning, Oromia Bank struggles to convert these plans into actionable steps, leading to unmet objectives and unintended results. Similar to other financial institutions, Oromia Bank is profit oriented organization that is charge with provision of financial services to societies. Oromia Bank set goals and target that it envisions to achieve at the end of the strategic plan operation period to improve the target financial growth like deposit mobilization and foreign currency generation, enhance customer satisfaction, quality services to clients on the services, to improve the internal business on all direction and encouraging creativity and innovation on the uses of technology. But, majority of strategic plan in Oromia Bank not implemented (bank far from its target and objectives at the ended of the strategic plan period) (Annual Report, 2022). Oromia Bank faces challenges in ensuring that its strategic initiatives result in measurable improvements in key performance indicators. Furthermore, while existing literature emphasizes the importance of strategy formulation and its financial implications, there is a notable gap in understanding how the execution of these strategies affects overall performance, including financial, operational, customer-focused, and competitive metrics (Hrebiniak, 2023; Mintzberg, 2022). This study aims to investigate the relationship between strategic plan implementation and the overall performance of Oromia Bank.

1.2. Research Questions

1.2.1. Main Research Question

The main research question was: How does the implementation of strategic plans affect the performance of Oromia Bank?

1.2.2. Sub Research Questions

1. How strategic plan implementation does effects the overall performance of Oromia Bank?
2. To what extent does the effectiveness of strategic planning execution at Oromia Bank predict its performance outcomes, and what specific challenges hinder this process?
3. In what ways does the effectiveness of the strategic plan serve as a predictor of performance metrics at Oromia Bank?
4. How do employee engagement and leadership commitment act as facilitating factors in the effective implementation of strategic plans, and what is their subsequent impact on performance outcomes at Oromia Bank?
5. What is the predictive relationship between resource allocation practices at Oromia Bank and its overall performance indicators?

1.3. Objectives

1.3.1. General Objective

The general objective of this study is to examine the effect of strategic plan implementation on the performance of Oromia Bank.

1.3.2. Specific Objectives

- ✓ To evaluate the overall effect of strategic plan implementation on the performance of Oromia Bank.
- ✓ To evaluate the effectiveness of Oromia Bank's strategic planning initiatives and identify the key challenges they face in the implementation process.
- ✓ To analyze the influence of the quality and content of Oromia Bank's strategic plan on its performance.
- ✓ To investigate the role of employee engagement and leadership commitment in the successful implementation of strategic plans and their subsequent effect on the performance at Oromia Bank.
- ✓ To examine the relationship between Oromia Bank's resource allocation practices and their influence on the bank's overall performance.

1.4. The Significance

The significance of this study, as reflected in its objectives, is both varied and impactful. Firstly, it aims to offer practical insights into how strategic planning influences the performance of Oromia Bank, helping the institution refine its strategic planning processes through an assessment of current practices and implementation methods. Secondly, this research examines the impact of strategic plan implementation on the performance of the bank, aiming to improve overall effectiveness and efficiency by identifying targeted actions to mitigate challenges and reinforce factors that facilitate the successful execution of the strategic plan. Furthermore, the study explores critical aspects such as leadership, organizational adaptability, and cultural alignment, providing vital guidance for effective change initiatives within the strategic framework. It seeks to fill the gap in understanding how the implementation of strategic plans affects profitability, customer satisfaction, market share, and operational efficiency. By devising strategies to overcome obstacles and improve performance, the study assists Oromia Bank in optimizing its strategic planning processes, leading to better decision-making and resource allocation.

Ultimately, the research aims to ensure that strategic objectives are aligned with operational activities to boost overall performance. In conclusion, the importance of this study lies in its capacity to deliver actionable recommendations for Oromia Bank, promoting improved strategic planning, enhanced performance, and better results in profitability, customer satisfaction, and operational efficiency.

The outcomes of this research are expected to make a significant contribution by bridging existing knowledge gaps. The findings will be beneficial for administrators, business managers, and policymakers within the banking sector, enabling them to develop sustainable development programs and formulate intervention guidelines to enhance the effectiveness of banking strategies in meeting customer needs. Additionally, these findings will serve as a foundation for future research endeavors by scholars exploring similar topics in different contexts.

1.5. Operational definition of key terms

Planning; Planning is the process of setting goals, determining actions to achieve those goals, and allocating resources to execute those actions effectively. It involves forecasting future conditions, identifying priorities, and developing strategies to achieve objectives Koontz, H., O'Donnell, C., & Weihrich, H. (2021). The planning function encompasses the development of mission statements and objectives, along with crafting the strategies necessary to attain these

goals (Oyedijo, A., 2020). Additionally, other critical management functions consist of organizing, coordinating, directing, and controlling.

Strategy; refers to the long-term direction and scope of an organization that aims to achieve a competitive advantage in a dynamic business environment. An effective strategy aligns a firm's resources and core competencies to fulfill its goals and objectives. Additionally, strategy fosters a culture within the organization that prioritizes value-adding initiatives in accordance with its mission and vision (Johnson, G., Whittington, R., and Scholes, K., 2021).

Organizational Performance: Organizational performance refers to the effectiveness and efficiency with which an organization achieves its goals. It includes measures of financial performance, customer satisfaction, employee engagement, and overall success in meeting stakeholder expectations. (Richard, O. C., & Johnson, N. B. (2015).

Strategic Management: Strategic Management involves the concept of strategy, as articulated by Ansoff and McDonnell (2007). There is no universally accepted definition of strategy, as noted by Mintzberg, Guinn, and Ghoshal (2003). In a military context, strategy pertains to the conduct of warfare, while in broader applications, it is often understood as a plan for achieving specific goals. Mintzberg and Quinn (1991) have elucidated strategy through five dimensions, which define it as a plan, a ploy, a pattern, a position, and a perspective. Fundamentally, strategy can be defined as the long-term direction of an organization, as discussed by Johnson and Scholes (2004).

Strategic planning: Strategic planning is the process of defining an organization's mission, vision, and long-term objectives, and developing strategies to achieve those objectives. It involves analyzing internal and external environments, setting goals, and creating action plans to guide decision-making and resource allocation. (Reference: Wheelen, T. L., & Hunger, J. D. (2008). Strategic planning is defined as a long-term approach that takes into account both internal and external variables, while identifying targeted market segments and competitive strategies (Ali & AlJaradi, 2016).

Strategy Implementation: Strategy implementation is the process of translating strategic plans into actions to achieve desired outcomes. It involves aligning resources, structures, systems, and

processes to execute the chosen strategy effectively and efficiently. Successful strategy implementation is essential for realizing strategic goals and delivering sustainable performance. (Hill, C. W., Jones, G. R., & Schilling, M. A. (2014)

Commercial Banks: Commercial banks are financial institutions that provide a range of services, such as accepting deposits, making loans, and offering various financial products to individuals and businesses. They play a crucial role in the economy by facilitating financial transactions and allocating capital efficiently. (Mishkin, F. S., & Eakins, S. G. (2016)

1.6. Scope of the Study

The research was focuses on several key dimensions: conceptual, methodological, geographical, and temporal. It investigates the impact of strategic plan implementation on the performance of Oromia Bank, specifically examining variables such as employee engagement, leadership commitment, resource allocation, and various performance indicators, including profitability, return on assets (ROA), return on equity (ROE), and customer satisfaction. A mixed-method research approach is employed, utilizing an explanatory design that incorporates both descriptive and inferential statistical methods. The study leverages primary and secondary data, primarily collected through self-administered questionnaires targeted at employees of Oromia Bank. The sampling techniques include purposive and stratified sampling, ensuring that participants possess relevant experience in strategic plan implementation. Geographically, the research is confined to Oromia Bank, which operates within Ethiopia's banking sector, focusing on the central management and operational teams responsible for strategic planning and execution. The scope of the study is limited to recently implemented strategies, ensuring that the findings reflect current practices and challenges faced by the bank. Conducted within a defined time frame, the research allows for a thorough analysis of the immediate effects of strategic plan implementation on performance outcomes. In summary, this study aims to provide valuable insights into the relationship between strategic plan implementation and organizational performance at Oromia Bank, addressing the identified variables within a clearly defined methodological, geographical, and temporal context.

1.7. Organization of the study

The research is organized into five main chapters. Chapter one serves as the introduction, outlining the study's background, problem statement, research questions, objectives, significance, definitions of key terms, and the scope of the research. Chapter Two thoroughly examines

pertinent literature, encompassing theoretical, empirical, and conceptual frameworks that are associated with the topic. Chapter Three details the methodologies employed to address the research questions, covering the research approach, design, data sources, methods and instruments for data collection, data analysis techniques, considerations of validity and reliability, and ethical aspects. Chapter Four focuses on the presentation, analysis, and interpretation of the data, discussing the findings in detail. Finally, Chapter Five provides a summary of the research, draws conclusions based on the findings, and offers recommendations.

Chapter Two

Related Literature Review

2. Introduction

This chapter includes a review of various literatures, encompassing both theoretical and empirical studies related to the impact of strategic plan implementation on performance, along with a conceptual framework.

2.1. Theoretical Review

2.1.1. Concept of Strategic planning

The term "strategy" originates from the Greek word "strategos," meaning "the responsibilities of a general" (Chen & Mohamed, 2010). The Oxford Dictionary defines strategy as a planned course of action aimed at achieving long-term goals. Over time, this concept has transformed from a mere business policy framework into a vital area of study recognized by both researchers and practitioners (Wheelen et al., 2017). Rudd et al. (2008) compare an organization lacking a strategy to a rudderless ship, emphasizing the need for strategic direction.

Strategic planning emerged in the 1950s and gained popularity in the following decades as a comprehensive solution to organizational issues (David, 2011). Hughes (2021) points out that strategic planning is centered on establishing objectives and tactics that align with an organization's goals. Poister and Streib (2022) stress the importance of cohesive planning and

execution for achieving optimal effectiveness. The World Bank (2011) describes strategic planning as a leadership-driven process for setting goals, while Ong (2015) defines it as a structured method for resource allocation aimed at gaining a competitive edge. Bryson (2020) characterizes strategic planning as a deliberate effort guiding organizational actions within legal parameters.

Participatory and ethical strategic planning gained traction in the mid-20th century, influenced by American business practices (Leebaw, 2019). It plays a crucial role in developing vision, mission, and goals, and is valued for its techniques in monitoring progress (Obonyo & Arasa, 2012; Scolastica & Mboya, 2021). Strategic management, underpinned by strategic planning, requires engagement from all levels of management in a continuous process (Boateng et al., 2015; Owolabi & Makinde, 2012).

In today's competitive market, the successful implementation of strategic plans is essential for organizational survival and performance. Mekic (2014) notes that Michael Porter highlighted the importance of strategic positioning within an industry for a company's success. Organizations strive to create tactics that set them apart and help achieve their objectives (Kagumu, 2016).

Although strategic planning has been viewed as a cure-all for organizational challenges since the 1960s and 1970s (David, 2011), it is crucial to focus on actionable strategies. Pantaleo and Gligor (2020) argue that strategic planning is effective only when implementation is successful. Johnson, Scholes, and Whittington (2021) define strategic planning as a structured process for making key decisions that shape an organization's direction while adhering to legal constraints.

Strategic planning is critical for establishing a sustainable competitive advantage and effectively navigating challenges (Teece, Pisano & Shuan, 2021). Despite potential obstacles in implementation, these can be overcome through effective strategic planning (Kollmann et al., 2020). In particular, organizations in the banking sector must adopt innovative strategies to enhance their competitive positions and overall performance.

Research indicates a positive relationship between strategic planning and organizational performance (Gomera et al., 2018; Omotayo et al., 2018; Rahman, 2019). However, some studies present contradictory findings (Ameur & Mhiri, 2013; Ongore & Kusa, 2013; Tesfaye & Shete, 2015). Assessing a company's success requires a thorough review of its strategic plans across

various operational areas. Developing, implementing, and evaluating strategic plans is essential for both for-profit and non-profit organizations, particularly in the banking sector.

A strategic plan acts as a comprehensive roadmap that outlines an organization's key priorities and decision-making guidelines. It involves envisioning a better future and devising strategies to achieve desired outcomes. Effective strategic planning includes setting goals, assessing the current situation, exploring options, implementing solutions, and reviewing results to ensure alignment with organizational objectives. Researchers such as Tapinos et al. (2021) and Sarason and Tegarden (2020) emphasize the strong connection between strategic planning and organizational performance, highlighting its significance in achieving success.

2.1.2. Concept of Strategic Planning Process

Strategic planning is a structured approach that organizations use to envision their future and outline the necessary steps to realize that vision. This process involves defining the organization's mission, establishing goals, analyzing both internal capabilities and external environments, formulating strategies, and implementing and assessing those strategies (Bryson, 2020).

The concept of strategic planning has its roots in military strategy, with the term "strategy" derived from the Greek word "strategos," which refers to the responsibilities of a general (Chen & Mohamed, 2010). In the business realm, strategic planning has developed into a systematic method that helps organizations navigate complex and ever-changing environments (Wheelen et al., 2017). Rudd et al. (2008) compare an organization without a strategy to a rudderless ship, highlighting the essential need for strategic guidance.

The strategic planning process generally begins with an environmental analysis, which assesses both the internal strengths and weaknesses and the external market conditions. This analysis aids organizations in identifying their strengths, weaknesses, opportunities, and threats (SWOT analysis), which are crucial for informed strategic decisions (Pearce & Robinson, 2000). Porter (1998) emphasizes that understanding the competitive landscape is vital for organizations to effectively position themselves within their industry.

After completing the environmental analysis, organizations move on to strategy formulation, where they establish long-term objectives and determine the best actions to achieve them (David,

2011). Successful strategy formulation requires alignment with the organization's mission and vision, ensuring that stakeholders understand the strategic direction (Hughes, 2021). The strategic planning process consists of three main phases: vision, mission, and objectives (Rothaermel, 2017). The vision outlines the future direction of the organization, while the mission clarifies its products, services, and target markets. Objectives indicate the desired outcomes and performance targets (Maina, 2020). Strategy formulation involves defining the organization's mission, goals, and objectives (Chungyas & Trinidad, 2022), guided by a vision statement that charts the organization's path (Obeidat et al., 2016). Strategic objectives are essential for guiding managerial responsibilities, planning frameworks, and performance evaluations (Maina, 2020). Wickert et al. (2021) and Chaika (2021) note that effective strategy formulation helps top managers define the organization's future and the means to achieve it, typically involving the establishment of mission, vision, and objectives.

Implementing the strategy requires action at all organizational levels, ensuring that various units fulfill their roles within the strategic plan (Babafemi, 2015; Tawse & Tabesh, 2021). This implementation process necessitates creating an appropriate organizational structure, allocating budgets, developing information systems to monitor progress, and fostering a supportive internal regulatory environment. Effective communication is critical, as it allows stakeholders to receive timely information and respond accordingly (Hantiro & Maina, 2020; Kibe, 2014). Opano (2013) stresses that successful and measurable implementation is crucial, arguing that a plan without effective execution is meaningless. Managers must blend well-designed strategy development with proficient execution to enhance organizational performance (Opano, 2013). However, challenges often arise during implementation; successful execution is essential for converting plans into tangible results (Pantaleo & Gligor, 2020). This phase requires efficient resource allocation and engagement from all management levels (Boateng et al., 2015). Mintzberg (1998) points out that strategic decision can be influenced by both planned and emergent strategies, highlighting the importance of flexibility in execution.

Evaluating the strategy is a critical aspect of the strategic planning process, involving the assessment of performance against set objectives and making necessary adjustments based on feedback and changing conditions (Ong, 2015). Ongoing evaluation enables organizations to remain responsive to their environments and refine strategic initiatives over time (Bryson, 2020).

It serves as a systematic review, providing insights into the reasons behind successes and failures related to objectives and performance standards (Mio et al., 2022). Furthermore, this evaluation acts as a strategic learning tool, essential for both strategy formulation and execution, helping to safeguard the organization from potential failures (Dubihlela & Sandada, 2014). David (2011) identifies three key activities in strategy evaluation: examining the foundational principles of a firm's strategy, comparing expected outcomes with actual results, and implementing corrective measures to align performance with plans. Overall, effective strategy evaluation is vital for adapting strategies to changing circumstances and guiding organizations through the implementation process.

