CHALLENGS OF STRATEGY IMPLEMNTATION: IN THE CASE OF COMMERCIAL BANK OF ETHIOPIA.

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By Biruktawit Girma

A research project submitted to Addis Ababa University, School of commerce in fulfilling of the Master's Degree in Business Leadership

Advisor: Mahir Jebril (Ph.D)

Addis Ababa University School of Commerce
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DECLARATION

To the best of my knowledge, this research project is entirely original and has not been submitted for a degree at any other university.

Biruktawit Girma Yigezu

Signature: ____________________ Date: _______

STATEMENT OF CERTIFICATION

This is to Certify that the research prepared by Biruktawit Girma, entitled: To what extent should the strategizing practice be confidential: In the case of commercial bank of Ethiopia. Submitted in partial fulfillment of the requirements for the Master degree of Business Leadership complies with the regulations of the University and meets the accepted standards concerning originality and quality.

Signed by the Examining Committee:

Advisor: ___________________________________ Signature: _______ Date: _______

Internal Examiner:__________________________ Signature: _______ Date: _______

External Examiner: _________________________ Signature: _______ Date: ______

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Acronyms

BSC - Balanced Score Card

CBE – Commercial Bank of Ethiopia

HR - Human Resource

PMS – Performance Management System

PSC – Personal Score Card

SAP – Strategy as Practice

ABSTRACT

This study aimed to assess the challenges on strategy implementation at commercial bank of Ethiopia, the study employed a qualitative approach and descriptive research design. The study population was the management staff of commercial bank of Ethiopia. The study used primary data which was gathered through an open-ended interview. The key finding of the study revealed that there is a difference between the bank's strategy formulation and implementation process. Based on the findings the researcher recommended that the institution should develop organizational leadership that is committed to implement the strategy, develop organizational culture that ensures the implementation of the strategic plan and cascading structure based on the strategic plan implementation.

Keywords: Strategy, Strategy Implementation, Challenges of Strategy Implementation, Operation, Alignment, Organizational Leadership, and Organizational Culture

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

The word '*strategy*' has been used by academics, practitioners, militaries, politicians and even laymen to convey very different meaning. It is believed that the origin of the word '*strategy*' comes from the Greek word of '*strategos*', which means "the art of the general" with a military root (Galbraith & Nathanson, 1978, p. 3). According to Galbraith and Nathanson (1978, p. 3) "strategy, means a specific action, usually but not always accompanied by the development of resources, to achieve an objective decided upon in strategic planning". As the definition makes clear, according to these authors, strategy entails more than merely planning.

Traditionally, the discipline of strategy has dealt with its issues as something that the organization has: the organization applies strategy in one way or another (Whittington, 2003). Strategy studies to date have addressed the macro aspects of the organization, in which the complexity of the strategic process is reduced to some causal variables, leaving aside the evidence of human actions interactions. Thus, the field of strategy needs to show a much more micro-level, in-depth phenomena (Johnson et al., 2003).

In the strategy as practice perspective (Jarzabkowski et al., 2007; Whittington, 1996), research has emerged termed as Strategy as Practice (SAP), or strategizing, in which the topics addressed are the actions and interactions of the individuals practicing the strategy. From these studies, strategy thus, is viewed as something that people do, instead of something the firm has (Whittington, 2006).

A strategy is a plan or approach designed to achieve a specific goal or objective. It involves identifying the goals that an organization or individual wants to achieve, analyzing the situation, determining the actions needed to achieve those goals, and allocating resources to accomplish them. A well-defined strategy should guide decision-making and help ensure that all activities are aligned with achieving the desired outcomes.

Every business needs strategy as a core management tool, although different authors have defined the term differently. It is the match between an organization's resources and skills and the environmental opportunities as well as the risks it faces and the purposes it wishes to accomplish (Thompson, 2003). In his five P's model Mintzberg (Mintzberg & Quinn, 1991; Mintzberg, Ahlstrand &Lampel, 1998) defines strategy as a plan, a ploy, a pattern, a position, and a perspective.

Its purpose is to give the organization's activities direction and guidance. Making strategic decisions and defining strategy in terms of how an organization will function in relation to the environment is crucial for a corporation because strategic decisions affect how organizations respond to their environments The purpose of strategy is to provide directional cues to the organization that permit it to achieve its objectives while responding to the opportunities and threats in the environment (Pearce & Robinson, 2007).

With its roots in ancient military philosophy (e.g. Clausewitz 1997), the concept of strategy was introduced in business and organizational science in the second half of the 20th century. Decades of intensive research have created a vast amount of scientific publications and practical guidelines about strategic management processes (Mintzberg 1990; Mintzberg 1998, Walker 2004). Surprisingly, the understanding of strategy as a rational and top down led formal planning process has dominated almost all strategic management concepts. In line with a wider social shift in management science, this traditional perspective of strategy has recently drawn major criticism from scholars and practitioners as well (Farjoun 2002; March 2006). Whittington (1996) introduced Strategy-as-Practice as an alternative perspective intended to address some of the shortcomings of traditional strategy concepts.

In recent years, strategic plans have been used by management as a tool in the attainment of goals and objectives of their organizations, as companies need to innovate and differentiate themselves in order to achieve a competitive advantage, by proactive and fast strategic responses (Dredger 2004) Strategic management refers to a set of managerial decisions and actions that result in the formulation, implementation and evaluation of actions that are necessary for sustaining the success of an organization's long-term performance (Bauman 2018:213). In the past, both strategy formulation and strategy implementation received equal attention in literature. (Brignall & Modell 2000:290)

Strategy implementation is the process in which organization or companies are in a position to ask a question of what activities, what time and which process needs to be followed to achieve its objectives (Richard, 2009). The conversion of a selected strategy into organizational action with the aim of achieving strategic goals and objectives is known as strategy implementation.

Developing, utilizing, and combining organizational structure, control mechanisms, and culture to follow strategies that result in a competitive advantage and improved performance is another definition of strategy implementation. Implementing an operations strategy involves taking ideas, decisions, plans, policies, objectives and other aspects of the strategy and implementing them into actions (Waters & Waters, 2006).

Strategy implementation is one of the components of strategic management and refers to a set of decisions and actions that result in the formulation and implementation of long-term plans designed to achieve organizational objectives (Pearce & Robinson, 2007). Its purpose is to complete the transition from strategic planning to strategic management by incorporating adopted strategies throughout the relevant system (Bryson, 2005).

However, implementation of the strategy is a more difficult task which is illustrated by the unproductive low success rates. As Mintzberg and Quinn (1991) stated, 90% of well-formulated strategies fail at the implementation stage. Although formulating a consistent strategy is a difficult task for any management team, making that strategy work, that is, implementing it throughout the organization is even more difficult (Hrebiniak, 2006). A myriad of factors can potentially affect the process by which strategic plans are turned into organizational action. Unlike strategy formulation, strategy implementation is often seen as something of a craft, rather than a science, and its research history has previously been described as fragmented and eclectic (Noble, 1999b).

1.2 Background of the organization

The history of Commercial Bank of Ethiopia (CBE) dates back to the establishment of the State Bank of Ethiopia in 1942. CBE was legally established as a share company in 1963. Since then, it has been playing significant roles in the development of the country. The bank is pioneer to introduce modern banking to Ethiopia and credited for playing a catalytic role in the economic progress and development of the country. It is also the first bank in Ethiopia to introduce ATM service for local users. Currently CBE has more than 37.9 million account holders in its more than 1842 branches and the number of Mobile and Internet Banking users also reached more than 6.6 million and 37k. Active ATM card holders reached more than 8.3 million and 17 million CBE Birr users.