Hitt et al. (2020) emphasize the importance of looking beyond superficial details when assessing a business's current state, advocating for an analysis of deeper factors and trends that influence success. To effectively evaluate a business strategy, several criteria can be applied: (1) Consistency, ensuring alignment with overarching organizational goals and policies; (2) Consonance, adapting the strategy to respond effectively to external environmental changes during implementation; (3) Competitive Advantage, focusing on developing and maintaining an edge within the chosen operational area; and (4) Feasibility, ensuring that the strategy is financially viable and does not present significant obstacles during execution..

In conclusion, the strategic planning process is an essential framework for organizations aiming to achieve long-term success. It encompasses environmental analysis, strategy formulation, implementation, and evaluation, each of which plays a crucial role in ensuring that organizations can adapt and thrive in a competitive landscape.

2.1.3. Diverse Theoretical Perspectives on Strategic Planning

Several theoretical frameworks provide distinct viewpoints on strategic planning. The profit maximization and competition theory asserts that the principal objective of a business organization is to optimize long-term profitability while establishing sustainable competitive advantages over external rivals within the industry.

Resource-Based Theory (RBT): The Resource-Based Theory emphasizes the importance of internal resources and capabilities as fundamental sources of competitive advantage. It suggests that a firm's unique resources such as technology, human capital, and relationships can create

sustainable competitive advantages that are difficult for competitors to replicate. The strategic assets, resources, and capabilities that a firm possesses drive the formulation and implementation of strategies aimed at improving performance and gaining a competitive edge. For a resource to contribute to competitive advantage, it must be valuable, rare, difficult to imitate, and non-substitutable, as outlined by Barney (2020).

According to the Resource-Based Theory, companies can effectively utilize their resources during strategy implementation to provide value to stakeholders. By concentrating on elements such as human resources, financial assets, organizational policies, structures, and employee engagement, firms can achieve superior strategic outcomes. Valuable resources enable organizations to capitalize on opportunities and mitigate risks, as highlighted by Muger (2012) and Barney & Hesterly (2010).

Additionally, these resources can create barriers to entry, enhance strategic adaptability, and facilitate market exploration. A firm's distinctive skills and capabilities are crucial in making strategic decisions that provide a competitive advantage. Human resources, financial assets, organizational policies, structures, and employee dedication are vital components that drive effective strategy implementation and improve strategic performance.

In a related study, Helfat and Peteraf (2015) emphasize the importance of managerial cognitive capabilities in developing dynamic capabilities within organizations. Their research demonstrates how firms can harness resources and capabilities including human resources, financial assets, organizational policies, and structures to achieve superior strategic performance and competitive advantage. Investigating the micro-foundations of dynamic capabilities deepens the understanding of how firms strategically deploy resources to enhance performance and secure lasting competitive advantages. Recent studies by Wright et al. (2020) and Grant (2015) further highlight the critical role of unique competencies and capabilities in strengthening a firm's competitive position.

Agency Theory: Agency theory examines the dynamics between principals such as shareholders and agents, like managers, within organizations. It highlights the potential conflicts of interest arising from different goals, which can lead to agency costs. In the context of strategic planning,

the theory underscores the necessity of aligning stakeholder interests to improve decision-making and execution of strategies.

Proposed by Jensen and Meckling in 1976, the theory advocates for agents to prioritize the principal's interests to further organizational objectives. It clarifies how interactions between leaders and their representatives work, emphasizing that agent, typically in leadership roles, are responsible to the principals and must serve the interests of both parties to achieve the organization's goals.

This framework illustrates adherence to agency principles within internal organizational relationships in performance management, ultimately enhancing efficiency. It looks at how top executives impact the implementation of strategic plans and overall performance, promoting sustainable effectiveness through alignment with the organization's goals and interest-driven strategies.

Agency theory is fundamental for understanding managerial behavior, influencing contract management, and clarifying principal-agent dynamics in performance contracting. Its relevance extends to strategy implementation across all organizational levels, as noted by Rugman and Verbeke. Krueger points out that achieving objectives ranging from corporate to operational levels demands diligent oversight by agents or managers.

Research by Dirks and Ferrin emphasizes the critical nature of trust in manager-employee relationships, especially in high-pressure settings. They argue that building trust between principals (managers) and agents (employees) is essential for fostering collaboration, enhancing communication, and improving overall organizational efficiency. Their study provides practical insights into applying agency theory within real-world organizational contexts, particularly regarding trust's impact on performance outcomes.

Contingency theory: Fiedler's Contingency Theory, presented in his seminal work "A Contingency Model of Leadership Effectiveness" in 1964, emphasizes the necessity of aligning governance structures with organizational contingencies, as highlighted by recent studies (Robbins & Coulter, 2021). This theory posits that effective decision-making in organizations requires a thorough assessment of current conditions, concentrating on essential elements (Olum, 2019). Management strategies must adapt to particular organizational contexts, underscoring the

importance of flexible approaches that correspond to the existing environment (Andrews et al., 2012).

Critics of this theory argue against a one-size-fits-all strategy and promote management practices that ensure organizations align with their surroundings to enhance performance (McLaughlin et al., 2020). Hambrick and Fredrickson (2010) assert that sustainable growth is a primary goal for organizations, highlighting the necessity of a strategic vision that aligns practical objectives with market opportunities to maintain a competitive advantage (Garlichs, 2015).

Innovation is identified as a key factor in driving sustainability and growth, enabling companies to stand out and expand (Mazzarol, 2004; Ries, 2011). The Contingency Theory stresses the importance of an organization's ability to adapt to its environment, utilizing tools like PESTEL analysis, which examines political, economic, social, technological, legal, and environmental influences (Pearce & Robinson, 1997).

Economic elements such as inflation rates, GDP growth, and technological advancements play a crucial role in shaping a firm's competitiveness and overall performance (Yabs, 2010; Hakala, 2011). Hakala highlights the significant impact of advanced technologies on sustaining competitiveness and achieving superior performance through innovation and specialized knowledge (Hakala, 2011).

In summary, Fiedler's Contingency Theory of Leadership and its relevance to organizational dynamics highlight the essential nature of environmental analysis, adaptive strategies, and the interplay between organizational structure and external factors for ensuring long-term success and survival in the business environment.

Dynamic Capabilities Theory: In their influential 1997 paper, "Dynamic Capabilities and Strategic Management," Teece, Pisano, and Shuen describe dynamic capabilities as a firm's capacity to effectively integrate, develop, and modify both internal and external competencies in response to the demands of rapidly changing environments. This concept builds on the resource-based view of the firm introduced by Penrose in 1959. While the resource-based view emphasizes achieving sustainable competitive advantages, dynamic capabilities are crucial for ensuring a firm's competitive survival amid fast-evolving business landscapes.

The central premise of the dynamic capabilities framework is that organizations should leverage their core competencies to create short-term competitive positions that can evolve into sustainable long-term advantages. This strategic approach involves crafting strategies that enable companies to adapt to significant disruptions while maintaining high operational standards to ensure ongoing competitiveness. By utilizing dynamic capabilities, firms can remain flexible and responsive to shifting market demands, thereby enhancing their chances of survival and success.

Dynamic capabilities empower management to innovate and deliver value-added solutions that effectively address customer needs. This approach highlights the importance of investing in the enhancement of internal resources such as systems, knowledge, technology, and processes, which strategically position the organization ahead of its competitors, leading to cost efficiencies and improved product quality, ultimately boosting overall performance.

Furthermore, the theory of dynamic capabilities acts as a vital link between traditional economics-based strategic frameworks and evolutionary organizational theories. It connects the resource-based view with the concept of "routines" found in evolutionary theories. Teece, Pisano, and Shuen (2016) identify three essential dynamic capabilities that organizations must cultivate to effectively tackle emerging challenges: the ability of employees to learn quickly, the integration of new strategic assets, and the adaptation or reconfiguration of existing resources to meet evolving business needs.

Resource Dependency Theory (RDT): Resource Dependency Theory (RDT) offers a framework for examining how external resources impact organizational behavior and strategies. As outlined by Pfeffer and Salancik (1978), obtaining external resources is crucial for the strategic and operational management of organizations. RDT suggests that organizations need to manage their reliance on these resources to improve their stability and performance. This theory indicates that an organization's structure, including the makeup of its board and management teams, may be influenced by the necessity to access and control vital resources.

Recent research has built on the foundational ideas of RDT, highlighting its significance in today's organizational environments. For instance, Haleblian et al. (2009) argue that RDT sheds light on why companies engage in mergers and acquisitions; as such strategies can enhance resource availability and diminish competition. By forming partnerships with similar or

complementary organizations, companies can utilize additional resources to bolster their competitive advantage.

RDT also posits that organizations might pursue mergers to manage their dependencies on suppliers and customers. Pfeffer (1987) identifies two main reasons for these strategic decisions: to consolidate essential input sources and to diversify operations, thus reducing dependence on existing trading partners. This approach is particularly important in industries like banking, where institutions often emerge to enhance resource availability and competitiveness in an ever-changing market.

Recent literature continues to investigate the implications of RDT across different sectors. For example, a study by Drees and Heugens (2013) highlights the significance of understanding resource interdependencies in strategic decision-making, emphasizing that organization must both acquire resources and effectively manage relationships with other entities. Additionally, a review by Raza et al. (2022) stresses the need for RDT to evolve in response to digital transformations and the changing dynamics of resource dependencies in the modern business environment.

Higgins 8-S Strategy Implementation Framework: The Higgins 8-S Strategy Implementation Framework emphasizes that effective execution of a firm's strategy relies on aligning key organizational elements, known as the 8-S's. Higgins (2005) points out the necessity for ongoing strategy revisions to adapt to changing environments, highlighting the need to realign these eight interconnected components with new strategic objectives. The framework includes vital aspects like strategic intent, vision, mission, and objectives, all of which significantly shape a firm's strategic direction.

Higgins outlines five structural components within an organization: job roles, authority distribution, logical job grouping, span of control, and coordination mechanisms. These elements can either facilitate or obstruct effective decision-making around resource allocation during the execution of strategies. Additionally, both formal and informal systems and processes are essential for handling daily operations, while the management and leadership styles employed can greatly affect strategic performance. Therefore, organizations should focus on human resource practices, such as training, career development, and promotions, in conjunction with

providing access to necessary resources (Higgins, 2005). Furthermore, the shared values among organizational members are crucial for improving strategy implementation, as strategic performance is derived from the effectiveness of the other seven 'S's, including structure, systems, and staff..

McKinsey 7-S Framework: The McKinsey 7-S Framework, created by McKinsey & Company in the late 1970s, complements the Higgins framework by highlighting the importance of aligning seven interconnected elements: Strategy, Structure, Systems, Shared Values, Style, Staff, and Skills (Waterman, Peters, & Phillips, 1980). For organizations, particularly in the banking industry, aligning these components is crucial for enhancing performance outcomes. Kootanaei and Shafaei (2016) emphasize that banks need to ensure their internal culture and structure are in sync with their strategic objectives to boost operational efficiency and customer satisfaction within a competitive landscape.

Given the banking sector's current challenges, such as evolving regulatory requirements, technological innovations, and shifting market conditions, the 7-S Framework acts as a diagnostic tool for assessing readiness for change. Badran (2018) found that effective implementation of strategic plans in banks relies on a clear strategy alongside supportive systems and staff capabilities. The framework's focus on softer elements, like Shared Values and Style, highlights the importance of strong leadership and a unified culture when managing change.

Research by Junaid and Lode (2019) revealed that banks utilizing the 7-S Framework in their strategic planning processes experienced significant improvements in performance metrics, such as profitability and market share. They argue that the holistic approach of the framework allows organizations to tackle various performance aspects, leading to overall success. However, Parsat (2017) notes some limitations of the 7-S Framework, suggesting that its complexity may impede banks' ability to measure and effectively align all seven components. To address this, developing specific performance indicators for each of the 7-S elements could improve implementation processes..

Industrial Organization Theory (IOT): Industrial Organization Theory (IOT) serves as a fundamental framework for analyzing firm behavior across different market structures and their influence on performance and market outcomes. By merging insights from economics and

strategic management, IOT focuses on competition dynamics, market power, and regulatory impacts. This literature review summarizes key contributions to IOT, emphasizing major themes and pinpointing areas where further research is needed.

At the heart of IOT is the Structure-Conduct-Performance (SCP) paradigm, which asserts that the structure of an industry affects firm conduct, which subsequently influences performance (Bain, 1956). This framework has been extensively utilized across various industries to demonstrate how market concentration affects pricing power and competitive behavior. Recent research, such as that by Gormley and Matsa (2021), indicates that higher levels of concentration are often associated with increased profits, highlighting the ongoing importance of industry structure in current analyses.

A vital component of IOT involves categorizing market structures, including perfect competition, monopolistic competition, oligopoly, and monopoly. Porter (2008) expanded on these concepts with his "Five Forces" framework, which explains how competitive forces shape the market environment and influence strategic choices. Understanding how firms create barriers to entry, manage competition, and respond to the power of buyers and suppliers is crucial for analyzing competitive behavior in today's fast-changing markets.

Recent advancements in IOT have focused on the effects of technological change and globalization. Jacobides and Winter (2005) investigated how technological innovations redefine industry boundaries and alter competitive dynamics, underscoring the need for firms to adapt their strategies to shifting market conditions and external pressures. Additionally, the role of regulatory policies in shaping industry structure has been widely studied. Tullock (1975) and Posner (1973) explored how government interventions can either promote or restrict competition, highlighting the significance of antitrust laws in maintaining market equilibrium.

Despite the strong theoretical framework provided by IOT, there are still gaps in understanding the interplay between industry evolution and firm behavior, especially in rapidly changing technological environments. Emerging topics, such as the impact of digital platforms and the gig economy on traditional market structures, warrant further investigation (Bofill, 2020). There is a need for a comprehensive framework that integrates these contemporary phenomena with established IOT principles.

The connection between IOT and strategic management has garnered increasing scholarly interest, particularly through Michael E. Porter's work, which underscores IOT's significance in strategic decision-making. The traditional Bain/Mason paradigm serves as a model for evaluating competition based on industry characteristics like barriers to entry and product differentiation. However, this framework has often been underutilized in strategic management, as IOT focuses on industry-level dynamics while strategic management zeroes in on firm-specific strategies.

Recent developments, such as the concept of strategic groups, which categorizes firms based on their competitive strategies, have helped bridge this divide. This categorization enhances the understanding of intra-industry competition and identifies mobility barriers that influence performance. Furthermore, advancements in dynamic models facilitate the analysis of changes in industry structure over time, emphasizing the necessity of strategic flexibility. Game theory has also enriched IOT by providing a framework to analyze interdependent competitive interactions, thereby improving the understanding of strategic moves within oligopolistic markets.

Despite these advancements, IOT faces challenges, including the static nature of early models that fail to account for market dynamics and deterministic assumptions that overlook the influence of firm strategies. The difficulty of applying IOT concepts practically in strategic management remains a challenge. Nevertheless, IOT's contributions to strategic management are significant and evolving, offering valuable frameworks for examining market structures and competitive interactions.

Ansoff Matrix Strategic Planning: The Ansoff Matrix, formulated by Igor Ansoff in 1957, is a significant framework in strategic planning that aids organizations in identifying growth opportunities through four primary strategies: market penetration, market development, product development, and diversification (Ansoff, 1957). This framework offers a structured method for evaluating the risks associated with different growth strategies, and its straightforward nature has led to its widespread adoption in both academic and practical settings (Papadopoulos & Martin, 2018).

Recent research has underscored the continued relevance of the Ansoff Matrix in today's fast-paced business environment. For example, Alkhafaji and Razi (2021) point out that the framework assists organizations in navigating rapid technological changes and evolving market

conditions by providing a clear guide for strategic choices. Their findings suggest that companies utilizing the Ansoff Matrix can better align their resources with market demands, thereby enhancing their competitive edge. Additionally, researchers have explored the use of the Ansoff Matrix alongside other strategic planning methods, such as SWOT analysis, to foster a more comprehensive approach to strategic planning (Rahman & Sahu, 2022).

The role of the Ansoff Matrix in digital transformation strategies has also become an important topic in recent research, highlighting its adaptability and usefulness in formulating digital strategies (Ranjan & Maiti, 2021). Furthermore, the Ansoff Matrix has been applied in various industries, including healthcare, where it supports the development of new services and market expansion (Kumar et al., 2023). In summary, the Ansoff Matrix remains a foundational tool for organizations aiming to define and assess their growth strategies amid an ever-changing marketplace, with recent literature emphasizing its flexibility and ongoing relevance..

Issue-based model Strategic Planning: The issue-based model, sometimes referred to as the goal-based model, offers a dynamic and comprehensive approach to strategic planning that is particularly favored by established organizations (John, 2017). This model enhances the foundational strategic planning framework by defining quantifiable objectives that are in harmony with the organization's vision and strategic goals, generally established within a three to five-year horizon. Stakeholders are tasked with formulating action plans for each objective, as well as monitoring and evaluating progress.

The issue-based model often starts with a SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis, which helps evaluate the organization's current situation and understand how these factors influence the business. Using insights from the SWOT analysis, the organization can identify strategies to address weaknesses, capitalize on strengths, and allocate resources effectively. Once the plan is implemented, progress is monitored, and the process can be revisited and adjusted as necessary (John, 2017).

The alignment strategic planning model: The alignment strategic planning model shares similarities with the issue-based approach, emphasizing the importance of coordinating an organization's internal operations with its strategic objectives (Jackson, 2020). This model initiates with the identification of a specific objective and a thorough analysis of the operations

or resources necessary to attain that objective. The organization evaluates its successful operational elements and utilizes these insights to address any challenges or inefficiencies. Subsequently, it develops a comprehensive set of proposed modifications to processes or operations aimed at achieving the desired strategic alignment. This model proves particularly advantageous when an organization seeks to refine its objectives or resolve ongoing issues that hinder its advancement (Jackson, 2020).

Porter's Competitive Forces (New Developments): Porter's Competitive Forces framework is a well-established tool for examining the competitive dynamics within various industries, including banking (Porter, 2008). The theory asserts that the level of competition in an industry is shaped by five primary forces: the threat of new entrants, the bargaining power of suppliers, the bargaining power of buyers, the threat of substitute products or services, and the rivalry among current competitors. In the banking sector, new entrants may arise from both traditional banks and innovative FinTech companies that provide cutting-edge digital banking solutions (Haddad & Hornuf, 2019; Stein et al., 2021). Studies indicate that elements such as regulatory constraints, access to distribution networks, and technological capabilities play a significant role in determining the threat posed by new entrants in banking (Dapp, 2014; Haddad & Hornuf, 2019).

The bargaining power of suppliers, particularly within the banking context, can be influenced by the availability and concentration of funding sources, such as deposits and capital markets (Berger & Bouwman, 2013; Calmès & Théoret, 2014). Meanwhile, the bargaining power of bank customers has become increasingly relevant due to the rise of alternative financial services and shifting consumer expectations (Mitic & Kapoulas, 2012; Stein et al., 2021). Factors like customer switching costs, the presence of substitute services, and the relevance of the bank's offerings to customers significantly shape buyers' bargaining power (Duffy, 2020; Keszei & Biemans, 2016).

The threat of substitutes in the banking industry comes from various sources, including FinTech companies, peer-to-peer lending platforms, and digital payment alternatives (Dapp, 2014; Haddad & Hornuf, 2019). Furthermore, rivalry among existing banks is shaped by market saturation, differentiation of products, and the rapid pace of technological advancement

(Goddard et al., 2016; Mitic & Kapoulas, 2012). Banks' strategic responses to these competitive dynamics, including the execution of strategic initiatives, significantly influence their overall performance (Bouncken et al., 2016; Dobbs, 2014).

2.1.4. Strategic Plan Execution

The execution of a strategic plan is a vital step in the strategic management process, converting strategies into actionable tasks with contributions from various stakeholders within the organization. To meet goals effectively, it is crucial to utilize resources such as financial assets and personnel efficiently (Ballentine & Eckles, 2009). The strategic management team, along with senior leadership and key personnel, play essential roles in developing strategies that prioritize action over mere declarations (Burgelman, Grove, & Meza, 2006). This phase involves creating programs, tactics, budgets, and procedures to fulfill objectives and policies. Thus, strategy formulation and execution are interconnected, highlighting the importance of defined roles and strong leadership during the implementation phase (Wheelen & Hunger, 2015; Ochieng, 2011).

Successful strategies comprise coherent, practical, and achievable actions, with their effective implementation being crucial for success. Challenges can arise from ambiguous responsibility assignments, organizational complexities, and lack of collaboration across functions, which may hinder successful execution. Therefore, it is essential to establish clear roles and comprehensive planning to navigate potential challenges (Rapa & Kauffman, 2015).

Implementation is critical for organizational success, especially in fast-paced environments that demand innovation and process improvement for sustainability. There has been an increased awareness of the importance of strategy implementation due to its impact on business performance. While organizations often prioritize strategy development, effective execution is equally important. Studies show that many organizations face difficulties in executing strategies, leading to unsuccessful strategic choices (Huddart et al., 2021; Wolfe & Poppo, 2020; Thomas & Gundersen, 2019; Johnson et al., 2021).

The implementation process is intricate, influenced by various internal and external elements, including personnel, processes, technologies, and partnerships. Overlooking execution can result in significant financial costs, wasted time, and reduced employee morale (Smith et al., 2023).

Senior leadership is crucial in ensuring that employees comprehend and align with the organization's strategic goals.

Rajasekar (2020) emphasizes the significance of implementation for an organization's survival, competitiveness, and growth. External factors, such as political, economic, social, ecological, technological, and legal conditions (PESTEL), can profoundly impact the execution of strategic plans (Gupta et al., 2019; Singh & Bansal, 2021). Organizations must focus on these critical elements during execution by identifying key activities, making informed decisions, and building necessary relationships. Managerial responsibilities include structuring the organization, allocating resources, establishing support systems, aligning incentives with objectives, shaping corporate culture, and providing strategic direction (Jones et al., 2020).

Effective implementation relies on factors such as leadership style, human resource practices, motivation from top management, organizational culture, employee commitment, and technology (Sabourin, 2015 & Ngugi et al., 2017). Strategic failures frequently stem from inadequate implementation rather than poor formulation (Li, Guohui, & Eppler, 2010). While past research has concentrated on financial metrics to evaluate performance across industries, further investigation into alternative factors affecting strategy execution is necessary (Nwachukwu et al., 2018).

2.1.5. Strategy implementation, success and failure

Mohammed (2015) and Baroto, Arvand, and Ahmad (2014) identified several critical factors contributing to the failure of strategy implementation. These include misalignment between strategy and budget, lack of employee incentives linked to strategic goals, insufficient discussions about the strategy by management, and employees' poor comprehension of organizational strategies. Implementation challenges often arise from issues such as political interference, limited resources, and fluctuating global economic conditions. Additionally, a significant number of corporate strategies remain unexecuted, resulting in a high rate of failure in achieving strategic and financial objectives. Heracleous (2000) highlighted the necessity of ongoing innovation for sustained strategic success, warning that failure to adapt can lead to initial success followed by long-term decline.

The repercussions of ineffective strategy implementation can include diminished employee morale, erosion of trust in management, and a more rigid organizational culture, all of which can have profound effects. Effective strategy implementation is essential for organizational success, with communication being a critical component in ensuring successful execution. A lack of dialogue between strategists and employees can impede implementation, as can a poor grasp of strategic aims among staff. Commitment and strong leadership are also vital for successful strategies. Effective implementation relies on a skilled workforce guided by a supportive management team that engages in activities such as performance evaluations, incentives, rewards, and control processes.

Steiner (2004) stressed the significance of a capable workforce and efficient resource allocation for successful strategy execution, while Aladwani (2003) underscored the importance of clear communication and heightened efforts to meet established targets. In summary, successful strategy implementation requires a thorough awareness of internal and external factors, along with adaptability to the business environment and the ability to overcome challenges. Reducing the negative impacts of unsuccessful implementation is essential for achieving long-term strategic goals.

2.1.6. Challenges of implementing strategic planning

Implementing strategies presents significant challenges for organizations aiming to fulfill their missions. Leskaj (2017) points out that merely having a strategic planning system does not ensure success, especially for public sector organizations that encounter distinct obstacles. Key factors leading to implementation failures include ineffective strategy monitoring, insufficient organizational structures, scarcity of human and financial resources, and low staff motivation. Additionally, the inability to formulate and choose suitable strategies can greatly hinder execution. To enhance outcomes, it is crucial to involve employees in the strategic planning process, promoting a sense of ownership and collective commitment to the organization's mission.

Numerous internal and external factors further complicate the effective implementation of strategic plans. Elements such as organizational culture, stakeholder involvement, and resource alignment can impede progress (Hutzschenreuter & Kleindienst, 2021; Naranjo-Valencia,

Jiménez-Jiménez, & Sanz-Valle, 2021). For example, a culture resistant to change may lead employees to view strategies as imposed directives rather than collaborative initiatives. Organizations must also navigate external uncertainties, including economic shifts and technological advancements (Rosen & Widing, 2022). Westerman et al. (2022) highlight that effective communication is vital for ensuring that all employees grasp the strategic vision and their roles, thereby minimizing misunderstandings and promoting alignment. To bolster the effectiveness of strategic initiatives, organizations should foster a supportive culture, actively engage stakeholders, allocate resources wisely, and maintain open communication channels.

2.1.7. Strategic plan implementation and organizational performance

In the 1950s, organizational performance was characterized by the effectiveness of social systems in achieving their objectives. Performance evaluation incorporates both financial and non-financial metrics. Financial performance examines a company's overall fiscal health over a designated period by analyzing ratios, earning potential, and the condition of the balance sheet. Conversely, non-financial metrics focus on qualitative aspects such as customer demographics, employee satisfaction, and customer loyalty (Gagliardi et al., 2021).

Strategic planning is essential for improving organizational performance, particularly in profit-oriented entities, where competitive strategic plans are crafted to enhance operational efficiency. Research has shown a strong link between organizational performance and strategic planning at various stages (Odhiambo, 2021). This structured process entails evaluating internal and external factors to identify target markets and develop competitive strategies (Alabi, 2020). Key components include analyzing strengths, weaknesses, opportunities, and threats, implementing strategies, and assessing outcomes (Ogunlade et al., 2019).

Effective strategic management is vital for maximizing organizational performance. Companies must successfully implement strategic plans to achieve superior results and differentiate themselves in competitive landscapes. However, many organizations encounter challenges during execution, resulting in failures to improve performance (Bandyopadhyay & Gupta, 2021). There is limited research on how strategy execution impacts organizational performance, indicating a need for further exploration.

Njagi and Kombo (2014) highlighted the significant impact of strategy implementation on the performance of commercial banks in Kenya. Variations during the implementation phase can significantly influence success (Kuye, 2013). Mbaka and Mugambi (2014) emphasized the necessity of resource commitment and technical support for effective strategy execution, while Mbithi (2016) pointed out that successful implementation is crucial for enhancing organizational performance.

Sorooshian et al. (2010) discovered a positive relationship between strategy implementation and the performance of small and medium enterprises in Iran, although these results may not be directly applicable to Kenya Commercial Bank. Njagi and Kombo (2014) specifically examined the operationalization of strategies within Kenyan commercial banks.

Numerous studies reiterate that effective strategy implementation is critical for organizational survival and success (Armstrong & Taylor, 2014; Aaltonen & Ikävalko, 2002; Hrebiniak, 2006). It has been suggested that successful execution may be more important than the strategies themselves (Zagotta & Robinson, 2002). Performance indicators such as competitiveness, market share, profitability, customer satisfaction, and efficiency are vital measures of organizational success (Galletta et al., 2022).

Performance measurement systems are essential for evaluating organizational effectiveness, employing both objective and subjective methods (Elgestad Stjernfeldt et al., 2019). Subjective measures, like self-rating success (SRS), provide a holistic view of performance while acknowledging the significance of objective financial data (Geng et al., 2015). Some researchers favor subjective measures because they encompass broader performance concepts, although obtaining objective data can be difficult due to confidentiality issues (Huseynov et al., 2017; Ismail et al., 2017; Sundvik, 2017). Consequently, this study will adopt a subjective performance measurement approach to evaluate the bank's performance across various indicators discussed in the following sections:

a) Operational efficiency

This is an economical use of physical resources, systems, and structures. Operational efficiency reduces waste and increases a company's capacity to deliver high-quality products and services to its customers (Upadhyay and Gupta, 2012). Operational efficiency may be quantified

quantitatively and qualitatively. Financial performance, customer happiness, internal control, and business processes, as well as staff growth and development inside the firm, are among these measures. Wasiuzzaman and Tarmizi (2010) discovered a good influence and significant operational efficiency on the profitability of commercial banks. As a result, the research employed this non-financial performance characteristic to assess the bank's overall performance efficiency in the study area.

b) Service quality

Service quality is an important performance metric that involves controlling company operations to promote customer satisfaction, which improves competitiveness and organizational effectiveness (Sangeetha & Mahalingam, 2011; Rahaman et al., 2011). It is especially important in the service industry, where it contributes much more to corporate growth than in the industrial sector (Dadwal 2017). Customer happiness is an important non-financial measure for firms (Hallencreutz & Parmler, 2021; Ali et al., 2021), with studies demonstrating a significant positive association between customer satisfaction and service quality (Ali et al., 2021). Furthermore, Son et al. (2021) discovered that staff satisfaction increases customer satisfaction, emphasizing the significance of these subjective indicators for improving organizational performance.

c) Market share

Market Share is an important non-financial performance statistic that is determined by comparing a bank's total assets during a certain time period to the total assets of the industry. Market share and bank profitability should be positively connected. A huge market share allows for the production of a wide range of goods in order to leverage market power, which may subsequently be used to set a high price and generate significant profits. According to certain research, such as Mirzaei et al. (2013) and Sahile et al. (2015), a large market share is associated with bank profitability. As a result, this variable was included in the research as a non-financial variable to evaluate its impact on the bank's performance in the study region.

d) Bank's profitability

Profitability is an important indication of a bank's performance, determined by its mission, laws, and management decisions (Guluma, 2021). Profit maximization is often prioritized in profit-driven businesses in order to satisfy shareholders, investors, and stakeholder requirements.

According to Ayalew (2021), banks must be profitable in order to cover costs, reinvest, offer financing, acquire public trust, and encourage stakeholders. This variable was employed in a research as a non-monetary indicator to assess its impact on the bank's overall performance. Ethiopia's financial system does not meet international standards, making it harder to deliver effective services as trade complications increase. The nation has yet to properly capitalize on the benefits of strategic management to boost overall economic performance. Performance is considered a crucial measure for assessing organizational success and strategic choices in the literature (Almansoori et al., 2021).

2.2. Empirical Review

Njagi and Kombo's (2014) study looked at how strategy execution affected the performance of Kenya's commercial banks. Using a correlational study approach, the researchers collected data from Kenya's 43 registered commercial banks over a three-year period. The findings indicated a reasonably substantial positive association between strategy implementation and organizational performance. The regression analysis revealed that improved strategy execution, both operationally and institutionally, had a beneficial impact on commercial bank performance. The researchers found that in order to grow and compete effectively, institutions must successfully adopt strategies. However, the study discovered that strategy implementation only accounted for 44.8% of the difference in performance, suggesting that other variables impact organisational results. The authors recommended that further research be conducted to identify these additional determinants of performance.

Tegek's (2018) study looked at how strategy implementation and the external environment affected the performance of Kenya's commercial banks. Using a descriptive cross-sectional survey approach, the researcher collected data from 31 of Kenya's 42 licensed commercial banks. The data demonstrated that strategy implementation had a considerable beneficial impact on a variety of performance measures, including lower customer complaints, faster response times, higher customer retention, and improved internal procedures. Furthermore, the external environment, including economic, technological, and regulatory aspects, was discovered to considerably affect the association between plan execution and bank performance.

The study adds to the current literature on strategy implementation by emphasizing the significance of addressing the external environment when adopting strategies to improve

organizational performance. To improve strategy implementation success rates, the researcher proposes that banks consider outsourcing the process to experienced individuals and developing written standards. Future research might look at the influence of strategy execution on performance in other industries or conduct a comparative analysis of similar institutions.

In the context of Ethiopian banks, Kalkidan Kebede (2020) explored the impact of strategic planning on organizational performance at Nib Insurance S.C. The study investigated eight variables: communication, participation, dissemination, performance measurement, integration, process elements, techniques, and organizational performance. Utilizing a descriptive research approach, the focus was on management and employee personnel across various divisions. A stratified sampling strategy was employed to collect primary data, which was then analyzed using descriptive statistics. The findings indicated that enhanced employee communication and participation significantly improved organizational effectiveness. The study emphasized that involving stakeholders in the strategic planning process increases organizational performance and recommended that top-level management in different departments engage employees to foster understanding and alignment with organizational values.