The Commercial Bank of Ethiopia (CBE) is the largest commercial bank in Ethiopia. As of June 2021, it had about 1.1 trillion birr in assets and held approximately 67% of deposits and about 53% of all bank loans in the country. The bank has around 22,908 employees, who staff its headquarters and its over 1000+ branches positioned in the main cities and regional towns. The latter include 120 branches in the national capital Addis Ababa. The bank also operates two branches in South Sudan. It is contemplating re-opening a branch in Djibouti, and opening branches in Dubai and Washington, DC, all to serve the Ethiopian diaspora.

Mission

We are committed to realize stakeholder's values through enhanced financial intermediation using the best professionals and technology.

Vision

A world-class commercial bank financially driving Ethiopia's future

Core values

Detailed below are the operating principles that guide the internal conduct as well as their relationship with their customers, partners, and shareholders. And the others are Integrity, Service excellence, Professionalism, Empowerment, Innovative organization, Teamwork, Respect for diversity, and corporate citizenship.

1.2 Statement of the Problem

When it comes to the process of implementing a plan, many firms encounter substantial challenges. The majority of businesses' best-laid plans rarely result in the firm performing better than expected due to inadequate implementation. Many effective strategies encounter difficulties and fall short at the implementation phase.

Basically, the main challenges in the strategic management lie in the implementing of the strategies rather than in developing stage (Magambo, 2012). Brenz and Morikko, German, Molina (2008) and Ansoff (1987), believe impeders affecting the successful implementation of the strategy are as: top management commitment, availability of funds, organization structure, organization culture and organizational change.

There will always be difficulties with strategy implementation in any organization. As it involves sensitive issues like resource mobilization, restructuring, cultural changes, technological changes, system and process changes, policy changes, and leadership, among others, strategy implementation is a more difficult and delicate task than strategy formulation. Implementation challenges tend to originate from various sources, some internal to the organization while others are from the external environment. Wheelen & Hunger. (2008)

Poor implementation of strategic plan can result in it becoming an ineffective document (Pfeffer and Sutton, 1996). In their study, Husseiny et al. (2013) discovered that time, organizational structure, and communication are the major obstacles to strategy execution. Planning and implementation can be inconsistent when organizational culture, resources, leadership, and uncontrollable external elements are not thoroughly studied and clarified. Brinkschroder (2014) categorizes implementation obstacles into three categories: strategy, structure, and human behavior. In addition to the aforementioned, Herbert (2009) emphasizes how the absence of clearly defined policy objectives leaves leeway for varying interpretations and discretion, which makes implementation more challenging and may result in implementation failure.

This research paper focuses on what are the challenges of strategy implementation. In The case of commercial bank of Ethiopia, implementing a strategy is not an easy task, and several organizations fail due to the challenges associated with it. A successful strategy implementation depends on numerous factors that include resources allocation, communication, cooperation, and commitment. Strategy confidentiality and to what extent it should be confidential is an overlooked problem.

The majority of the studies on the challenges of strategy implementation have been conducted internationally. In the context of Ethiopia, only a small number of studies have been conducted. Dhungana, P., & Dahal, A. (2021) studied Challenges of Implementing Strategic

Management In Public Organizations of Nepal. Elizabeth (2015) studied a challenge of strategy implementation and performance of the national registration bureau of Kenya.Niclas (2014) reviewed strategy implementation key factors, challenges and solution Zinni (2011) studied strategy implementation for middle management. Daniel (2018) reviewed challenge of strategy implementation at the Eswantini cotton board.Uwizeyimana (2019) reviewed challenges in strategy implementation processes in south Africa municipalities ,a service delivery perspective.Eresia-ka & Soria kumar (2021) also reviewed strategy implementation barrier and remedies in public sector organization.

Chiuri (2015) studied challenges of strategy implementation in higher education institutions in Kenya. Miako (2016) reviewed challenges of strategy implementation at Adrian Company limited Kenya. Some local studies have been done on the challenges of implementing strategies, such as Mesfin (2022) studied practices and challenges of strategy implementation, in the case of Dejen G/Meskel import & export and Gemechu (2021) determinants of strategic plan implementation , a case study on national veterinary institute . So the main challenge in strategic management lies in implementing strategies rather than developing and other stages. Therefore, responding to the following research question, this study seeks to close this gap in the study of strategy implementation challenges in commercial banks of Ethiopia.

1.3 Research questions

This study proposed has investigated the following research questions:

1. How the company carry out the strategic plan?

2. What are the challenges of strategy implementation?

3. How the company operation has been aligned to support the strategy implementation process?

4. How Leadership practice supports successful strategy implementation?

5. How the institutional culture and external environment has an effect on strategy implementation?

1.4 Objective of the Study

1.4.1 General Objective

The primary objective of the research is to investigate the challenges of strategy implementation in commercial bank of Ethiopia using the SAP approach.

1.4.2 Specific Objective

- To assess the practice of strategic plan
- To investigate the challenges of strategy implementation
- To assess whether the appropriate company operation has been aligned to support the strategy implementation process.
- To determine leadership practice supports successful strategy implementation
- To determine the effect of the institutional culture and external environment in strategy implementation

1.5 Scope of the study

The study is a qualitative research focused on commercial bank of Ethiopia, branches which are found in Addis Ababa. The main focus of the study is to identify the challenges of strategy implementation

1.6 Limitation of the Study

The study has not attempted to investigate all the factors related to challenges of strategy implementation. Thus, it demands further studies to address other factors that are note covered here. One of the restrictions was the time factor. The majority of responders were frequently unavailable because they were either in meetings, or being overburdened by their obligations. This led to multiple trips to interview them in their offices. Another restriction was inaccessibility of recent documents. In general, since this is a qualitative research and non-probability sampling was used, we cannot have a definite conclusion based on the results.

1.7 Significance of the Study

It helps organizations understand the obstacles that stand in their way of achieving their goals and objectives. By identifying these challenges, organizations can develop effective strategies to overcome them, which can help to improve their overall performance and success.

Moreover, it can assist managers in making better decisions by providing a thorough understanding of the factors that impact the execution of their strategic plans. This study can also help organizations to avoid common mistakes associated with strategy implementation, such as unrealistic goal-setting, resistance to change, lack of resources, poor communication, and inadequate monitoring and evaluation.

Therefore, the study on challenges of strategy implementation plays a crucial role in ensuring the success and sustainability of organizational strategies and can help improve the performance and competitiveness of an organization.

Additionally, the study will add new knowledge to the body of knowledge already available on the difficulties the bank faced in implementing its strategy. Future researchers can use this research as a guide to comprehend the fundamental problems and key barriers to strategy implementation.

1.8 Organization of the study

The research was divided into five chapters. The overall outline of the study has been given in the first chapter. The background of the study, explanation of the problem, purpose of the study, the approach the study will use, significance of the study, scope and constraints of the investigation, as well as organization of the study, are all general information that is covered in this chapter. The conceptual framework of the study and associated literature were reviewed in the second chapter. The study's methodology is the main topic of the third chapter. Results and discussion are offered in the fourth chapter. The summary, conclusion, and recommendations were presented in the last chapter.

CHAPTR TWO

Literature Review

This literature review covers the concept of strategy, strategy management, strategy as practice (SAP) approach, strategy implementation, challenges encountered during implementation,

2.1 Concept of Strategy and Strategic Management

Glueck (1984) defined strategy as a cohesive, comprehensive, and integrated plan that links the firm's strategic advantage to environmental concerns and is intended to ensure that the enterprise's core goals are met through effective implementation process. Since the 1950s, the prominence of strategy has increased among management academics and practitioners. Leading management academics and practitioners like Porter (1980) and Ansoff (1987) have emphasized the significance of this idea. However, "strategy" has been interpreted differently by many scholars. Some define the idea broadly to cover both objectives and strategies for achieving them.