Similarly, Abinet Tefera (2019) examined strategic planning techniques and their influence on the performance of Ethiopian banks, specifically the operations of the Commercial Bank of Ethiopia (CBE). This study utilized both descriptive and explanatory research methods. The target population included management and clerical (non-managerial) personnel from the Debre Berhan branches of CBE, selected through census sampling methodologies. Primary data was gathered via questionnaires and analyzed using descriptive and inferential statistics, including confirmatory factor analysis and structural equation modeling. The results revealed a high level of agreement regarding the use of various strategic planning elements within CBE. Multiple regression analyses indicated that employee participation in strategic planning, implementation, and evaluation positively affected CBE's performance, measured through two constructs: objective fulfillment and relative competitive performance. The study concluded that strategic planning positively influences organizational performance and recommended that all factors across different dimensions be appropriately addressed to enhance the workforce's understanding of the strategic plans in place, ultimately achieving optimal organizational performance.

Furthermore, Haimanot Solomon (2017) investigated the impact of strategy execution on organizational performance. The study sought to analyze the impact of strategy execution on the Bank of Abyssinia's (BOA) organizational performance. Both primary and secondary data were used, including surveys and interviews with BOA workers. The results revealed a high degree of agreement among workers on the major aspects influencing plan execution and bank performance. However, the study discovered that frameworks for bottom-up information flow were not fully understood by all employees. Furthermore, many employees saw the bank's leadership style as ambiguous. The study advised that the BOA increase communication and explain its leadership approach in order to improve plan execution and organizational performance.

2.3. Conceptual Framework

The conceptual framework shown below illustrates how strategic planning views impact the bank's overall performance. This model was created following a study of current research to clarify the links between the important components highlighted in the literature review. Rahman (2019) offers a framework to measure organizational performance based on operational efficiency, financial turnover, and management systems. Furthermore, Lemma, M., and Ferede, M. developed a framework for understanding the effects of organizational factors on strategic plan implementation at Bunna International Bank that includes four critical variables: organizational alignment, resource allocation, working environment, and organizational culture. In addition, the performance metrics within our framework include operational efficiency, service quality, market share, and profitability, which coincide with the study's objectives.

The following research hypotheses were developed based on the research objective and research framework (Figure 1):

H1: The quality of the strategic plan is positively correlated with the bank's profitability.

H2: The challenges faced in the execution of the strategic plan are negatively associated with the bank's overall performance.

H3: Employee engagement contributes to more successful strategic plan implementation, which enhances performance outcomes.

H4: Leadership commitment significantly influences the effectiveness of strategic planning initiatives at Oromia Bank, affecting performance.

H5: Effective resource allocation enhances the service quality of banking services.

H6: Comprehensive market analysis plays a crucial role in increasing market share for banks.

H7: Innovation and adaptability are related to the bank's profitability.

H8: Effective CRM practices enhance service quality and customer loyalty.

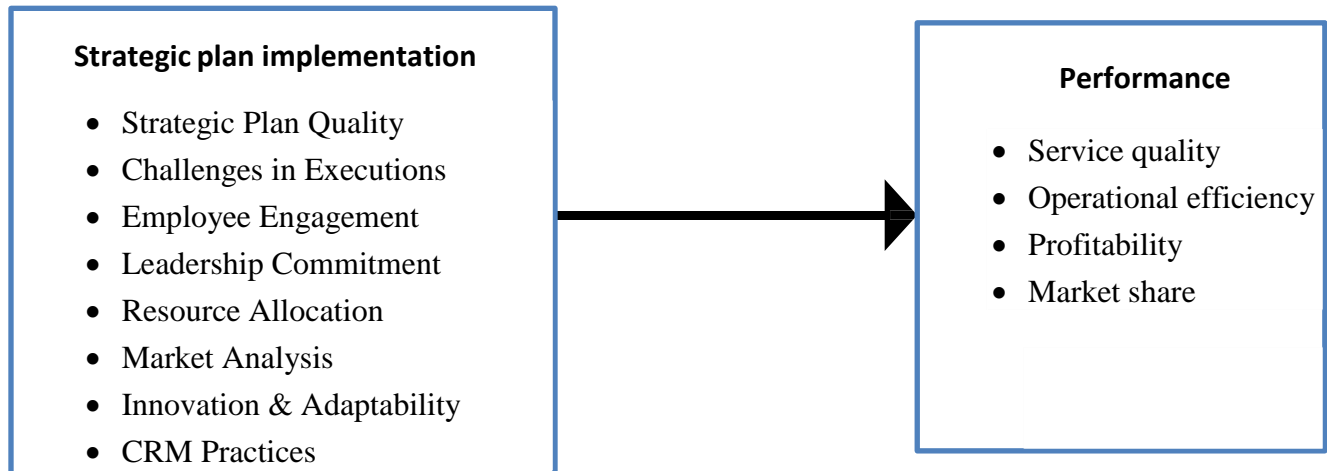


Figure 1: Conceptual framework:

Sources: Payne, A., & Frow, P. (2017), Teece, D. J. (2018), Kotler, P., & Keller, K. L. (2016), Meskendahl, S. (2010), Northouse, P. G. (2021), Anitha, J. (2014), Saunders, M. N., Lewis, P., & Thornhill, A. (2019), Aldehayyat, J. S., & Anchor, J. R. (2018) Kaplan, R. S., & Norton, D. P. (2021), Hrebiniak, L. G. (2013), Kotter, J. P. (2012), Bakker, A. B., & Demerouti, E. (2017), Sime, D., Atieno, R., & Musiega, D. (2020).

Chapter Three

Research Methodology

3. Introduction

This chapter provides the methodological framework used to solve the research problem and address the research questions. The chapter begins with the chosen research strategy, technique, and topic area. Following that, the sample selection and data collecting procedures will be discussed.

3.1. Description of the study area

The area chosen for this study is Addis Abeba because the head office of Oromia Bank, which represents all branches in the country, as well as the central bank of the country, is located there,

and Oromia Bank's strategy implementation and change management experts are located at head offices in the country's capital city. The climatic conditions of Addis Abeba are typified by dry winters, and this is the dry season. During this season, daytime maximum temperatures are rarely higher than 23 °C (73 °F), while night-time minimum temperatures sometimes go below freezing. The brief rainy season runs from February until May. Addis Ababa is Ethiopia's capital city. It is also the country's largest city in terms of population, with a total of 3,384,569 according to the 2007 census. However, it is thought that this figure was inaccurately reported and underestimated the city's population. In recent years, the city has had substantial yearly growth, and its population is expected to approach 5 million by 2020.

3.2. Research approach

This study employed a mixed-method research approach, which involved collecting both quantitative and qualitative data to offer a thorough understanding of the relationship between the implementation of strategic plans and the performance of Oromia Bank. The research began with a review of existing literature on strategic planning, organizational performance, and strategic implementation to establish a theoretical framework for the study. This process aided in identifying relevant variables and formulating research hypotheses.

Subsequently, the primary data was gathered from Oromia Bank's financial reports and other pertinent sources to analyze the effects of strategic plan implementation on key performance indicators such as profitability, market share, and customer satisfaction. Statistical analysis techniques, including regression analysis, were utilized to test the hypotheses and determine the correlation between strategic plan implementation and the bank's performance.

In addition to quantitative data, qualitative insights were obtained through interviews with key stakeholders, including senior directors and managers, to understand the strategies implemented by the bank, the challenges encountered during execution, and the perceived impact on performance. By integrating both quantitative and qualitative data, the research provided a comprehensive understanding of the relationship between strategic plan implementation and bank performance, offering valuable insights and recommendations for Oromia Bank.

3.3. Research Design

A research design referred to the arrangement of conditions for data collection, measurement, and analysis in a way that aimed to combine relevance to the research purpose with procedural efficiency. According to Kothari (2021), the research design served as the foundational framework for conducting research, outlining the methodologies for data collection, measurement, and analysis.

To investigate the relationship between strategic planning and organizational performance within Oromia banks operating in Addis Ababa, Ethiopia, a cross-sectional research design was employed, specifically utilizing an explanatory research design. Explanatory research sought to clarify the reasons behind a phenomenon, often employing quantitative methods to establish cause-and-effect relationships. Smith et al. (2023) illustrated how explanatory research could identify key factors influencing consumer behavior during economic downturns. Similarly, Johnson and Lee (2022) applied explanatory methods to examine the connection between organizational culture and employee performance, providing insights into effective management strategies. The measurement of variables was based on both qualitative and quantitative approaches. This design was selected because it offered insights and understanding of the issue at hand. A case study was conducted at Oromia Bank, focusing on describing the current situation of the problem and addressing research questions framed as “what.” The study aimed to highlight the critical factors that could either negatively or positively influence the implementation of strategic plans. Consequently, descriptive research was utilized to fulfill the research objectives.

3.4. Target population

According to Leedy and Ormrod (2012), a population encompasses the entire set of individuals, cases, or objects that possess shared observable characteristics. In this study, the target population comprised all officers due to the familiarity with the organization strategy, as well as middle and senior management at Oromia Bank, who were directly engaged in the formulation and execution of strategies within the organization. The researcher focused on Head Office staff due to their greater insight into strategic plan implementation compared to employees at other locations.. This claim is supported by the recent empirical evidence from Moges and Belay (2023). Their study found that

head office staff had more comprehensive knowledge of strategic plan implementation compared to employees at branch offices.

3.5. Sampling design and size

3.5.1. Sampling Frame

A sampling frame provided the names of all components within the target population from which the researcher drew a sample (Saunders et al., 2016). For this research, the sampling frame consisted of a list of 400 employees from the Oromia Bank Head Office..

3.5.2. Sample Size

According to Saunders et al. (2021), determining the sample size in a study was essential for obtaining results that accurately represented the entire population. The sample size was based on the number of bank staff who possessed a better understanding of strategy implementation. Randall and Gibson (2021) indicated that in social science studies, the recommended sample size typically ranged from 50 to 500 respondents. However, they noted that a minimum of 230 respondents was necessary to ensure the study's validity and reliability, in line with the guidelines established by Sekaran (2000) and Roscoe (1975). The study considered a total target population of 400, from which 200 were selected as the sample using Yamane's formula from 1967. Taking into account available resources, time, budget, data, and geographic distances, a sample size of 200 was deemed feasible from the 400 employees and managers at the head office. Thus, the researcher applied the formula used by Yamane (1967), assuming a level of precision or sampling error (e) of 5% and aiming for a confidence level of 95%, while expecting a margin of error of 5%.

$$n = \frac{N}{1+N}(e)^2 \text{ and level of significance } 95\% \text{ and error } 5\%$$

Where n=sample size

N=population

e=level of error

Therefore the sample size for this study is:

$$n = 400 / (1 + 400(0.05)^2)$$

n = 200 With N = 400, e = 5% (at least 95 % confidence level), Based on these the total sample size was 200 staffs.

3.6. Sampling Techniques

Sampling techniques ensured that the sample encompassed the specific characteristics sought by the researcher (Creswell, 2021). This study employed both stratified random sampling and purposive sampling methods. The stratified sampling approach was selected due to the presence of both managerial and non-managerial employees within the population. Furthermore, purposive sampling was used to choose respondents based on the researcher's judgment, considering their closeness to operations associated with strategic plan implementation at Oromia Bank.

3.7. Data Sources and Collection Methods

Saunders et al. (2021) defined data as a collection of facts, opinions, and statistics that were gathered and documented for reference or analysis. To conduct the study, the researcher collected data from both primary and secondary sources. Primary data was obtained from the staff of Oromia Bank, specifically from respondents directly involved in strategy formulation and implementation, using a structured questionnaire that included both closed-ended and open-ended questions. This format allowed respondents to adequately express their views on the topics. Additionally, semi-structured interviews were conducted with senior officials of Oromia Bank, along with observations by the researcher to understand the actual situation. This method provided the interviewer the flexibility to adjust questions based on the feedback from the interviewees (Smith & Jones, 2021).

The interview guide consisted of three sections: the first focused on background information; the second explored the impact of the strategic plan implementation by Oromia Bank on its performance; and the final section aimed to identify the challenges faced by Oromia during strategy implementation. For secondary data, various documents, records, and reports from the Bank, regulatory agency reports, websites, books, annual reports, magazines, articles, and different journals were analyzed.

3.8. Method of Data Analysis

The collected data was analyzed based on the study's objectives. Data cleaning and editing were conducted prior to the final regression analysis and testing of the results. The means and standard deviations were calculated for descriptive analysis, and the results were expressed in percentages

and presented in tabular form. For inferential statistics, the Pearson correlation coefficient, along with procedures from the Statistical Package for Social Sciences (SPSS, Ver. 27), and multiple linear regressions, were used to determine the relationships and impacts of strategic planning perspectives on organizational performance. Thus, the model to examine the determinant factors of bank performance in this study is:

$$Y = A + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + b_6X_6 + b_7X_7 + b_8X_8 + \varepsilon$$

Where:

- Y is Performance is the dependent variable
- A is the y-intercept
- $b_1, b_2, b_3, b_4, b_5, b_6, b_7, b_8$ are the regression coefficients for each independent variable
- X_1 is Strategic Plan Quality the independent variable.
- X_2 is Employee Engagement the independent variable.
- X_3 is Leadership Commitment the independent variable.
- X_4 is Challenges in execution the independent variable
- X_5 is Resource Allocation the independent variable.
- X_6 is Market Analysis the independent variable.
- X_7 is Innovation & Adaptability the independent variable.
- X_8 is CRM practices the independent variable.

3.9. Reliability, Validity and Ethical Research

Reliability and validity were essential elements in demonstrating the academic value of a study. In qualitative research, these factors were crucial to establishing the trustworthiness of a researcher's work by reducing participant bias (Leung, 2015). Researchers had access to various methods to ensure the reliability and validity of their data and findings. For instance, member checking was employed to guarantee reliability by meeting dependability standards (Smith & McGannon, 2018). Moreover, the validity of the research was strengthened by addressing aspects such as credibility, transferability, conformability, and data saturation (Smith & McGannon, 2018). In this study, the researcher evaluated credibility, transferability, conformability, and data saturation, as Morse (2015) suggested replacing traditional trustworthiness criteria with reliability, validity, and generalizability for qualitative studies, while

Noble and Smith (2015) asserted that this set of criteria was particularly relevant to quantitative research.

3.9.1. Reliability

Reliability in mixed studies was demonstrated when the study could be replicated consistently (Yin, 2018). The interview protocol served as a guide for conducting interviews, which helped enhance the reliability and validity of the collected data (Dikko, 2016; Castillo-Montoya, 2016). Member checking minimized bias while strengthening the reliability and dependability of this single case study (Birt et al., 2016). This process allowed participants to validate the researcher's interpretation and contribute additional insights, thereby increasing credibility (Harvey, 2015; Baillie, 2015). During the member checking interviews, the participants confirmed the interview summary and did not offer further information, which ensured the study's dependability.

3.9.2. Validity

Validity was essential for the credibility, transferability, and confirm-ability of the study (Smith & McGannon, 2018). Credibility assessed the degree of confidence a researcher could have in the accuracy of their interpretations of the collected data (Morse, 2015). In this single case study, member checking and methodological triangulation were used to establish credibility (Birt et al., 2016). Methodological triangulation included face-to-face semi-structured interviews with managers and team members, along with a review of organizational documentation, to enhance the study's validity (Baillie, 2015; Thompson, 2016; Yin, 2018). Data saturation was also crucial in qualitative studies, as it confirmed the validity of the study's findings (Fusch & Ness, 2015; Baillie, 2015; Nelson, 2017). In this research, data saturation was reached when participants did not identify any new themes related to the research question during the member-checking interviews.

3.9.3. Ethical Consideration

Conducting ethical research was a priority in this study. Proper adherence to ethical guidelines was vital when involving human subjects, particularly those from vulnerable groups (Makhoul et al., 2018). Ethics in research referred to the appropriateness of a researcher's conduct concerning the rights of participants (Saunders et al., 2009). During data collection, the researcher explained the purpose of the study to respondents and ensured they understood the information being provided. Researchers were obligated to evaluate all potential risks: physical, social, and psychological to prevent harm and enhance the benefits for participants (Koonrungsomboon et

al., 2016). In this mixed-methods study, which included face-to-face interviews, the researcher took significant steps to minimize the risk of harm to participants. All participants were chosen based solely on their positions within the bank and their potential contributions to advancing research on the impact of strategic plan implementation on performance. The researcher prioritized participant protection and did not offer any compensation, as incentives could bias potential participants (Neighbors et al., 2018). To ensure privacy, the researcher kept the specifics of the study and the identities of selected participants confidential from others in the bank. The interviews took place in a quiet, secure location, free from distractions, allowing participants to speak freely in a safe environment.

CHAPTER FOUR

Data Analysis, Interpretation and Discussion

4. Introductions

The data analysis part includes the analysis, interpretation and discussion of the data collected from the employees of oromia bank, and comprises primary data analysis, taking data that are assembled over even intervals in time and ordered chronologically, and using panel data analysis.

This chapter has organized in six sections; the first section deals with the response rate of data obtained and reliability of the research instrument. The second section is the descriptive statistics analysis. The third part is the correlation analysis between the independent variables and the relationship between the dependent variable with the explanatory variables. The fourth part shows the assumptions for testing regression analysis; collinearity, diagnosis normality test, homoscedasticity of the Error Terms, autocorrelation and linearity. The fifth part shows the testing multiple regression analysis; R-square, coefficient. The six and the last section is about the summery of the research discussion and analysis obtained by the survey i.e. all the results obtained from the sources are summarized and analyzed against the literatures.

4.1. Response rate

A total of 200 questionnaires were distributed to participants from the target group, which included all officers as well as middle and senior management at Oromia Bank who were directly involved in strategy formulation and execution. Out of the distributed questionnaires, 188 were completed and returned, while 12 were not returned for various reasons. This resulted in a response rate of 94%. According to Rubin and Babbie (2010), a response rate of 70% or higher is considered excellent for further analysis. This high response rate indicates that the respondents were committed to providing relevant information, making the sample size adequate for the study.

4.2. Reliability Test of the Instruments

Reliability was assessed using Cronbach’s alpha scale, which ranges from 0.00 (indicating no consistency) to 1.00 (indicating perfect consistency). Sekaran and Bougie (2016) classified the alpha values as follows: a score below 0.60 is deemed weak, a score between 0.60 and 0.70 is considered acceptable, a score from 0.70 to 0.80 is regarded as good, and a score above 0.80 is viewed as excellent.

Table 4.1. Reliability Test Results

Reliability Statistics		
	Number of Items	Cronbach's Alpha
CRM	3	.890
Plan quality	4	.854
Engagement	7	.847

Leadership	7	.842
Resource Allocation	4	.850
Challenges	6	.830
Market Analysis	4	.843
Innovation	3	.836
Performance	8	.836
Overall Reliability	9	.863

Source: own survey, 2024

As indicated in Table 4.1, the Cronbach's alpha value is 0.863, suggesting that reliable variance accounts for 86.3% of the variation in the scores. This shows that the instrument used in this investigation is dependable for future analysis. As a consequence, the alpha value verifies that the data gathering tool is valid, which supports internal validity as well as the sampling methods used.

4.3. Descriptive Statistics Analysis

4.3.1. Demographic Characteristics of Respondents

The overall demographic characteristics of the respondents included in this study were analyzed to understand who provided the necessary information. The demographic data examined includes gender, age, education, position, and work experience, as detailed below.

Table 4 2: Demographic Profile of Respondents

Variables		Frequency	Percent
Gender	Male	136	72.3
	Female	52	27.7
	Total	188	100.0
Age	18-25 years:	24	12.8
	36-45 years	30	16.0
	46-55 years	134	71.3
	Total	188	100.0
Educational status	Degree	70	37.2
	Masters	118	62.8
	Total	188	100.0
Experience	1-5 years	10	5.3
	6-10 years	118	62.8
	11-15 years	56	29.8
	Over 15 years	4	2.1

	Total	188	100.0
Job position	Junior Officer	26	13.8
	Officer	54	28.7
	Senior Officer	50	26.6
	Principal Officer	28	14.9
	Customer Relationship Manager	4	2.1
	Division Manager	20	10.6
	Director	4	2.1
	Deputy Chief Officer	2	1.1
	Total	188	100.0

Source: own survey, 2024

The data presented in Table 4.2 indicates that out of the total respondents, 136 (72.3%) were male, while 52 (27.7%) were female. This suggests that the majority of participants in the study were male, highlighting a higher level of male involvement. The age distribution reveals that 24 respondents (12.8%) fell within the 18-25 age range, 134 respondents (71.3%) were aged 36-45, and 30 respondents (15.9%) were between 25-30 years old. Additionally, 30 respondents (16.0%) were in the 46-55 age group, with the largest proportion being in the 36-45 age bracket.

In terms of educational qualifications, the table shows that 70 respondents (37.2%) held a bachelor's degree, while 118 respondents (62.8%) possessed a master's degree. This indicates that a significant majority of the respondents were master's degree holders. Regarding work experience, 10 respondents (5.3%) had 1-5 years of experience, 118 respondents (62.8%) had 6-10 years, and 56 respondents (29.8%) had 11-15 years. Only 4 respondents (2.1%) had more than 15 years of experience. The findings suggest that most respondents have substantial work experience, providing them with a solid understanding of the bank's strategic plan implementation, which enhances the validity of their questionnaire responses.

As for the positions held by the respondents, 26 (13.8%) were junior officers, 54 (28.7%) were officers, 50 (26.6%) were principal officers, 4 (2.1%) were customer relationship managers, 20 (10.6%) were division managers, 4 (2.1%) were directors, and 2 (1.1%) were deputy chief officers. The majority, therefore, were officers, comprising 54 (28.7%) of the total respondents. This variety in positions illustrates a broad spectrum of perspectives from different organizational levels, emphasizing the respondents' ability to offer informed feedback.

4.3.2. Descriptive Analysis of Variables

There are several aspects that might affect the business's strategic plan execution, operational period, and performance. The impacts of strategic plan execution on performance were measured using eight parameters. To investigate these aspects, respondents were asked to identify them using the provided Likert scale (strongly disagree, disagree, neutral agree, and strongly agree). The mean value of the respondents' ratings for each statement under the variable will be used to assess the employees' view of that variable. As a consequence, the average value for each variable may be read as follows: 1.00-1.80 = strongly disagree; 1.80-2.60 = disagree; 2.60-3.40 = neutral; 3.40-4.20 = agree; and 4.20-5.00 = strongly agree.

4.3.2.1. Effect of strategic plan quality on performance

Table 4.3 Respondent perception of strategic plan quality			
Statements	N	Mean	Std. Deviation
The quality of the strategic plans at oromia bank is high.	188	3.4521	1.05610
High-quality strategic plans lead to better performance at oromia bank.	188	3.3723	1.00250
The content of the strategic plan is relevant and aligned with market needs.	188	3.3989	1.04211
The quality of the strategic plan influences performance indicators such as profitability, market share, service quality, and operational efficiency at oromia bank	188	3.6170	.97131
Aggregate Values	188	3.4601	1.01700

Source; own survey, 2024

In this part, respondents assessed four statements on the quality of the strategic plan on a five-point Likert scale. The descriptive statistics table indicates that the mean score for all assertions is 3.461, suggesting that Oromia Bank's strategic plan is of good quality and contributes to increased performance. The statement with the highest mean score, 3.617, is "The quality of the strategic plan influences performance indicators such as profitability, market share, service quality, and operational efficiency at Oromia Bank," indicating that employees believe the strategic plan's quality has an impact on these metrics. On the other side, the statement with the lowest mean score (3.3723) is "High-quality strategic plans lead to better performance at Oromia Bank," indicating a modest degree of agreement. Overall, the scores indicate a positive perception among participants, highlighting a consensus that effective strategic planning significantly enhances the bank's performance.

4.3.2.2. Employee Engagement

Table 4.4 Respondent perception of employee engagement			
Statements	N	Mean	Std. Deviation
Employees are actively engaged in the strategic planning process at Oromia Bank.	188	2.4787	1.12082
There are opportunities for employees to provide feedback on strategic initiatives.	188	2.4096	1.03795
Employee engagement in strategic planning enhances the overall effectiveness of the plans.	188	2.7819	1.16559
The strategic plan of Oromia Bank is clearly communicated to all employees.	188	2.7872	1.21815
Employees understand their roles in the implementation of the strategic plan.	188	2.6649	1.32820
Employees feel empowered to contribute to the strategic goals set by the leadership	188	2.5053	1.13523
There is a high level of employee engagement in the implementation process	188	2.3830	1.23761
Aggregate Values	188	2.5729	1.14489

Source; own survey, 2024

In this section, respondents assessed seven statements on employee engagement on a five-point Likert scale. The aggregate standard deviation across all items reveals that the selected respondents' assessments of employee involvement were very similar. However, the mean ratings of individual assertions varied somewhat, ranging from 2.383 to 2.7872. The highest mean score of 2.7872 indicates that respondents were indifferent on whether Oromia Bank's strategy plan was successfully conveyed to all workers, suggesting a neutral view of clarity and involvement. In comparison, the lowest mean score of 2.383 shows a lack of employee participation in the implementation process. Overall, these findings indicate that, while employees may not have a common knowledge of their duties and involvement, there are limitations in feedback channels that might improve total participation in the strategic planning process. This emphasizes the need for Oromia Bank to develop possibilities for employee participation in order to increase engagement.

4.3.2.3. Leadership Commitment

Table 4.5 Respondent perception of leadership commitments			
	N	Mean	Std. Deviation
Effective leadership commitment is crucial for successful strategic plan implementation at Oromia Bank	188	2.4628	1.25118
The bank's management serves as a model for effective leadership by inspiring and leading by example.	188	2.0851	.90346
Management inspires and empowers employees to achieve organizational goals.	188	2.4362	1.08523
The corporate strategic plan is effectively communicated to relevant units in a timely manner.	188	3.1117	1.12019
Oromia Bank's management establishes team leaders who encourage the team and address issues that arise during strategic plan implementation.	188	2.2021	1.21558
Problems requiring top management involvement are communicated early.	188	2.9894	1.02894
The leadership is committed to the bank's strategic planning initiatives.	188	2.5213	1.13032
Aggregate Values	188	2.5094	1.14060

Source; own survey, 2024

The descriptive data shown in Table 4:8 show that leadership commitment scores varied from 3.1117 to 2.0851, demonstrating that it has a substantial influence on the bank's performance. The majority of respondents disagreed on the importance of leadership commitment in the successful implementation of strategic goals. This shows that strong leadership commitment is required for overcoming obstacles and improving performance. The standard deviations for organizational outcomes varied from 0.9 to 1.25, indicating that respondents were quite consistent on the influence of leadership commitment on the bank's success. The total mean score was 2.54, suggesting that a large proportion of respondents disagreed with the claims about leadership commitment. The respondent's response demonstrates a lack of leadership commitment at the bank, which hampered the effectiveness of strategic plan execution and had negative repercussions on the bank's performance.

4.3.2.4. Resource Allocation

Table 4.6 Respondent perception of resource allocation sufficiency			
Statements	N	Mean	Std. Deviation
Resources allocated for implementing strategic plans at Oromia Bank are adequate.	188	3.0798	1.01803
The allocated resources are utilized in accordance with the set goals.	188	3.1330	1.00713

Oromia Bank has personnel in all functional areas with the necessary skills and experience to carry out tasks.	188	3.2606	1.00328
There is a clear system for resource planning, allocation, and utilization at Oromia Bank.	188	3.1223	1.03466
Valid N (listwise)	188	3.15	

Source; own survey; 2024

Here participants were asked to provide their perspectives on the sufficiency of resource allocation at Oromia Bank using four items from the survey questionnaire for this topic. As a result, the average score for each statement was between 3.08 and 3.26. The statement with the highest mean score of 3.26 indicates that respondents have varying views on the sufficiency of skills and experience among bank employees across different functional areas. This conclusion highlights the need for Oromia Bank to assess and perhaps improve its personnel training and development initiatives. On the other hand, the statement with the lowest score of 3.08 suggests that respondents have mixed opinions about the adequate allocation of resources for carrying out strategic goals. This indicates a potential area for improvement. Addressing any shortcomings in resource allocation might help the bank better position itself to meet its goals and improve overall performance. Overall, opinions of "resource allocation sufficiency" appear neutral, pointing to possible differences in how employees perceive resource distribution within the firm.

4.3.2.5. Challenges in Execution

Table 4.7 Respondent perception of challenges in execution			
Statements	N	Mean	Std. Deviation
Communication barriers hinder the effective implementation of the strategic plan.	188	2.8404	1.20873
There are significant challenges in translating the strategic plan into actionable steps.	188	2.8830	1.16872
The strategic plan does not adequately address the dynamic market conditions.	188	2.7979	1.19786
There is a lack of training and development to support the implementation process. Resistance to change is dominant among employees during implementation.	188	3.2872	1.06095
Resistance to change is dominant among employees during implementation	188	3.4096	1.00656
External factors significantly affect the execution of the strategic plan at Oromia Bank.	188	3.3723	1.04430
Aggregate Values	188	3.0864	1.01552

Source; own survey, 2024

As seen in the table above, the effects of execution problems on performance resulted in mean scores ranging from 2.7979 to 3.4096. This range demonstrates respondents' overall neutrality toward the difficulties encountered in implementing strategic objectives in the past. Notably, respondents agreed with the assertion that "resistance to change is predominant among employees during implementation." The findings indicate that, while some respondents may have faced substantial obstacles, others may not have seen these challenges as severe, resulting in an overall ambiguous opinion of the execution.

4.3.2.6. Market Analysis Role

Table 4.8 Respondent perception of market analysis role			
Statements	N	Mean	Std. Deviation
Comprehensive market analysis contributes to Oromia Bank's improved market share.	188	3.4521	.96619
Oromia Bank frequently conducts market analysis to inform its strategic plans.	188	3.2979	.97925
Market analysis findings are integrated into the strategic planning process.	188	3.4468	1.08087
The bank assesses the industry as a whole, including new competitors, technology, procurement practices, price trends, and labor practices.	188	3.4362	1.08029
Aggregate Values	188	3.4082	1.00115

Source; own survey, 2024

The questionnaire's conformity with market analysis role construct consists of four questions on which respondents can rate. The mean score value for each of the four items varies slightly, ranging from 3.2979 to 3.4521. The highest mean score of 3.45 indicates "Comprehensive market analysis contributes to Oromia Bank's improved market share," and the low mean of 3.2979 indicates that Oromia Bank frequently conducts market analysis to inform strategic plans. The entire survey for market analysis function suggests a mean of 3.4082. This score indicates that participants agree on the efficacy and influence of market analysis within their firm. This implies that while there is recognition of the importance of market analysis in enhancing market share, there may be concerns regarding the regularity of its application in strategic planning. To maximize the benefits of market analysis, Oromia Bank should consider increasing the frequency and integration of market analysis into its strategic processes, ensuring that it consistently informs decision-making and enhances overall performance.

4.3.2.7. Innovations and Adaptability

Table 4.9 Respondent perception of market analysis innovations and adaptability			
	N	Mean	Std. Deviation
The level of innovation and adaptability within Oromia Bank's strategic planning is high.	188	3.0319	1.24490
The organization adapts its strategies in response to changing market conditions.	188	2.9468	1.11736
Innovation is a key component of Oromia Bank's strategic planning process.	188	3.2979	1.09280
Aggregate Values	188	3.09	1.11802

Source; own survey, 2024

Table 4:9 revealed that the whole combination of components had a mean of 2.65 and a standard deviation of 3.0922. This indicated that the majority of respondents were indifferent about previous innovations and flexibility that influenced the bank's performance, and that the strategic plan did not generate the desired results. All respondents were neutral on all assertions about innovations and adaptability. This illustrates that service quality did not meet expectations when the strategy plan was implemented due to the effect of innovation and adaptation aspects. It may signal a possibility for improvement, as stakeholders may benefit from increased focus to enhancing innovative techniques and flexibility to better meet existing problems and expectations.

4.3.2.8. CRM Practices

Table 4.10 Respondent perception of CRM practices			
Statements	N	Mean	Std. Deviation
The CRM practices at Oromia Bank effectively enhance service quality.	188	2.3670	1.16471
The bank's CRM system supports the achievement of strategic objectives.	188	2.7074	1.15834
Customer feedback is regularly incorporated into strategic planning.	188	2.3670	1.17841
Aggregate Values	188	2.4804	1.16715

Source; own survey, 2024

The descriptive data in Table 4:10 show that CRM practices vary from a high of 2.7074 to a low of 2.367, showing a significant influence on the bank's performance. Except for the second issue, which the respondents are neutral on, they disagree on the others. The majority of respondents disagreed with the question posed to them on how CRM methods improve service quality. This shows that most participants continue to differ on the usefulness of CRM strategies in enhancing

service quality performance. As a result, it is critical to make improvements to solve these issues and improve overall performance. Finally, this emphasizes the importance of CRM techniques in driving bank performance in terms of service quality and profitability.