According to Chandler (1962), a firm can determine its purpose by defining its long-term goals and objectives, action plans, and resource allocation patterns to meet those goals and objectives. In defining strategy, Andrews (1971) combined the perspectives of Drucker (1954) and Chandler (1962). He contends that a company's strategy should outline both the industry it is in or intends to enter as well as the type of business it is or is to be. Important strategies and policies for achieving those objectives should be included as well. This concept adds a new dimension, stating that strategy deals with defining the company's competitive landscape

Strategies go first though planning then implementation processes. Different writers have defined the concept of strategic planning from several points of view. Naylor (1970) defines strategic planning as a long-range planning with time horizon of 3-5 years. Heifer (1976) on the other hand suggests that strategic planning is concerned with the development of a match between organizations capabilities and the risks present in its environment. In their definition, Litschent and Nicholson (1968) view strategic planning as the highest level of decision making concerning a company’s basic direction and purpose in order to assure long term health and vitality of the organization.

Strategic plans are created as either master strategies or program strategies, claims Steiner (1979). He describes master strategies as the fundamental goals, objectives, and principles of a mission. Alternatively, he sees program strategies as being concerned with the acquisition, usage, and disposition of resources for particular initiatives. Corporate strategic planning, according to Mintzberg (1994), faces a variety of difficulties, including the cultural web, organizational structure, uncertainty and learning organization, responsibility division, the time challenge of implementation, and the process itself.

A strategic plan is, in essence, a company’s game plan. Even as a squad needs an honest game attempt to have an opportunity for fulfillment, a corporation must have 21 an honest strategic commit to compete successfully (David & David, 2015). Strategic planning is additionally defined by Peter Ducker because the continuous process of creating entrepreneurial decisions systematically and with the best knowledge of their futurity, organizing systematically the efforts to hold out these decisions and measuring the results against the expectations through organized feedback. The manufacturing function was regarded merely as a group of resources and constraints. It had been expected to meet, as efficiently as possible, the assembly targets generated by the marketing strategy within the capacity and cost constraints imposed by the financial strategy. Senior management avoided involvement in manufacturing, decisions were taken on a tactical basis by specialists who weren't necessarily tuned in to overall corporate strategy and rather than being a valuable asset and a tool of corporate strategy; manufacturing became a liability (Skinner, 1969).

Strategic management has become crucial for organizations in the fast-paced, fiercely competitive environment of today. Strategic management consists of three main processes that interact and are interconnected. Strategic planning, strategic implementation, and strategic control are these processes. The most crucial and, consequently, underappreciated component of a company, according to research, is the strategic implementation (Mianková & Koiová, 2013). In contrast, strategic management is described as the activity of developing plans, arranging tasks, supervising staff, managing outcomes, and coordinating work processes to achieve desired goals

(Dessler, 2008). There are three key components to strategy in a company. The formulation, implementation and evaluation of the strategic plan.

According to Thompson and Strickland (2003), the term "strategic management" refers to the managerial process of developing a strategic vision, setting objectives, creating a strategy, putting the strategy into practice, and then starting any necessary corrective adjustments over time. They further go on to say that a strategy is a multifaceted management tool. It is the alignment or fit between the organizational human and financial, tangible and intangible, risks, and opportunities presented by the environment for a company to achieve its goals. An organization can express its critical continuity while using strategy as a framework to adapt to the changing environment and obtain a competitive advantage.

Ackermann and Eden (2012) state that strategic management may be viewed as the entire set of obligations, decisions, and actions required to achieve a strategic benefit and to produce desired results. Strategic management entails the ability of managers to effectively manage the organization's set of diverse resources to achieve its goals and objectives. Joyce (2017) maintains that strategic management encompasses analyzing the total environmental factors facing the future of the organization, formulating strategies to actualize the objectives of the organization, implementing/executing formulated strategies, and, finally, evaluating such strategies to inform management of the effectiveness of the applied strategies. Strategic management involves all the organizational resources such as human, financial, and information being coordinated and directed towards achieving the organizational vision in alignment with the internal and external environmental challenges (Hitt, Ireland, & Hoskisson, 2017). In order to achieve the long-term objectives of an organization, management (municipalities) must have access to information about the business environment, formulate a mission statement, collaborate with all stakeholders, and add value to its products and/or services (Hitt et al., 2017).

Strategy management theories enlighten the ground rules and philosophical basis of strategy formulation and implementation. According to Johnson et al., (2008) the resource-based view strategy is about exploiting the strategic capability of an organization, in terms of its resources and competences, to provide competitive advantage. Systematic planning view entails that organizations predetermine the strategic direction of the organization. That means management plays tremendous role by predetermining the strategic direction.

Institutional theory proposes that organizations can adapt to varying environmental conditions by imitating other successful organizations. The organization is adapting to changing environment by copying the strategies and management techniques of other successful organizations (Wheelen and Hunger, 2008). In addition, the theory of Strategic choice perspective proposes that not only do organizations adapt to a dynamic environment but they also have the capacity to influence and shape their environment (Wheelen and Hunger, 2008). In that regard, management decisions have impact in not only the performance of the firm but also the industry overall factors.

2.2 Process of Strategic Management

The strategic management process the flow of information involves historical, current, and forecast data on the operations and environment of the business. The aim of the process is the formulation and implementation of strategies that work, achieving the organizations long term mission and near-term objectives. Strategic management is a process that affects the whole organization. It outlines the way in which objectives are determined and strategic decisions are made (Juach and Glueck, 1984). A change in one component results in changes in all other components (Pearce and Robinson, 1997). The process of strategic management is classified in three different stages: The first stage includes the definitions of strategies i.e., the components that forms the strategies to actually operate in the organizations the elements that make up the organizational operating strategies. The second stage includes the formulation of the strategies that go into detail on how they are created after an analysis of the organization's internal and external environments and the implementation of strategies that are in line with the primary goal of the company.

And the third stage of strategy formulation includes the evaluation of Strategies where the organization's strengths, weaknesses, opportunities, and threats are identified, and the organization works to mitigate the weaknesses and problems while seizing and capitalizing the strengths and possibilities for the organization to expand and sustain itself.

2.2.1 First Stage (Definitions)

1. Mission preparation: The "mission" of an organization is its primary goal. A statement of corporate philosophy and purpose are both included in the mission. An organizational philosophy lays out the principles, values, and rules that will govern how the organization conducts itself. A clearly stated mission statement or corporate purpose is a prerequisite for the

first stage of strategy formulation. The scope of the activity in terms of business nature might be referred to as the mission.

2. Setting of Objectives: An organization's goals are referred to as its objectives. Both internal and exterior goals are possible. Internal objectives specify what can be accomplished with the resources that the organization has at its disposal.

3. Fixation of Goals: Goals are precise, time-based benchmarks for performance. The owner or businessperson of the organization usually sets the organization's goals. The CEO (Chief Executive Officer) of large corporations will choose the company's objectives. Consequently, the firm's goal will reflect the owner's goal.

4. Policies: A policy is a definition of a group's shared objectives or structural elements. The creation of significant policies can occasionally be a part of the strategic planning process. Policies aid in ensuring that the same ground rules are followed by every division within a business. They also make it easier for different organizational units to coordinate and communicate. The policies of an organization can also be influenced by those of competitors.

5. Analysis of the Environment: Decision-making is always influenced by the business environment. Businesses may be influenced by internal or external influences. In response to environmental changes, buyers, suppliers, the government, and rivals are likely to react. As a result, business ought to behave similarly.

2.2.2 Second Stage (Formulation)

6. Formulation of Strategies: After analyzing the environment, strategies can be developed. Top management should have access to all initiatives, along with proper sub strategies and backup plans. As a result, top management always provides the administration with adaptable tactics.