4.3.2.9. Effects on overall performance

Table 4.11 Respondent perception of effects on performance.			
	N	Mean	Std. Deviation
Customer satisfaction has increased as a result of the strategic plan implementation.	188	2.9149	1.17605
The implementation of the strategic plan has improved the bank's profitability.	188	3.2021	1.08050
The market share of Oromia Bank has grown since the implementation of the strategic plan	188	2.6383	1.11241
Operational efficiency has improved due to effective strategic planning implementation.	188	2.9362	.98988
The main pillars of the strategic plan are implemented within the established time frame	188	3.1064	1.16516
The quality of service provided by Oromia Bank has enhanced following the strategic plan implementation	188	2.8245	1.14511
Due to strategic plan implementation, organizational goals and objectives are achieved.	188	2.9681	1.11817
Oromia Bank has achieved the intended outcomes of its strategic plan.	188	2.9574	1.16007
Aggregate Values	188	2.9434	1.13065

Source; own survey, 2024

The results in table 4:11 showed that the entire combination of the elements used to quantify the influence on the bank's performance had a mean of 2.94. This suggested that the majority of respondents were ambivalent about the consequences of strategic plan execution on the bank's performance, and the strategic plan did not produce the desired results. This demonstrates that customer satisfaction did not meet expectations when the strategy plan was executed owing to the consequences of leadership pledges, personnel commitments, and CRM practices, inadequate resource allocations, and little external environment considerations. The average combined performance item standard deviation was 0.98, indicating that respondents' responses varied little. All the items had minimal variation responses.

4.4. Inferential Statistics Analysis

Inferential statistics is a type of data analysis tool used to draw conclusions about the overall population based on the selected sample. In this study, various inferential statistical methods, including correlation and regression analysis, were utilized to assess the research objectives. The analysis focused on eight key predictor variables: strategic plan quality, employee engagement, leadership commitment, resource allocation adequacy, execution challenges, the role of market analysis, innovation and adaptation, and customer relationship management (CRM) practices.

4.4.1. Correlation Analysis

Correlation assesses the order of the linear regression model's variables. Correlation analysis helps you to find the links between variables. The correlation coefficient usually ranges between +1 and -1. A correlation value of +1 implies that there is a perfect positive link between the two variables, whereas a correlation coefficient of -1 shows a perfect negative relationship. In contrast, a correlation value of zero shows that there is no association between two variables (Brook, 2008). According to Bhattacharjee (2012), the strength of the link between variables may be understood using the rules provided for the correlation coefficient (R). This guideline interprets the correlation coefficient as follows: a value between 0.1 and 0.29 indicates a weak association; a value between 0.3 and 0.49 signifies a moderate relationship, and a value greater than 0.5 represents a strong relationship among the variables considered. The table below shows the correlation matrix between the dependent and independent variables.

		CRM	Plan quality	Engagement	Leadership	Resource	Challenges	Market analysis	Innovation	Performance
CRM	Pearson Correlation	--								
	N	188								
Plan quality	Pearson Correlation	.051	--							
	Sig. (2-tailed)	.489								
	N	188	188							
Engagement	Pearson Correlation	.295**	.478**	--						
	Sig. (2-tailed)	.000	.000							
	N	188	188	188						
Leadership	Pearson	.220**	.243**	.496**	--					

ship	Correlation									
	Sig. (2-tailed)	.003	.001	.000						
	N	188	188	188	188					
Resource	Pearson Correlation	-.167*	.363**	.419**	.552**	--				
	Sig. (2-tailed)	.023	.000	.000	.000					
	N	188	188	188	188	188				
Challenges	Pearson Correlation	.089	.446**	.504**	.636**	.600**	--			
	Sig. (2-tailed)	.225	.000	.000	.000	.000				
	N	188	188	188	188	188	188			
Market analysis	Pearson Correlation	.080	.510**	.403**	.480**	.450**	.628**	--		
	Sig. (2-tailed)	.278	.000	.000	.000	.000	.000			
	N	188	188	188	188	188	188	188		
Innovation	Pearson Correlation	-.001	.437**	.378**	.518**	.529**	.716**	.498**	--	
	Sig. (2-tailed)	.993	.000	.000	.000	.000	.000	.000		
	N	188	188	188	188	188	188	188	188	
Performance	Pearson Correlation	.033	.480**	.463**	.506**	.481**	.617**	.512**	.861**	--
	Sig. (2-tailed)	.656	.000	.000	.000	.000	.000	.000	.000	
	N	188	188	188	188	188	188	188	188	188
**. Correlation is significant at the 0.01 level (2-tailed).										
*. Correlation is significant at the 0.05 level (2-tailed).										

Source; own survey, 2024

According to the correlation analysis summary table 4:12, all independent factors (CRM practices, plan quality, employee engagement, leadership, challenges, resource allocation, market analysis, and innovation variables) are substantially linked with the dependent variables (performance). This study found that innovations and adaptability exhibited the strongest correlation coefficient ($r = 0.861$, $P < 0.05$), followed by execution challenges ($r = 0.617$, $P < 0.05$), market analysis ($r = 0.512$, $P < 0.05$), leadership commitment ($r = 0.506$, $P < 0.05$), resource allocation ($r = 0.481$, $P > 0.05$), plan quality ($r = 0.480$, $P < 0.05$), employee engagement ($r = 0.463$, $P < 0.05$), and CRM practices ($r = 0.33$, $P < 0.05$). Consequently, increases or decreases in these variables are significantly correlated with changes in the second

variable. Therefore, the results of the explanatory analysis and the inferential (correlation) analysis indicate a strong positive association between the independent and dependent variables.

4.4.2. Regression Analysis

Regression analysis is a statistical method employed to examine the relationship between dependent and one or more independent variables. It helps determine the strength of the association between these variables. To gain clear insights into the variables in this study, the researcher made an effort to evaluate the underlying assumptions before conducting the regression analysis.

4.4.2.1. Test of Regression Assumption

The assumptions of regression analysis in statistics have distinct properties dependent on parametric circumstances. As a result, failure to adhere to these assumptions might drastically affect the research interpretation and results reached. According to Hair et al. (2021), following the regression analysis assumptions is critical to ensuring that the data properly reflects the sample and yields optimal findings. To ensure model integrity and reach exact interpretations, this study conducted the appropriate testing.

1. Normality

The normal distribution can be evaluated through skewness and kurtosis statistics. Field (2018) indicates that the acceptable range for normality for both measures is between -2 and +2. The table below demonstrates that the kurtosis and skewness values for all variables are largely within this range. This suggests that all items exhibit a distribution that is close to normal, as they fall within the specified limits of -2 to 2 for skewness and kurtosis. Consequently, the data utilized in this study can be considered normally distributed.

Table 4.13: Result of Normality Test

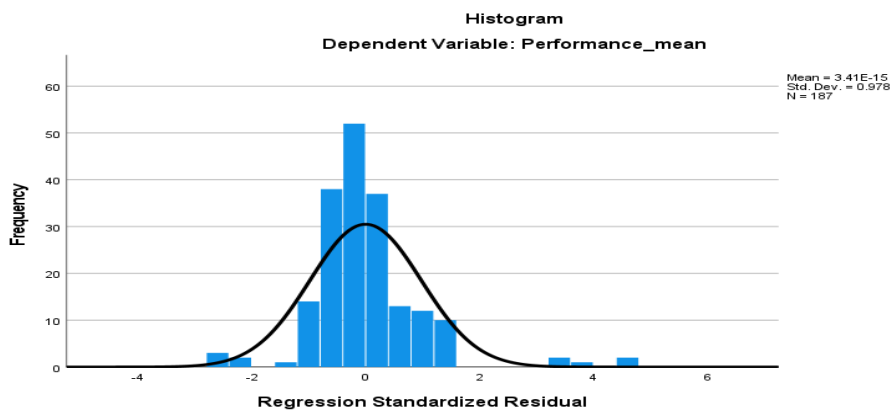
Descriptive Statistics					
	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
CRM practices	188	.713	.178	-.224	.354
Plan quality	188	.373	.177	-.259	.353
Engagement	188	-.204	.177	-.527	.353
Leadership	188	.299	.177	-.232	.353
Resource	188	-.048	.177	-1.068	.353
Challenges	188	-.134	.177	-.572	.353

Market analysis	188	-.154	.177	-1.007	.353
Innovation	188	-.072	.177	-.742	.353
Performance	188	-.008	.177	-.592	.353
Valid N (listwise)	188				

Source; own computation, SPSS V-27

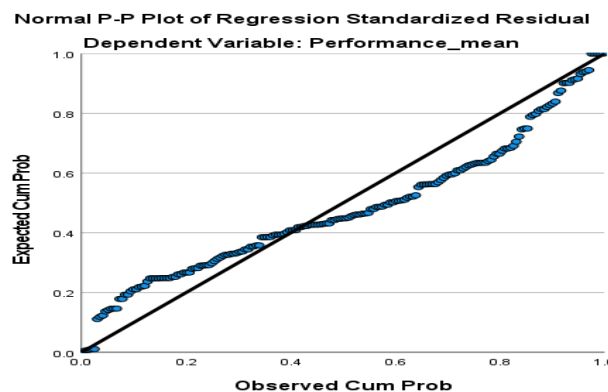
A histogram serves as an additional tool for comparing observed data values against a distribution that closely resembles normality. According to Pallant (2020), the histogram of the research variables reinforces the expectation of a normally shaped distribution. The following histogram illustrates that the data is normally distributed, presenting a bell-shaped curve. Thus, the findings indicate that the data meets the normality assumption.

Figure 1: Test for Normality by histogram



Source; own computation vi SPSS V-27

Figure 4.2: Normal P-P variables plot



The P-P plot (probability-probability plot) is another technique used to assess the normality of the data in this study. According to Field (2018), P-P plots differ from residual plots in that they compare standardized residuals directly to the normal distribution. In a normal distribution, the

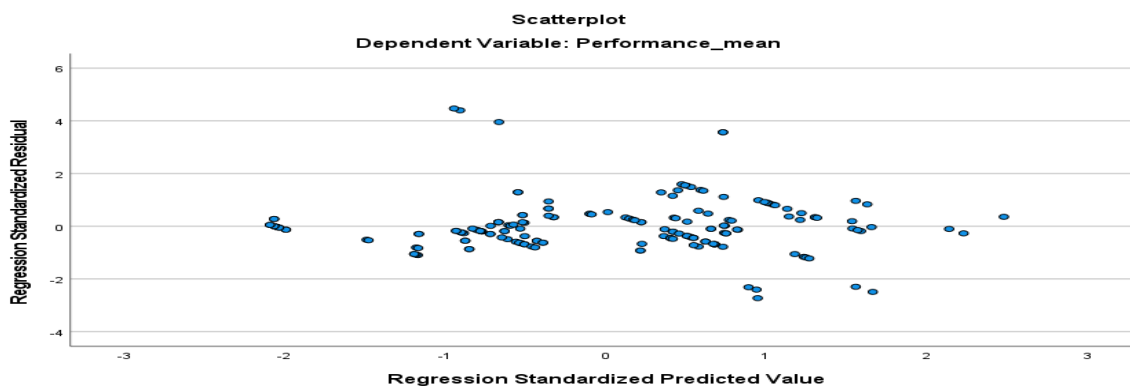
plotted residuals should closely follow the diagonal line. If the distribution is normal, the residual line will align closely with the diagonal (Field, 2018). Based on the provided graph, the data appears to be normally distributed.

2. Test for Homoscedasticity

The homoscedasticity test assessed the error variance between the independent and dependent variables, as well as among all dependent variables. Tabachnick and Fidell (2019) explain that the homogeneity of variance test checks for constant error variance, while the independence test assesses whether the errors related to changes in one variable are uncorrelated with errors in another variable. These assumptions are essential for the validity of statistical conclusions. Field (2018) recommends creating a scatterplot with standardized residuals (ZRESID) on the y-axis and standardized predicted values of the dependent variable (ZPRED) on the x-axis. This scatterplot can help identify whether the error variance remains constant across the range of predicted values, a key assumption for many statistical analyses.

In this study, the assumption of homoscedasticity for the metric variables was tested using a scatterplot. Specifically, a scatterplot of the standardized residuals was created for all variables, with the results displayed in Figure 4.3. The scatterplot showed that the data points did not exhibit any clear patterns, indicating that as the independent variables increased, the dependent variable also improved. This finding supports the linearity assumption and confirms that the assumption of homoscedasticity was not violated (Pallant, 2020). The absence of noticeable patterns in the residuals suggests that the error variance remained consistent across the predicted values.

Figure 4: Test of Homogeneity of Variances



Source; own survey, 2024

3. Test for Multicollinearity

Multicollinearity occurs when two or more independent variables exhibit a high correlation with each other (Hair et al., 2019). The assumption of multicollinearity was evaluated using a correlation matrix, along with tolerance and variance inflation factor (VIF) statistics (Tabachnick & Fidell, 2019). Two common methods for assessing multicollinearity are tolerance and VIF (Pallant, 2020). The Variance Inflation Factor (VIF) measures the degree to which multicollinearity has increased the variance of an estimated coefficient (O'Brien, 2007). It evaluates the extent to which an explanatory variable can be accounted for by all other explanatory variables in the model (Studenmund, 2017). A VIF value exceeding 10 indicates multicollinearity, while a tolerance value below 0.1 further corroborates this concern (Hair et al., 2019). As shown in Table 4.18 below, the results of the collinearity analysis revealed that all VIF values were below 10, and tolerance values were above 0.1. Therefore, there are no multicollinearity issues among the variables in this study.

Table 4.14 Test multicollinearity

Coefficients ^a			
Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	CRM practices	.743	1.346
	Plan quality	.593	1.687
	Engagement	.547	1.828
	Leadership	.457	2.187
	Resource	.481	2.077
	Challenges	.314	3.182
	Market analysis	.524	1.908
	Innovation	.449	2.228

a. Dependent Variable: Performance

Source; own survey, 2024

4. Test for Autocorrelation

Autocorrelation is a method used to evaluate the extent to which the same variables remain independent across two consecutive time periods (Wooldridge, 2020). Field (2018) states that the test statistic can range from 0 to 4, with a value of 2 signifying that the residuals are uncorrelated. A Durbin-Watson statistic near two indicates low autocorrelation among the

residuals (Dougherty, 2016). As shown in Table 4.19, the Durbin-Watson result for this study is 1.541, which is relatively close to the acceptable benchmark of 2.0. This finding suggests that the assumption of independent errors is valid and that significant autocorrelation issues are not present (Field, 2018).

5. Test for Linearity

The linearity of the relationship between the dependent and independent variables indicates how changes in the dependent variable correspond to changes in the independent variable (Hair et al., 2019). Assessing linearity is crucial for evaluating the effectiveness of the methodologies used in the study (Field, 2018). To ensure the research's reliability, all assumptions related to the regression test were satisfied. Hoekstra et al. (2014) indicate that the linearity assumption can be easily evaluated using scatterplots or residual plots, which display the residuals in relation to the predicted values of the dependent variable or one of the independent variables. As illustrated in Figure 4, the assumptions for the linearity test applied in this research for regression analysis were satisfied according to the established criteria (Field, 2018; Hair et al., 2019).

4.4.3. Multiple Linear Regression Analysis

Multiple linear regression analysis is utilized to examine the simultaneous relationships between multiple independent variables and a dependent variable (Field, 2022; Kutner et al., 2021). This statistical technique allows researchers to understand how various predictors contribute to the outcome of interest, enabling more comprehensive data analysis (Cohen et al., 2023). It provides a more comprehensive understanding of how multiple factors influence the outcome variable, potentially resulting in more accurate predictions and improved decision-making (Chatterjee & Hadi, 2022; Hair et al., 2021). Therefore, the researcher employed multiple linear regressions analysis to explore the effect of strategic plan implementation on the performance components such as Strategic plan quality (X_1), Employee engagement (X_2), Leadership Commitment (X_3), Challenges in execution (X_4), Resource allocation (X_5), Market analysis (X_6), Innovation & adaptability (X_7) and CRM practices (X_8) on the dependent variable Bank performance (BP). Thus, the model used to examine the determinant factors of bank performance in this study was

$$Y = A + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + b_6X_6 + b_7X_7 + b_8X_8 + \varepsilon$$

Where:

- A is the y-intercept
- $b_1, b_2, b_3, b_4, b_5, b_6, b_7, b_8$ are the regression coefficients for each independent variable
- ε is the error term.