7. Strategy Implementation: This step in the process of strategic management is crucial. The execution of well-designed tactics can go wrong. As a result, when developing a plan,

adaptability and the implementation process should be explicitly stated. The strategist is in charge of ensuring that strategies are put into action in accordance with organizational needs.

2.2.3 Third Stage (Evaluation)

8. SWOT Analysis: SWOT stands for Strengths, Weaknesses, Opportunities, and Threats. SWOT analysis should be performed by every firm. It is a crucial instrument for assessing organizational capacities.

This level of the strategic management process is known as evaluation. After employing each plan, the strategist should assess its effectiveness. The strategist should assess if profit maximization, cost reduction, and the accomplishment of long- or short-term goals have been achieved.

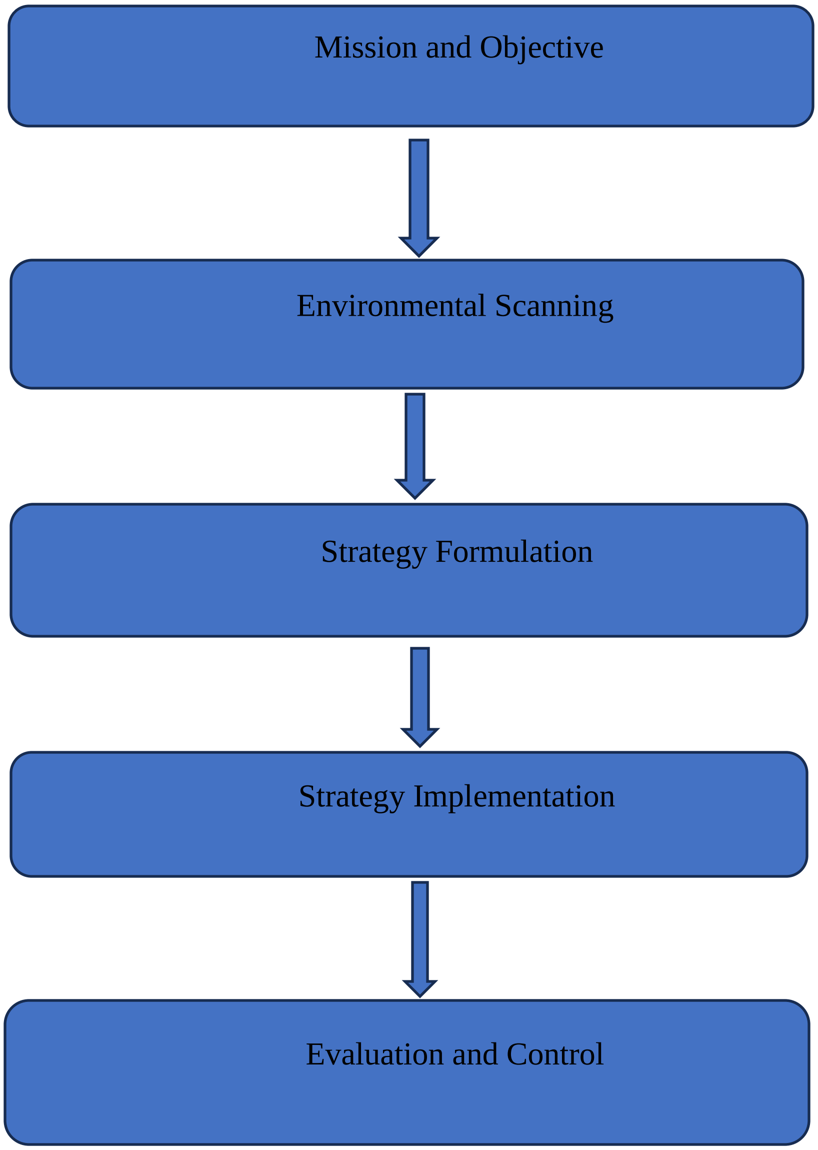

Figure 1: Strategic planning process (Hax and Majluf ,1996)

2.3 Strategy as practice (SAP)

Because of the emphasis on the interaction of agents and the micro activities carried out within organizations, studies on strategy as practice have acquired prominence in the scientific community. Three primary components are analyzed in these studies: practice, praxis, and practitioners. These components come together to constitute the process of strategy formulation, or strategizing. (Whittington, 2006; Jarzabkowski et al., 2007)

The strategy as practice or strategizing is composed by a group of interdependent actors (Whittington et al., 2003), who carry out activities insofar as the results of their actions and interactions contribute to the organizations to reach their objectives, to guarantee their survival (Johnson et al., 2003). Even if these strategic activities are formally planned and elaborated, they are considered as a practical strategy from the moment they start bringing results to the organization (Jarzabkowski et al., 2007).

SAP consists of three main concepts called practitioner, praxis and practices (Johnson et al. 2007). The concept of practitioner covers all actors who are actively involved in strategy formulation and execution (Whittington 2006). This extends the scope of the traditional perspective, which attributes strategy to senior management and neglects the influence of middle management, consultants and functional key players on strategy. Specific activities related to practitioners' strategy formulation and execution cover the concept of praxis, practice as the third SAP concept closes the loop between an individual and system. More specifically, it refers to social structure such as shared routines, traditions, norms and rules (Whittington 2006) continuously created, changed and replaced in praxis.

2.4 Strategy Implementation

Strategy implementation nearly always involves the introduction of change to a corporation. Managers may spend months, even years, evaluating alternatives and selecting a method. Frequently this strategy is that then announced to the organization with the expectation that organization members will automatically see why the choice is the best one and can begin immediate implementation. When a strategic change is poorly introduced, managers may very well spend longer implementing changes resulting from the new strategy than was spent in selecting it. Strategy implementation involves both macro-organizational issues (e.g., technology, reward systems, decision processes, and structure), and micro-organizational issues (e.g., organization culture and resistance to change) (Ott, et al., 2020.)

Strategy implementation is the process through which strategy is translated into action and results are achieved (Pearce and Robinson, 1988). In this process strategic goals are translated into functional and operational targets (objectives and goals). The long-term strategic thrust is also transformed into short-term functional strategies and day-to-day operational procedures (J. Gesare, 2006). Strategy execution is the most demanding and time-consuming part of strategy management process. It involves the management organizational change, build organizational competencies, create strategic-supportive work environment, employee motivation, and meeting performance targets (Thompson et al., 2008).

Strategy implementation is concerned about putting strategy into practice and might be described because of the execution of tactics so the corporate moves within the desired strategic direction. Similarly, strategy implementation can even be defined because of the "relatively straightforward operationalization of a clearly articulated strategic plan". The full of the activities and choices required for the execution of a strategic plan (Čater & Pučko, 2016).

The activities that are done under strategic plan implementation from organization varies from organization to organizations depending on their type and resources. For the past twenty years, strategy formulation has been widely thought to be the foremost important component of the strategic management process more important than strategy implementation or strategic control. However, recent research indicates that strategy implementation, instead of strategy formulation alone, maybe a key requirement for superior business performance (Jooste & Fourie, 2009).

Strategy implementation, in the view of Ehlers and Lazenby (2010), refers to a management process that requires a leadership style that is motivated by change and driven by commitment. The implementation of strategy commences with corporate governance, in that top management has the responsibility to oversee that managers implement the strategy and monitor its implementation (Gamble, Peteraf, & Thompson, 2017). The magnitude of change required by an organization determines whether change revolves around the current organizational structure and culture (Ungerer, Ungerer, & Herhodt, 2015). Management is required to 'accept changes within the existing organizational framework' as it leads to the adoption of new measures to acclimatize to a changing environment, and, as Ehlers and Lazenby (2010, p. 266) further posit, ‘the implementation of the strategy covers all the necessary areas, which include strategic change, organizational structure, strategic control systems, strategic leadership and sound governance’.