Using the regression model, the researcher assessed the strength of the relationship between various outcomes (dependent variables) and independent variables. Additionally, the regression model illustrated how these outcomes are influenced by changes in the predictor variables. To determine the impact of the predictor variables on the performance of the bank, a significance level of 0.05 with a 95% confidence interval was utilized. Razali and Wah (2011) found that the probability values exceeded 0.05, indicating that, at a 95% confidence level, the sample demonstrated a normal distribution. The influence of various factors on the performance of the bank is illustrated in Table 4.17.

Table 4.15 model summary of bank performance

Model Summary ^b										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.882 ^a	.778	.769	.45907	.778	78.606	8	180	.000	1.541
a. Predictors: (Constant), Innovation CRM, Plan quality, Leadership , Market, Engagement , Resource, Challenges										
b. Dependent Variable: Performance										

Source; own survey, 2024

Implication of R, R square (R^2) and Adjusted R Square (R^2) is illustrated as follows.

The R value indicates the correlation between observed and predicted values, representing the multiple correlation coefficients between the predictors and the outcome. It ranges from 0 to 1, with larger values indicating stronger correlations, and a value of 1 representing a perfect prediction of the observed value (Hair et al., 2019). The model summary, with an R value of 0.882, indicated a strong linear relationship between the independent variables and strategic plan implementation.

The value of R Square (R^2) indicates the proportion of variance in the dependent variable that can be explained by the linear combination of the independent variables. In other words, R^2 measures how much of the variability in the outcome is accounted for by the predictors. The value of R^2 ranges from 0 to 1 (Hair et al., 2019). As shown in the table, the R^2 value is 0.778, indicating that 77.8% of the company's performance (dependent variable) is influenced by

variations in the independent variables. The remaining 22.2% of the organization's performance is attributed to unknown variables that were not considered in this study. Therefore, while 77.8% of the performance indicators used as independent variables significantly impact the organization, 22.2% of other factors affecting performance remain unmentioned.

Adjusted R Square (R²) provides insight into how well the model generalizes, with its value typically being the same as or very close to that of R². This adjustment allows R² to more accurately represent the population under study (Field, 2018; Hair et al., 2019). The difference for the final model is small (in fact the difference between R² and Adjusted R² is (0.778 – 0.769= 0.009) which is approximately 0.9%. This minimal shrinkage indicates that the model's explanatory power is relatively stable and that the predictors included in the model are effectively accounting for the variability in the dependent variable without over-fitting.

ANOVA Test

In the regression model, the analysis of variance (ANOVA) offers insights into the variability explained by the regression (Montgomery et al., 2022). In this study, the ANOVA test was utilized to evaluate the effects of the independent variables on the banks performance (dependent variable). The results of the ANOVA test are presented in Table 4.20 below

Table 4.16 ANOVA OF Bank Performance

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	132.527	8	16.566	78.606	.000 ^b
	Residual	37.724	180	.211		
	Total	170.251	188			
a. Dependent Variable: Performance						
b. Predictors: (Constant), Innovation, CRM, Plan quality, Leadership, Market, Engagement, Resource, Challenges						

In regression analysis, the F-statistic test evaluates the significance of the overall model fit (Kutner et al., 2021). In Table 4:20, the ANOVA test results indicate an F ratio of 78.606 with a P-value of 0.000, which aligns with the significance criteria of the F-statistic test for explaining the relationship between independent factors and dependent variables. Based on the results of the ANOVA test, the researcher concluded that all predictor variables were significantly connected to the dependent variables.

Regression Coefficient

The regression coefficient analysis illustrates how changes in one or more independent variables affect the outcome (dependent variable), as indicated by the standardized Beta coefficient (Field, 2018; Hair et al., 2019). The predictor variable with the highest Beta coefficient significantly influences the predicted output.

Table 4.17 Summary of Coefficient on bank Performance

Model		Coefficients ^a						
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.065	.146		-3.559	.000		
	CRM	-.030	.041	-.029	6.974	.000	.743	1.346
	Plan quality	.069	.045	.071	2.641	.009	.593	1.687
	Engagement	.153	.049	.150	3.145	.002	.547	1.828
	Leadership	.071	.052	.070	4.847	.000	.457	2.187
	Resource	-.027	.043	-.031	-.613	.541	.481	2.077
	Challenges	-.154	.061	-.159	-2.535	.012	.314	3.182
	Market	.074	.041	.088	-2.103	.037	.524	1.908
	Innovation	.795	.051	.823	2.618	.010	.449	2.228

a. Dependent Variable: Performance

Source; own survey, 2024

In multiple regressions, the standardized regression coefficient Beta (β) is valuable as it enables the comparison of the relative strength of each independent variable's effect on the dependent variable (Pedhazur & Schmelkin, 2013). From the independent variables presented in Table 4:19, innovation exhibited the highest regression coefficient at $\beta=0.823$, $p<0.05$, followed by employee engagement at $\beta=0.15$, $p<0.05$; market analysis at $\beta=0.088$, $p<0.05$; strategic plan quality at $\beta=0.071$, $p<0.05$; leadership commitments at $\beta=0.070$, $p<0.05$; CRM practices at $\beta=-0.029$, $p<0.05$; and challenges in execution at $\beta=-0.159$, $p<0.05$. This indicates that, with the exception of resource allocation ($\beta=-0.031$, $p>0.05$), all independent variables listed in this study had a significant relationship with the bank's performance.

Based on the results illustrated in the regression coefficient test, the linear regression equation indicated that the performance is influenced by innovation and adaptability, employee

engagement, leadership commitment, market analysis, strategic plan quality, CRM practices and challenges in execution, were arranged as follows:

$$Y = A + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + b_6X_6 + b_7X_7 + b_8X_8 + \varepsilon$$

Where:

- Y is Performance is the dependent variable
- A is the y-intercept
- $b_1, b_2, b_3, b_4, b_5, b_6, b_7, b_8$ are the regression coefficients for each independent variable
- X_1 is Strategic Plan Quality
- X_2 is Employee Engagement.
- X_3 is Leadership Commitment.
- X_4 is Challenges in execution
- X_5 is Market Analysis
- X_6 is Innovation & Adaptability.
- X_7 is CRM practices.

$$Y = 0.065 + 0.071X_1 + 0.15X_2 + 0.07X_3 + (-0.159) X_4 + 0.088X_5 + 0.823X_6 + (-0.029) X_7 + \varepsilon$$

From the established regression analysis reveals significant insights into the factors influencing performance (Y) through the specified independent variables. The model shows that Strategic Plan Quality (X_1) and Employee Engagement (X_2) positively contribute to performance, with coefficients of 0.071 and 0.15, respectively. This suggests that improvements in these areas can enhance overall performance, highlighting their importance in organizational success. Leadership Commitment (X_3) also has a positive effect, albeit modest, with a coefficient of 0.07, indicating that strong leadership can foster a conducive environment for performance enhancement. Conversely, certain challenges negatively impact performance. Notably, Challenges in Execution (X_4) has a significant negative coefficient of -0.159, underscoring the detrimental effects that obstacles in implementing strategies can have on performance outcomes.

On a more positive note, Market Analysis (X_5) and Innovation & Adaptability (X_6) show strong positive influences, with coefficients of 0.088 and 0.823, respectively. This indicates that organizations that prioritize market insights and foster innovation are likely to see substantial improvements in performance. Lastly, CRM Practices (X_7) has a minor negative impact with a coefficient of -0.029, suggesting that while CRM practices are essential; their current

implementation may require refinement to better support performance goals. Overall, the findings underscore the significance of fostering innovation and engagement while addressing execution challenges and resource management to enhance organizational performance.

4.4.4. Hypothesis testing and discussion

In hypothesis testing, the item that should be noticed is the probability (p) value. If $p > 0.05$, it indicates that the independent variable does not have an effect on the dependent variable. Conversely, if $p < 0.05$, it suggests that the independent variable does influence the dependent variable (Field, 2018). Based on table 4.19 above in significance value is used to test the impact of each of the independent variables on bank performance separately. Based on this, if the significance value is less than the p-value ($p < 0.05$), it can be concluded that the independent variables have a significant impact on bank performance (Field, 2018; Hair et al., 2019). The details of the findings are presented separately as follows:

4.4.4.1. Effect of strategic plan quality on the banks performance

H1: The quality of the strategic plan is positively correlated with the bank's profitability.

The coefficients of the regression for strategic plan quality factor is (0.071; $P > 0.05$). Based on the regression result, the null hypothesis which states that “there is no positive correlation between the quality of the strategic plan and the bank's profitability” is accepted. This implies that the strategic plan quality factor is not statistically significant determinant of Oromia banks performance. This indicates a lack of strong evidence to support a significant positive correlation with profitability. Also suggests that improvements in strategic planning quality may not be adequately translating into financial gains.

4.4.4.2. Effect of challenges in execution on the banks performance

H2: The challenges faced in the execution of the strategic plan are negatively associated with the bank's overall performance.

The coefficients of the regression for challenges in executions factor have a p-value of 0.012 ;($P < 0.05$) supporting the hypothesis that execution challenges negatively impact overall performance is accepted. This variable shows a significant negative association with overall performance. This also emphasizes the critical need for addressing execution challenges to improve the bank's performance.

4.4.4.3. Effect of employee engagements on the banks performance

H3: Employee engagement contributes to more successful strategic plan implementation, which enhances performance outcomes.

The regression coefficients for employee engagement have a p-value of 0.002 ($p < 0.05$). Based on these results, we reject the null hypothesis, which states that "employee engagement does not significantly influence the successful implementation of strategic plans at Oromia Bank." This implies that employee engagement is a statistically significant determinant of the bank's performance, indicating a strong positive correlation with successful strategic plan implementation and enhanced performance outcomes. These findings emphasize the critical importance of fostering a committed and motivated workforce to achieve strategic goals, suggesting that the bank should prioritize initiatives that enhance employee engagement to drive better performance.

4.4.4.4. Effect of leadership commitments on the banks performance

H4: Leadership commitment significantly influences the effectiveness of strategic planning initiatives at Oromia Bank, affecting performance.

The coefficients of the regression for leadership commitments factor have a p-value of (0.000; $P > 0.05$). Based on the regression result, the null hypothesis which states that "leadership commitment does a significantly influence the effectiveness of strategic planning initiatives at Oromia Bank, and it has no effect on performance." is accepted. This implies that the leadership commitments factor is not statistically significant determinant of Oromia banks performance. This indicates a lack of strong evidence to support a significant positive correlation with profitability. This finding point to potential areas for improvement in leadership practices to enhance strategic initiative success and bank performances. Also suggests that the bank may need to refine their leadership approaches.

4.4.4.5. Effect of resource allocation on the banks performance

H5: Effective resource allocation enhances the service quality of banking services.

The regression coefficient for resource allocation has a p-value of 0.541 ($p > 0.05$). This leads us to accept the null hypothesis, indicating that resource allocation does not significantly impact service quality at Oromia Bank. The lack of statistical significance suggests that current resource allocation practices are not effectively contributing to improved service quality, highlighting a disconnect between resource distribution and performance outcomes. This outcome underscores the necessity for a strategic review of resource allocation processes, as optimizing these practices

could potentially enhance overall effectiveness and performance within the bank. The findings reflect a broader reality where resource allocation, while critical, must be aligned with strategic objectives to yield meaningful improvements in service delivery and customer satisfaction.

4.4.4.6. Effect of market analysis on the banks performance

H6: Comprehensive market analysis plays a crucial role in increasing market share for banks.

The regression coefficient for market analysis has a p-value of 0.037 ($p > 0.05$). This indicates a positive relationship between market analysis and the dependent variable, suggesting that as market analysis increases, the dependent variable also tends to increase. The p-value being less than 0.05 signifies that this result is statistically significant; allowing us to confidently conclude that market analysis has a meaningful impact on the dependent variable in this context.

4.4.4.7. Effect of innovation and adaptability on the banks performance

H7: Innovation and adaptability are related to the bank's profitability.

The regression coefficients for innovation and adaptability have a p-value of 0.000 ($p < 0.05$). Based on these results, we reject the null hypothesis, which states that "innovation and adaptability do not significantly influence the bank's profitability." This implies that innovation and adaptability are statistically significant determinants of Oromia Bank's profitability, providing strong evidence to support the hypothesis that these factors are crucial for enhancing financial performance. The significance of this finding underscores the importance of fostering a culture of innovation within the bank, indicating that ongoing investment in innovative practices is essential for sustained profitability and competitive advantage.

4.4.4.8. Effect of CRM practices on the banks performance

H8: Effective CRM practices enhance service quality and customer loyalty.

The regression coefficient for CRM practices is -0.029, with a p-value of 0.000 ($p < 0.05$). This negative coefficient indicates that there is a slight inverse relationship between CRM practices and the dependent variable, suggesting that as CRM practices increase, the dependent variable tends to decrease, albeit by a small margin. The p-value reinforces the statistical significance of this finding, indicating that the result is unlikely to be due to random chance. Therefore, it is essential to interpret these results carefully, as they highlight the potential for CRM practices to have a detrimental effect on the outcome being examined. This could prompt further investigation to understand the underlying reasons for this inverse relationship and to explore whether specific aspects of the CRM practices are contributing to this unexpected result. Overall,

these findings suggest a need for a reassessment of CRM strategies to determine their overall effectiveness and potential adjustments that could enhance positive outcomes.

Table 4.18 Summary of Hypothesis Testing

Hypothesis	Analysis Used		Findings	Result
H1	Multiple Regression	$\beta = 0.071; p < 0.05$	Positive significant	Accepted
H2	Multiple Regression	$\beta = 0.150; p < 0.05$	Positive significant	Accepted
H3	Multiple Regression	$\beta = 0.070; p < 0.05$	Positive significant	Accepted
H4	Multiple Regression	$\beta = -0.031; p < 0.05$	Negative significant	Accepted
H5	Multiple Regression	$\beta = -0.159; p > 0.05$	Not significant	Rejected
H6	Multiple Regression	$\beta = 0.088; p < 0.05$	Positive significant	Accepted
H7	Multiple Regression	$\beta = 0.823; p < 0.05$	Positive significant	Accepted
H8	Multiple Regression	$\beta = -0.029; p < 0.05$	Negative significant	Accepted

Chapter Five

5. Summary of findings, Conclusion and Recommendations

In this chapter, a summary of the findings is presented regarding the effects of strategic plan implementation on the performance of the organization. The chapter includes conclusions based on the study's findings, as well as recommendations. The first part offers a brief summary of the findings, the second part presents the conclusions, and the final section provides recommendations for further research on the impact of strategic plan implementation in the banking sector.

5.1. Summary of findings

The main objective of this research was to examine the effect of strategic plan implementation on the performance of Oromia Bank. In order to achieve the desired objectives, five specific objectives such as; the effect of strategic plan quality, employee engagement, resources allocation, leadership commitment, challenges in execution, market analysis, CRM practices and innovation and adaptability variables on performance were developed and analyzed. Out of the distributed questionnaires, 94% were collected and utilized for analysis. The study employed a descriptive research design, presenting findings through charts, graphs, percentages, frequencies, means, standard deviations, and coefficients of variation. A sample size of 200 was drawn from the Oromia Bank Head Office. Inferential statistics were applied, using correlation and regression analyses to explore the relationships between the independent and dependent variables.

The demographic results indicated that the majority of participants were male (72.3%), while females accounted for 27.7%. Age-wise, most respondents (71.3%) were in the 36-45 years bracket, indicating a workforce primarily in their mid-career stages; 12.8% were aged 18-25, and 16.0% were 46-55. Educationally, 62.8% held master's degrees, while 37.2% had bachelor's degrees, suggesting a strong understanding of strategic planning concepts. In terms of work experience, 62.8% had 6 to 10 years of experience, with 29.8% having 11 to 15 years, and only 5.3% reporting 1 to 5 years. The positions held varied, with the most common role being officers (28.7%), followed by junior officers (13.8%), senior officers (26.6%), and division managers (10.6%). This diversity in positions reflects a range of insights from different organizational levels, underscoring the respondents' capacity to provide informed feedback.