Pearce et al (1997), lists factors of strategy implementation that managers have to take into consideration during implementation into; the structure, systems, shared values (culture) and leadership. The stronger the 'fits' created between these components, the greater the chances of successful strategy implementation. McCarthy and Curran (1996), organizational structure and behavior within an organization must be in harmony with and support the strategy of an organization. It's important for managers to understand and utilize organizational structure to aid them in the implementation of the strategy.

2.5 Challenges of Strategy Implementation

Studies show that strategy that developed but not implemented well has a lot of consequences. Therefore, strategy implementation has a lot of impact on an organization’s performance and other aspects of organizations too. For instance, Strategy implementation play a positive role financial performance of firms (Sorooshian, et al., 2010), failure strategy implementation efforts cause enormous costs within the organization. aside from squandering lots of your time and cash, disappointing system usage endeavors cause to bring down representative assurance, a decreased trust and confidence within the senior administration (Charity, et al., 2017).

A strategy, according to Jones and Hill (2010), is deemed meaningless until it is implemented. Organizations may fail repeatedly due to the inability to select and implement their strategies appropriately. Strategy implementation, as affirmed by Partidario (2012), is the conversion of strategies into action. This process includes designing the future of the organization, refining the effectiveness of organizational operations, and improving organizational design, structure, control systems, and culture. Strategy implementation is required to reposition the organization in line with its vision, which could translate into reformation or re-engineering if necessary (Leibbrandt, 2013, p. 40; Dhillon, 2014).

Strategy implementation is a process where managers diffuse a strategy into a user community (Kwon and Zmud, 1987). Top management commitment is believed to be essential for any strategy implementation success (Wixom and Watson, 2001). It has been found that top management commitment significantly affects user beliefs (for instance perceived ease of use, perceived usefulness) (Lewis et al., 2003), organizational implementation success (Wixom and Watson, 2001), progressive use of systems, and organizational strategy adoption (Bruque-Ca´mara et al., 2004).

Among the issues pointed out by Hrebiniak (2006) as overreaching issues that impede strategy implementation is the organizational change. He notes that managers are often trained to plan and not to execute strategies; the top managers are therefore always reluctant to soil their hands in the messy tasks of implementation. Strategy implementation always creates the need to manage change in complex organizational contexts (Kazmi, 2008)

Many of these areas of change are behavioral in nature and are therefore multifaceted and messy in nature. For instance, leadership style changes required to implement different kinds of strategies or the cultural changes to be brought about to facilitate new strategy implementation are intricate matters that call for careful handling (Kazmi, 2008).

Herbert (2009) adds that lack of clear policy objectives leaves room for differential interpretation and discretion resulting in more difficult and failure of strategy implementation To achieve successful implementation process therefore, it is important for the management to establish mechanisms and strategies that will aid in achieving the intended objectives of the organization. It is also important for managers to understand and identify the pitfalls and challenges that can occur during the process to improve the effective implementation. To know which pitfalls can emerge could help to prevent them and can lead to a more proactive approach. During the process the identification of these pitfalls is necessary to mitigate the challenges.

Hrebiniak (2005), making strategy work presents a formidable challenge. A number of factors such as politics, resistance to change cause a major setback hence without carefully planned execution, strategic goals cannot be achieved. Organizations have to strike a balance between all these factors in order to ensure that crafted strategies are put into action. Implementation of strategy does not automatically follow strategy formulation.

Beer and Seintat (2000) have categorized the six killers of strategy implementation and they state that quality of direction which is caused by ineffective top management team implementing unclear strategies and having conflicting priorities lead to implementation failure. Also quality of learning where there is poor vertical communication, and quality of implementation referring to poor co-ordination across functions, businesses or boarders. They add that many top teams hide their differences rather than confront hard trade-offs directly.

Organization structure is also a crucial factor that influences strategy implementation. Organizational structure refers to particular description of the roles of the organization, the role of decision-making power, and the placing of responsibility

Another important aspect that affects how a strategy is implemented is organizational structure. Organizational structure is a specific explanation of the functions of an organization, the function of decision-making authority, and the placement of responsibility. Olsen et al. (2005) in their study found out that a firm performance is strongly influenced by how well a firm's Strategy is matched to its organizational Structure. For a strategy to be implemented effectively, there must be a fit between the organizational structure and the needs for decision-making, coordination, and control.

2.6 Conceptual Framework of the Study

Figure 2 : Conceptual framework: source own illustration, (2023)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter contains the research methods which the researcher used to collect and interpret the data which is required for this study. In addition to research methods, the chapter covers how the sampling technique used in this study, the research type, how the data was collected, and the like.

3.2 Research Design

The study adopted a cross sectional descriptive research design the entirety of the research was based on commercial bank of Ethiopia. Williams (2007) defines descriptive research as a type of study that looks at situations where characteristics of a certain event are identified based on observation. The study was conducted using key informant interviews based on the open-ended questions.

According to Ary (2010:426), qualitative research is intended to gather information in the form of words about the experiences and perspectives of the subject without the use of preset hypotheses, which is why this research design was chosen.

3.3 Target Population

The target population was the management staff of commercial bank of Ethiopia. This included the Managing and Functional Directors, Managers, branch managers, senior officers and Officers from highest to middle lower level.

Fraenkel and Wallen (2011, p. 92) state that the target population is the subject matter that the researcher is interested in and to which the researcher generalizes the findings of the study.

3.4 Sample size and Sampling Design

Sample size refers to the number of observations or participants in a study. Since non-probability sampling technique was used there is no need for calculating the sample size. Sampling technique is the method used to select participants or observations for a study. In this study snowball sampling was used, Snowball sampling is a non-probability sampling technique used in research where existing study subjects recruit future subjects from among their acquaintances. This sampling method is typically used when the population of interest is hard to reach or inaccessible. The total sample size of this study is 16, among those there are top level manager, functional and operational level management.

3.5 Data Collection

Data was collected from primary sources. Primary data was collected through an interview, the in-depth interview allowed more interaction between interviewer and the interviewee thus providing more qualitative information, more representation and efficiency.

According to Frankael (2009), there are four different types of interviews that can be used to collect information from participants: structured interviews, semi-structured interviews, informal interviews, and retrospective interviews. This research used semi structured interview which is an interview in which the area of interest is chosen, and questions are formulated but the interviewer may modify the format of the question during the interview section.

3.6 Data Analysis

The researcher used qualitative methods to analyze data. Raw qualitative data for analysis was gathered through a semi-structured, face-to-face interview. This decision was made in light of the flexibility that comes included with semi-structured interviewing. It enabled the researcher to go deeper and pose further inquiries in response to the participants' responses. The goals of the research served as a guide for the interview questions. The researcher made sure that only pertinent data would be gathered and that the study's goal would be accomplished by using the objectives as a guide.The qualitative data were grouped into similar themes and analyzed so as to display the opinion of the respondents

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the findings and discussions on the data collected in order to address this study objective. The purpose of the study was to investigate to what extent strategy should be confidential and other challenge of strategy implementation.

4.2 Demographic Information

Demographic information was based on the management position, the study targeted the top management team, who were drawn from the various departments. Other respondents were drawn from the functional level and operational level departments.

Table 1 Demographic Information

No	Participants	Frequency	Percentage
1	Top Management Team	4	25 %
2	Functional Level	5	30 %
3	Operational level	7	40 %
4	Personal Observation	-	5 %
	Total	16	100 %

4.3 Challenges of Strategic Implementation

The following paragraphs discuss the findings of the study. The first section deals with how the bank strategize its implementation tools, cascading, communication and motivational management of the bank. While the second section deals with operation of the bank and its alignment with strategy implementation, the follow up process, confidentiality belief and status, leadership practice, culture and cultural effect of the bank. And finally, the third section addresses events with in the bank, external environment, trust issues and their general view concerning the challenges on strategic implementation of the bank.

4.3.1General Information and Response

The concept of "strategy as practice" (SAP) is a theoretical framework that views strategy not only as a set of plans and actions, but as a socially situated and active process. It emphasizes the importance of all aspects of organizational life, including organizational culture, politics, power relationships, and social context in shaping strategy.

The strategy as practice research agenda is concerned with strategy as a situated, socially accomplished activity constructed through the actions and interactions of multiple actors. Broadly, this research agenda has three focal points, each of which provides a different angle from which to examine strategy as practice:

• Practice;
• practitioners; and
• practices (Whittington, 2002).

Practice refers to the routines, habits, and everyday activities that shape organizational life. In the context of SAP, practice refers to the day-to-day activities of managers and other organizational actors that contribute to the development and implementation of strategy. These practices are shaped by both formal and informal structures, social norms, and power dynamics within the organization. This component focuses on the written and spoken words used to describe the organization's strategy. It includes analyzing the mission and vision statements, goals, objectives, and other planning documents

A practitioner is someone who engages in a particular activity as a profession or calling. In the context of SAP, practitioners are managers and other organizational actors who engage in strategizing activities, either formally or informally, in their work. - This component focuses on the written and spoken words used to describe the organization's strategy. It includes analyzing the mission and vision statements, goals, objectives, and other planning documents

Finally, Praxis refers to the practical application of theoretical knowledge or the integration of theory and practice. In the context of SAP, praxis involves the strategic decisions and actions taken by managers and other organizational actors in response to the complex and dynamic social environment in which they operate. This component focuses on the social interactions and social structures that shape the way strategy is created, disseminated, and interpreted in the organization. It includes analyzing the language, symbols, and power dynamics that influence how organizational members understand and act upon strategy.

In this research concerning commercial bank of Ethiopia the practitioners are a team composed for this specific reason this team includes vice presidents, directors, managers, senior officers, officers, and experts. For their practice they use the Balanced score card (BSC), it's a strategic management performance metric tool. The strategy praxis (strategy activity and its relationship with organizational, intuitional, and societal context) this paper will take the culture of the bank as praxis of the strategy.

The respondent were asked how do managers and others strategize, who are the actors, if there involvement of departments, team leaders, management (top, middle, lower), and external consultancy. Responses indicated that a team is assembled to do the formulation but it varies from time to time.

Every time for strategy formulation they formulate a team, this team may be composed of Different employees who are believed to have the knowledge, professionalism and experience for the job them May be from different departments officers, senior officers, experts and on Different managerial (working) Role. The team has its Own directorial and management leading it. Sometimes the team will be assembled by only High management executives like Vice presidents level and director's level .currently the bank is working with US Consultancy Company with its own team formulated from pervious strategy Team and new transformation Team. This is a good participatory way but the bank still needs to append more representatives from the employee side to make the formulation more participative.

But whomever worked on this strategy the executive management committee pays close Attention to it in every step of the way. And have to validate (approve) it so it can go to the next Step .This team is composed of the president and vice presidents of the bank.

The respondent were asked How do managers and others use the tools of strategy (methods, tools, procedures) What does the cascading and communication process looks like and if they use motivation management or other methods they responded with The bank practice or day to day activity of implementation is done by Balanced score card (BSC) they have been using this for more than a decade now.

The term balanced scorecard (BSC) refers to a strategic management performance metric used to identify and improve various internal business functions and their resulting external outcomes. Used to measure and provide feedback to organizations, balanced scorecards are common among companies in the United States, the United Kingdom, Japan, and Europe. Data collection is crucial to providing quantitative results as managers and executives gather and interpret the information. Company personnel can use this information to make better decisions for the future of their organizations. (Evan Tarver edited 2023)

The Balanced Scorecard is a strategic management tool that aims to align business activities with an organization's vision and strategy. It typically includes four perspectives: financial, customer, internal processes, and learning and growth. The financial perspective focuses on metrics such as revenue growth, profitability, and return on investment. The customer perspective looks at factors such as customer satisfaction, retention, and loyalty. The internal process perspective focuses on metrics related to efficiency, effectiveness, and quality. Lastly, the learning and growth perspective looks at the organization's human capital and infrastructure and focuses on metrics such as employee satisfaction, training, and development.

By using a Balanced Scorecard approach, the bank can track and measure their progress towards achieving their strategic objectives in a balanced way across different areas of the business.

For the communication the BSC helps because its formulation, implementation, evaluation and communication tool if it the frame work is implemented properly it helps end to end. The bank uses both informal and formal approaches. Formally by following the chain, directly asking teams, departments what they can contribute for the implantation after giving them the formulated strategy and providing them feedback including additional points if their points couldn’t help reach the implementation. Through this process or negotiation if they couldn’t come to common ground the management of monitoring and evaluation will override them to the point of delegation. Informally the bank works on creating awareness by preparing session, workshop, training, discussion, reading materials on the banks portal.

Cascading with BSC 1st the five year strategy plan will be divided to one year and then given to divisions through those divisions in one side it will reach from district to branches in the other side it will reach to head office division head. The cascading part it didn't reach individually, in some places like with the level of branches yes it did but in head offices and support function it's hard to reach individually so it only reached to team level. And they don't have motivation management (e.g. reward) specifically for this. But some respondents stated that there is the idea of motivation, and it got positive and negative side it depends on the manager's personal perspective. Other respondent stated that the cascading way is the traditional top to bottom approach. They use performance management system (PMS) with personal score card (PSC) to evaluate on daily basis individually on each employee. This daily routines accomplishment of each individual will lead to the targeted strategy achievement. It's better to have standard motivational management with in the bank, to decrease the gaps caused by cascading issues.

The respondents were asked, after the strategy formulation do you think the banks operation itself support implementation process, if there are any follow up, and what about confidentiality status. Which was responded by they strongly agree it supports but there are visible gaps that the bank see each time between formulation and implementation sometimes formulated strategy cannot be implemented as planned, it may be due to the responsible team (person) not being assigned to the task properly or the vice versa a team (person) which the bank believed to be responsible for the task not properly executing (finishing) it on the given implementation period.

Sometimes there will be a gap in the alignment process, when translating corporate strategy (objective) to specific division objective. In this kind of situations the division may fulfill its task but it won't contribute to the corporate objective. "We take this gaps as a lesson for the future and whenever we noticed them we try to include them in strategy revised "this is what management of monitoring and evaluation believe.

For the follow up there are two different responds, the 1st one stated that they have follow up procedure since its cascading itself. On corporate (strategy) level there are divisions under the division there is planning and monitoring unit. The monitoring unit start performance evaluation from a month. On branch and units they have their own weekly evaluation (assessment). On the other hand another respondent strongly agree there is almost no follow up on new support teams (units).

The bank believes strategy confidentiality, the concept itself is wrong and it doesn't concern them that much they believe one's strategy is made from one's character so it can fit perfectly in CBE point of view its corporate strategy is "tailor made". But there are some critical chosen elements like competitive strategy for example if the bank is thinking launching a new product, or a new market penetration, this kind of issues may be confidential for the time being until they are practical .this is what the bank believes but on practice level, on the ground the bank strategy is confidential, the accesses is limited in different ranges. One division cannot see (open) another divisions strategy it's only accessed by employees within the section. This will affect the collaboration of departments towards one goal.