The findings reveal that the quality of the strategic plan is perceived positively, with an average score of 3.461, indicating that employees believe it significantly influences performance metrics such as profitability and service quality. However, while the overall perception of strategic plan quality is favorable, there is a moderate agreement regarding its role in improving performance.

In terms of employee engagement, the results indicate a concerning low level of participation, with an average score of 2.5729. Respondents expressed a neutral stance on whether the strategic plan is clearly communicated, suggesting gaps in feedback mechanisms that could enhance engagement. This lack of clarity points to a need for Oromia Bank to improve communication and opportunities for employee input.

Leadership commitment emerged as another critical factor, with an average score of 2.5448 reflecting general disagreement among respondents about its effectiveness in facilitating strategic plan implementation. This indicates a perceived lack of strong leadership, which may hinder the success of the strategic initiatives.

Resource allocation was assessed with a neutral average score of 3.15, highlighting mixed perceptions regarding the adequacy of resources for strategic plan execution. Respondents indicated a need for better training and development programs to enhance staff capabilities, which could further support strategic goals.

Challenges in execution were noted, with an average score of 3.0984 suggesting that while some respondents identified significant barriers, others did not perceive these challenges as impactful. Notably, resistance to change was acknowledged as a prevalent issue during implementation.

The role of market analysis received a more favorable view, with an average score of 3.4082, indicating that respondents recognize its importance in improving market share. However, concerns were raised about the frequency and integration of market analysis into strategic planning processes.

Innovation and adaptability scored neutrally at 3.0922, suggesting that stakeholders see room for improvement in these areas to meet evolving market demands. Similarly, customer relationship management (CRM) practices were viewed negatively, with an average score of 2.4804,

indicating that most respondents do not believe these practices effectively enhance service quality.

Overall impact of strategic plan implementation on performance was perceived neutrally, with an average score of 2.9434. This suggests that expected outcomes, such as increased customer satisfaction and improved profitability, were not fully realized, attributed to gaps in leadership commitment, employee engagement, and CRM practices, among other factors. The findings underscore the need for Oromia Bank to address these issues to enhance the effectiveness of its strategic planning initiatives and overall performance.

Lastly, the inferential statistics analysis in this study employed various tools, including correlation and regression analyses, to explore the relationships between multiple predictor variables and bank performance at Oromia Bank. The correlation analysis revealed strong positive correlations between independent variables such as strategic plan quality, employee engagement, leadership commitment, and innovation and the dependent variable, performance, with innovation showing the highest correlation coefficient ($r = 0.861$). Regression analysis further demonstrated that these independent variables significantly influence bank performance, with an R^2 value of 0.769 indicating that 76.9% of the variance in performance can be explained by the predictors. Among the independent variables, innovation had the strongest impact ($\beta = 0.823$), followed by employee engagement ($\beta = 0.150$) and market analysis ($\beta = 0.088$). The analysis also confirmed the assumptions of normality, homoscedasticity, and the absence of multicollinearity, ensuring the robustness of the findings. Overall, the results indicate that strategic plan implementation, characterized by various factors, plays a crucial role in enhancing the performance of Oromia Bank.

5.2. Conclusions

This study highlights the critical role of strategic plan implementation in enhancing the performance of Oromia Bank. While the quality of the strategic plan positively correlates with service quality, it does not significantly impact profitability, indicating a need for improved execution processes. Employee engagement emerged as a vital factor for success, emphasizing the importance of fostering a culture of involvement and enhancing communication. Additionally, challenges such as resistance to change and insufficient leadership commitment must be addressed to optimize strategic execution. To achieve better performance outcomes,

Oromia Bank should focus on refining its customer relationship management practices and fostering innovation and adaptability.

In Conclusion, the study summarize that while Oromia Bank has made step in strategic plan implementation, there are significant areas for improvement. By focusing on enhancing employee engagement, leadership commitment, and addressing execution challenges, the bank can optimize its strategic planning processes and achieve better performance outcomes. The findings provide valuable insights for decision-makers within the bank, guiding them in refining their strategic initiatives to align more closely with organizational goals and market demands.

5.3. Recommendations

Based on the research findings and conclusions presented, the following general recommendations were presented;

- Oromia Bank should clearly communicate its strategic plan to employees and involve them at all levels to foster a sense of ownership and commitment, aligning with the organization's culture.
- Establish clear communication channels to keep employees informed about the strategic plan and its objectives. Regularly update and feedback sessions can enhance engagement. Additionally, invest in training programs to equip employees with the skills needed for effective strategy implementation.
- Invest in leadership development programs to enhance leaders' ability to inspire and motivate employees. Training should focus on effective communication, change management, and strategic vision. Encourage leaders to be more visible and involved in the implementation of strategic initiatives, demonstrating their commitment to the bank's goals.
- As resources allocation is the backbone to the organization to survive in market. The study recommends allocation of financial and non-financial resources and Conduct regular assessments of resource allocation, ensuring adequate resources and training are provided to support strategic initiatives, addressing any identified gaps.
- Identify and address internal challenges that hinder effective strategy implementation. This may involve streamlining processes, improving communication, and enhancing interdepartmental collaboration.

- Develop and implement change management strategies to address resistance to change. This may include establishing mechanisms to regularly monitor and address challenges in execution, ensuring that barriers are identified and resolved promptly.
- Integrate regular market analysis into strategic planning to ensure the bank remains responsive to market changes and customer needs, using these insights to inform decision-making and align strategies with market demands.
- Foster innovation and continuous improvement by encouraging creative thinking, experimentation, and rewarding innovative ideas to ensure long-term competitiveness and adaptation to market changes also to enhance operational efficiency and customer service.
- Evaluate current CRM practices, gathering customer feedback to identify improvement areas and implement best practices, including staff training, to enhance service quality, satisfaction, and loyalty.

By implementing these recommendations, Oromia Bank can enhance the effectiveness of its strategic plan implementation, leading to improved performance and sustained growth in the competitive banking sector. These recommendations aim to create a more engaged workforce, strengthen leadership, optimize resource use, and ensure that the bank is agile and responsive to market demands.

5.4. Theoretical contribution and policy implications

This study contributes to the existing literature on strategic management by providing empirical evidence on the relationship between strategic plan implementation and organizational performance, particularly within the banking sector in Ethiopia. By integrating various factors such as employee engagement, leadership commitment, and resource allocation, the research enriches the understanding of how these elements interact to influence performance outcomes. The findings challenge previous assumptions regarding the direct correlation between strategic plan quality and profitability, suggesting that effective implementation processes are equally, if not more, crucial for achieving desired performance metrics. This nuanced perspective enhances the theoretical framework surrounding strategic management, emphasizing the importance of execution alongside formulation in driving organizational success.

The insights derived from this research have significant implications for policymakers and banking executives aiming to enhance performance within financial institutions. Policymakers should consider developing frameworks that prioritize employee engagement and leadership commitment as essential components of strategic planning processes. By fostering a culture of involvement and ensuring that employees are well-informed about strategic initiatives, banks can improve execution effectiveness and overall performance. Additionally, the study highlights the need for continuous market analysis and innovation, suggesting that financial institutions invest in adaptive strategies that respond to changing market conditions. Implementing these recommendations can lead to more robust strategic planning practices, ultimately enhancing the competitive edge of banks in a dynamic financial landscape.

5.5. Limitations and Recommendations for further research

Despite the encouraging findings, this study has certain drawbacks. Firstly, the scope is confined to a single bank, which may not accurately reflect the broader banking sector in Ethiopia or other regions. This limitation affects the applicability of the results to other contexts. Additionally, the study relies on self-reported data from employees, which introduces potential bias stemming from personal perceptions and possible exaggerations in their responses. Although the sample size of 200 was considered adequate, a larger sample encompassing multiple banks could yield a more comprehensive understanding of the effects of strategic plan implementation. The research is also constrained by its temporal context, as the data reflects a specific time frame and may not account for changes in the banking environment or strategic priorities over time. Furthermore, the focus on quantitative metrics may overlook qualitative aspects of strategic implementation, such as employee morale and organizational culture, which can significantly influence performance. Lastly, the study may not fully capture external economic, political, and technological factors affecting bank performance, potentially skewing the results.

Given these limitations, several policy implications for further research emerge. Future studies should aim for a broader contextual analysis by including comparative assessments of multiple banks to understand the implications of strategic plan implementation across various environments. Conducting longitudinal studies could offer insights into how strategic plan implementation impacts performance over time, particularly in changing economic climates. A

mixed-methods approach that incorporates qualitative research methods, such as interviews or focus groups, could enhance the understanding of employee engagement and perceptions regarding strategic initiatives. Moreover, it is essential for further research to explore external influences, such as regulatory changes and market dynamics, on the effectiveness of strategic planning in banks. Policymakers should also consider developing frameworks that prioritize employee engagement and leadership commitment as crucial components of strategic planning to improve overall performance. Investigating optimal resource allocation strategies and their direct effects on strategic plan implementation could provide valuable insights for enhancing bank operations. Finally, future studies should examine the role of training programs in developing employee skills related to strategic implementation, which may lead to better performance outcomes.

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Appendix 1

Addis Ababa University
School of Business and Economics
Department of Management

Dear Participants,

Thank you in advance for your assistance. My name is Oljira Tesfaye, and I am a student at Addis Ababa University pursuing a Master's degree in International Business Management. I am conducting research for my thesis, and I would greatly appreciate if you could take the time to complete the attached questionnaires. The purpose of this research is to study the effect of strategic plan implementation on the performance of Oromia Bank. This thesis is being submitted to the Department of Management at Addis Ababa University in partial fulfillment of the requirements for the M.Sc. degree in International Business.

Therefore, your genuine and honest responses are crucial to the success of this research. The researcher would like to express his sincere gratitude for your cooperation. Please be assured that all the information you provide will be kept strictly confidential and used

solely for academic purposes. If you require any further information, feedback on the study, or have any unclear situations, please feel free to contact me using the following contact details:

Email address:

olitesfaye1@gmail.com

Cell phone: +251-

912983957

Thank you again for your time and contribution.

❖ *General Instruction*

☞ No need to write your name.

☞ Instruction for each part of the questionnaire is given at the beginning of the questions.

Part I: General Information Questions

Please put the tick “√” mark under the choice at appropriate place.

1. Gender:

✓ Male :

✓ Female:

2. Age:

✓ 18-25 years:

✓ 26-35 years:

✓ 36-45 years:

✓ 46-55 years:

✓ Over 55 years:

3. Educational status:

✓ Diploma :

✓ Degree:

- ✓ Masters :
- ✓ Doctorates:
- ✓ If others, please specify _____

4. Your Experience in the Oromia Bank:

- ✓ 1-5 years:
- ✓ 6-10 years:
- ✓ 11-15 years:
- ✓ Over 15 years:

5. Please specify your position:

- ✓ Junior Officer:
- ✓ Officer:
- ✓ Senior Officer:
- ✓ Principal Officer:
- ✓ Customer Relationship Manager:
- ✓ Division Manager:
- ✓ Director:
- ✓ Deputy Chief Officer:
- ✓ Chief Officer:
- ✓ Chief Executive Office:

Part II: Strategic Plan Implementation Survey

Please indicate your level of agreement with the following statements regarding Oromia Bank's strategic plan implementation. Use the scale provided by placing a tick "V" in the appropriate box.

S/ No	Strategic Plan Implementation	1	2	3	4	5
2	Strategic Plan Quality	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
	The quality of the strategic plans at Oromia Bank is high.					
	High-quality strategic plans lead to better performance at Oromia Bank.					
	The content of the strategic plan is relevant and aligned with market needs.					
	The quality of the strategic plan influences performance indicators such as profitability, market share, service quality, and operational efficiency at Oromia Bank.					
3	Employee Engagement Contribution	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
	Employees are actively engaged in the strategic planning process at Oromia Bank.					
	There are opportunities for employees to provide feedback on strategic initiatives.					
	Employee engagement in strategic planning enhances the overall effectiveness of the plans.					
	The strategic plan of Oromia Bank is clearly communicated to all employees.					
	Employees understand their roles in the implementation of the strategic plan.					
	Employees feel empowered to contribute to the strategic goals set by the leadership.					
	There is a high level of employee engagement in the implementation process					
4	Leadership Commitment	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
	Effective leadership commitment is crucial for successful strategic plan implementation at Oromia Bank.					
	The bank's management serves as a model for effective leadership by inspiring and leading by example.					
	Management inspires and empowers employees to achieve organizational goals.					
	The corporate strategic plan is effectively communicated to relevant units in a timely manner.					
	Oromia Bank's management establishes team leaders who encourage the team and address issues that arise during strategic plan implementation.					
	Problems requiring top management involvement are communicated early.					
	The leadership is committed to the bank's strategic planning initiatives.					
5	Resource Allocation Sufficiency	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
	Resources allocated for implementing strategic plans at Oromia Bank are adequate.					

	The allocated resources are utilized in accordance with the set goals.					
	Oromia Bank has personnel in all functional areas with the necessary skills and experience to carry out tasks.					
	There is a clear system for resource planning, allocation, and utilization at Oromia Bank.					
6	Challenges in Execution:	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
	Communication barriers hinder the effective implementation of the strategic plan.					
	There are significant challenges in translating the strategic plan into actionable steps.					
	The strategic plan does not adequately address the dynamic market conditions.					
	There is a lack of training and development to support the implementation process. Resistance to change is dominant among employees during implementation.					
	Resistance to change is dominant among employees during implementation.					
	External factors significantly affect the execution of the strategic plan at Oromia Bank.					
7	Market Analysis Role	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
	Comprehensive market analysis contributes to Oromia Bank's improved market share.					
	Oromia Bank frequently conducts market analysis to inform its strategic plans.					
	Market analysis findings are integrated into the strategic planning process.					
	The bank assesses the industry as a whole, including new competitors, technology, procurement practices, price trends, and labor practices.					
8	Innovation & Adaptability Effect	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
	The level of innovation and adaptability within Oromia Bank's strategic planning is high.					
	The organization adapts its strategies in response to changing market conditions.					
	Innovation is a key component of Oromia Bank's strategic planning process.					
9	Customer Relationship Management (CRM) Practices	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
	The CRM practices at Oromia Bank effectively enhance service quality.					
	The bank's CRM system supports the achievement of strategic objectives.					
	Customer feedback is regularly incorporated into strategic planning.					
10	Effect on Overall Performance					
	Customer satisfaction has increased as a result of the strategic plan implementation.					
	The implementation of the strategic plan has improved the bank's					

profitability.					
The market share of Oromia Bank has grown since the implementation of the strategic plan.					
Operational efficiency has improved due to effective strategic planning implementation.					
The main pillars of the strategic plan are implemented within the established time frame.					
The quality of service provided by Oromia Bank has enhanced following the strategic plan implementation.					
Due to strategic plan implementation, organizational goals and objectives are achieved.					
Oromia Bank has achieved the intended outcomes of its strategic plan.					

Part IV Open Ended Questions

1. What challenges does Oromia Bank face in effectively executing its strategic planning initiatives, and how do you think these challenges could be addressed?

2. How can Oromia Bank improve its resource allocation to enhance performance?

3. What improvements could be made to the CRM practices at Oromia Bank to better serve customers?

Please provide any additional comments or suggestions regarding the strategic plan implementation at Oromia Bank:

Appendix 2

Interview Guide

Interview Question

1. How would you define the strategic planning process at Oromia Bank?
2. What key factors do you believe are essential for effective strategic planning?
3. Can you describe the involvement of various stakeholders in the strategic planning process?
4. How effectively do you think Oromia Bank executes its strategic planning initiatives?
5. What challenges does the bank face in the implementation of strategic plans?
6. In your experience, what factors contribute to successful strategy implementation?
7. How do you perceive the relationship between strategic plan implementation and the performance of Oromia Bank?
8. In what ways do employee engagement and leadership commitment influence the success of strategic plan implementation?
9. How does the quality of the strategic plan affect the bank overall performance?
10. How does resource allocation within the bank support or hinder strategic plan implementation?
11. Can you discuss any recent changes in resource allocation that have impacted strategic outcomes?
12. What recommendations would you make to improve the strategic planning and implementation processes at Oromia Bank?
13. Is there anything else you would like to share regarding strategic planning and its impact on the banks performance?