The respondents were asked ,What is the leadership practice of CBE looks like , if the practice has been practical with strategy implementation ,if it does how it support successful strategy implementation . Respondents stated that they don't have standard (specific) practice, they use all types of practices "I don't know there is stated document prepared by HR but the practice is mixed it depends on the person perspective." Other respondents stated that the leadership is procedural since its government organization, there is reservation to exercise the power within the leadership. For the question if it's useful with strategy implementation the respond was "basically we can't say this type of leadership is better than other for strategy implementation, they are used according to their importance according to their abundance" but clearly the respondents agree there is no clear document or study if the leadership practice is practical with strategy implementation or if it does support successful strategy implementation. The bank must study its leadership practice, to answer the questions like if it has been practical with the strategy processes the formulation, implementation, evaluation plus if it does support successful implementation. And it's important to exercise power in leadership, for positive outcome it's better to be participatory than procedural.

The respondents were asked if there are any practices the bank count as culture / norm it may be (Management culture, social culture etc.) and there are any events, ceremonies celebrated by the bank, and bonuses or incentives regarding achievements

The bank has been in the business for more than eight decades, it have a lot of practice that it count as culture the first and Main one is loyalty, then there is trustworthiness, supporting social commitments such as environment protection, being work ethical... Etc. but in the past five years as a consequence of political involvement the culture is not as it used to be. The political issues brought in neediness and racism in to the culture.

In addition to that ,the bank is facing two challenges first it just recently opened the new infamous headquarters which brought the scattered divisions , units , departments ,under the same roof so this gathering makes it harder for the bank to decide on what is its culture .

Secondly These days the bank is facing cultural shift due to increment of new personnel .and it doesn't consider it as a totally bad thing since the now generation is creative , close to change scenarios highly involved in technology , better understanding and marketing of new products and the bank believe this is adding value . yes there may be some bad norms added with the good ones but the bank is trying to hold on to only the good ones in addition to that there is an ethical training to help the new personnel's to cope up with the CBE culture.

The bank have been celebrating events, campaigns, ceremonies. Events such as dinner programs, giving gifts for example to acknowledge and reward exporters for bringing foreign currency, for working with the bank and helping the bank to mobilize a lot of resource and achieve its resource mobilization strategy, there is promotion Campaigns, celebrating CBE day (due to a lot of reasons it was not celebrated for the past two years) in all of the country, period end event after fiscal year closing.

As the respondents said there is always a bonus or rewards .The bank formulates strategy every five years, this is a long time for employees to wait for their achievement rewards, because of this every year the bank rewards with bonus, salary increase, if there is unique accomplishment individually this individual will set a record for their future career plus become a candidate for future vacant posts … "everything is connected to the performance and the performance is connected to the strategy"

Respondents were asked if the culture have an effect on strategy implementation it was responded by yes it does since culture is day to day practice of one's organization it have direct relation with the effect. The respondents believe if there is a problem on daily routines that means there will be a problem on the strategy implementation. The decline or loss of the culture is directly affecting the quality service and productivity of the man power of the bank.

The respondents were asked what are external environment in the eye of the bank and if those external environment have an effect on strategy implementation. According to the respondents

They believe almost everything that is outside them and the bank to be external environment, board members, stock holders, employee and management are considered internal environment in the eye of the bank but competitors, suppliers, customers … are external environment for the bank. This environment is believed to have direct impact on strategy implementation by the respondents. “Without no question “when they formulate strategy they do internal and external environment assessment, when they say external it goes beyond boarder line to the global level.

What will happen to global economy? Which world countries are at war plus where it’s leading too? Are some of the question asked, An organization can be greatly impacted by changes in the external environment in both good and bad ways. Political, economic, social, technological, legal, and environmental variables are only a few instances of the external environmental aspects that might have an impact on an organization.

The respondent were asked if there is trust, does the management trust their subordinates while communicating (sharing) strategic information of the bank. The respondents mostly agreed each department is trustworthy and has been for the past years. The management fully trust its subordinates, most of the bank’s strategy will be given as needed. Some respondents stated that as a result of current political instability and issues this eminent trust has been eroding. If the management has confidence in the capabilities and judgement of its subordinates why cannot they have the permission to fully access the strategy?

The respondent were finally asked if the bank put any factors or points as challenge of strategy implementation they responded with in new teams or function unit the implementation itself is not rightly done or it’s done traditionally but not based on the blueprint formulation, there is a vast placement problem, not being able to fit, with numbers matching between teams and employees, facilities not being fulfilled properly, there is almost no follow up, indicated that resources for strategy implementation were inadequate … the higher management team believes the challenge come from unfair competition , high price increment of parallel market , not being able to perform like other banks due to the reason its government owned, political and governmental issues, policy and procedures, current gaps in the foreign currency, illiteracy of population.

4.4 Discussion

Commercial bank of Ethiopia, faces many challenges in its strategy implementation. These challenges have great influence on the performance of the organization. The challenges are from both the internal and external environment. The environment in which CBE operates is dynamic and sometimes volatile. The environment is also complex due to its unique nature. Especially Changes in the external environment can significantly impact an organization in both positive and negative ways. Some examples of external environmental factors that can affect an organization include political, economic, sociocultural, technological, legal, and environmental factors.

Political factors may include changes in government policies and regulations that can impact an organization's operations, such as tax laws or international trade agreements. Economic factors may include changes in the overall economy (currently Ukraine – Russian war) such as inflation, recession, or interest rates, which can impact an organization's profitability and demand for its products or services. Sociocultural factors may include changes in societal values, beliefs, and attitudes, which can impact consumer preferences and behavior. Technological factors can include advancements in technology that can affect an organization's operations or products and services. Legal factors may include changes in laws and regulations that can impact an organization's operations or liability risks. Environmental factors may include natural disasters, climate change, or other environmental concerns that can affect an organization's operations or reputation. The bank must continually monitor and adapt to these external environmental factors to remain competitive and successful.

There is a visible gap between formulation and implementation. Most of the time this happens due to improper alignment teams, resources, with the bank operation. In addition to this the alignment process is also affecting the translation of corporate strategy (objective) to specific division objective. Alignment is crucial in an organization because it ensures that everyone is working towards the same goals and objectives. When everyone is aligned, there is less confusion, duplication, and wasted effort. Alignment is important: to improve efficiency, it enables better decision making, improve communication, and foster a positive culture.

Increases efficiency: When everyone in the organization understands their roles and responsibilities and how they contribute to the overall objective, they are likely to work more efficiently. This can result in increased productivity and cost reduction. Enables better decision-making: Alignment helps everyone understand the bigger picture, including the organization's vision, mission, and strategic objectives. With this understanding, decision-makers can make informed decisions that align with the overall goals. Improves communication: When everyone in an organization is aligned, communication becomes more effective and transparent. Team members can share ideas, give feedback, and collaborate to achieve the desired results... Fosters a positive culture: Alignment promotes trust, accountability, and engagement among team members. It helps create a positive workplace culture that encourages open communication, teamwork, and innovation. Overall, alignment helps the bank work more effectively towards their goals, which can lead to increased competitiveness, better financial performance, and higher employee satisfaction.

There is almost no follow up in the supporting units (new teams). This is one serious obstacle; evaluation have to be done everywhere not just headquarters. Strategy evaluation is crucial because it allows businesses to assess the effectiveness of their plans and make necessary adjustments to achieve their goals. Some of the key reasons why strategy evaluation is important are: it ensures alignment, track progress, identify success factor, course correct

Ensure alignment: When a company evaluates its strategies, it can ensure that all departments and teams are aligned with the overarching goals and objectives. **Track progress**: Evaluating strategies enables companies to track their progress towards achieving the outlined goals and objectives. It helps to make sure that the business is on track and meeting its targets. **Identify success factors**: Strategy evaluation allows the identification of factors that are positively contributing to the success of the implemented strategies. This helps companies to prioritize and focus on the areas or aspects that are driving their growth**. Course correct**: If a strategy is not performing well, the evaluation process can help identify the reasons so that necessary adjustments can be made. Companies can then course correct and come up with alternative plans to improve the overall performance. Overall, strategy evaluation is essential for companies that want to stay competitive and achieve sustained success.

There is no clear document or study if the leadership practice is practical with strategy implementation or if it does support successful strategy implementation. Not studying leadership practice can have a negative impact on the successful implementation of a strategy. Leadership practice plays an essential role in driving organizations towards achieving their desired objectives. It helps to shape organizational culture, build effective teams, and handle organizational change. Leadership practice also enables leaders to inspire and motivate employees to work towards achieving common goals.

In addition, there is reservation to exercise the power within the leadership. Exercising power in leadership is important as it allows the leader to make decisions and take actions that impact their team or organization. Power can be used for positive outcomes such as achieving common goals, resolving conflicts, and driving innovation. It also allows leaders to establish authority and influence over their subordinates, which can help create a more productive and effective work environment. However, it is important for leaders to use their power in ethical and responsible ways to avoid abusing it or causing harm to those under their authority.

Without proper leadership practices, strategy implementation can be hindered by lack of support, unclear communication, and insufficient direction. Effective leadership helps bridge the gap between the strategy and its execution by providing employees with the necessary guidance, resources, and support needed to achieve set goals. Therefore, not studying leadership practices can lead to poor management, low employee engagement, decreased productivity, higher turnover rates, and ultimately, failure of the strategy implementation.

These days the bank is facing cultural shift Culture shift can have both positive and negative consequences, depending on the specific context and situation. The good side of culture shift can include: Increased diversity and inclusion, improved innovation and creativity, increased adaptability and resilience, Positive change.

Increased diversity and inclusion: Culture shift can help to break down barriers and create more diverse and inclusive environments. This can lead to greater mutual understanding, empathy, and cooperation among people from different backgrounds. Improved innovation and creativity: A change in culture can help bring new ideas and perspectives to the table, promoting collaboration and a more open-minded approach to problem-solving. Increased adaptability and resilience: Cultures that are adaptable and flexible are better able to weather difficult times, innovate and stay ahead of competition. Positive change: Culture shifts can spark positive changes, such as better communication or team-building practices that promote a positive work environment and foster employee satisfaction.

However, there can also be a downside to culture shift, including, Cultural shock, Loss of identity, Confusion, Rejection: Overall, Culture shift can have a range of outcomes based on the way it is handled, communicated, and integrated into a firm's strategy.

Cultural shock: Sudden and significant changes in culture can cause negative reactions and resistance from those who hold strong traditional views, which could be disruptive to business operations. Loss of identity: Employees can feel a loss of personal or organizational identity when longstanding customs or traditions are abandoned as part of the shift. Confusion: Changes in culture could create confusion or uncertainty about how to proceed or navigate day-to-day operations. Rejection: When cultural changes are imposed rather than embraced, it can lead to resentment and division among employees who are not fully convinced of the benefits of the change. Overall, Culture shift can have a range of outcomes based on the way it is handled, communicated, and integrated into the bank's strategy.

The bank doesn't have standard motivational management. But having standard motivation management in an organization is important for several reasons. First, it can help increase employee engagement and productivity. When employees feel motivated, they are more likely to work harder and perform at a higher level. Second, it can help reduce turnover rates by improving employee satisfaction and job retention. When employees feel valued and supported, they are less likely to leave their jobs. Third, it can foster a positive work culture by promoting teamwork, communication, and collaboration. When all employees feel motivated and engaged, it can create a more cohesive and productive work environment. Overall, having standard motivation management can lead to a more successful, efficient and profitable organization.

There is traditional cascading's in some divisions, traditional in a sense top to bottom approach, this is incorrect implementation of the label. A wrong implementation of cascading can have various negative effects on the bank's performance such as misalignment, lack of motivation, resource wastage, and poor decision making. Cascading in strategy refers to the process of breaking down a company's overall strategic goals into smaller, more actionable objectives that can be assigned to different departments and individuals within the organization. This helps ensure that everyone is working towards the same objectives and allows progress to be tracked and measured effectively. Typically, the process involves defining specific goals and metrics for each level of the organization, setting up an accountability structure to ensure that goals are achieved, and regularly reviewing progress made towards the goals.

Cascading is an important aspect of strategy because it helps ensure that everyone within the organization understands how their work contributes to the overall strategy and encourages alignment among different teams and departments. Cascading also allows for better communication and coordination among team members, enabling them to work together more efficiently towards achieving common goals. By establishing clear objectives at each level, cascading can help companies maintain focus and direction in their strategic planning efforts.

The bank believes strategy confidentiality, the concept itself is wrong, but practically their strategy is confidential one division cannot see another division, keeping in mind this divisions are part of one bank, and working for the same final goal. Confidentiality maybe necessary within teams, especially in situations where sensitive or classified information is being discussed. Confidentiality ensures that the information remains protected and only available to those who have a need to know. This helps prevent leaks of sensitive information, thereby protecting the privacy and security of individuals and entities involved. However, there may be situations where confidentiality is not necessary or appropriate, such as when collaborating with partners or stakeholders who need to be fully informed and engaged in the strategy development process.

Trust in an organization refers to the belief or confidence that employees, managers, and stakeholders have in each other's competencies, reliability, honesty, and intentions to act in the best interest of the organization. Trust is a critical component of an effective and productive workplace culture, as it fosters cooperation, communication, commitment, and innovation. It allows employees to feel safe and supported, which enhances their job satisfaction and reduces turnover rates. Trust between an organization and its customers is also crucial for building brand loyalty, customer satisfaction, and repeat business.

The bank agrees each department is trustworthy and has been for the past years. If this is the case then why the strategy of the bank is not being accessed fully. Strategy is the guidance to the ultimate goal the bank has created. If it’s not fully participatory in the formulation stage, if it’s not cascaded perfectly in every dimension in implementation stage, if there is a visible gap in evaluation (follow up) stage. This indicates there is either lack of trust with n the bank or lack of knowledge on confidentiality subject.

Trust and confidentiality are important aspects of any organization. Trust refers to the belief that people and systems within an organization will act in a way that is reliable, predictable, and consistent with the organization's values, goals, and objectives. Confidentiality, on the other hand, refers to the protection of information from unauthorized access, use, or disclosure.

In an organization, trust and confidentiality are closely related because trust is built on the assurance that confidential information will be protected. Employees need to be able to trust that their personal and sensitive business information will be handled responsibly and kept confidential. If employees feel that their confidentiality has been breached, it can damage their trust in the organization, which can undermine its effectiveness.

Therefore, it is essential for organizations to establish and maintain policies and procedures that promote confidentiality and build trust among employees, stakeholders, and customers. These policies may include measures such as secure passwords, encryption protocols, secure storage, limited access, and staff training. By establishing and enforcing policies that protect confidential information, the organization can foster a culture of trust in which employees feel comfortable sharing information and working towards common goals.

In general, there are some factors the bank concurs upon as challenge of strategy implementation there is a significant problem with placement, with numbers matching between teams and employees, facilities not being fulfilled properly, almost no follow-up, and an indication that resources for strategy implementation were insufficient. In new teams or function units, the implementation itself is not done correctly or it's done traditionally but not based on the formulation and implementation of the strategy. The higher management team believes that the difficulties are brought on by unfair competition, high price increment of parallel market, the inability to perform as well as other banks because its government owned, political and governmental issues, policies and procedures, current gaps in the foreign currency, and population illiteracy. Additionally, the gaps in the internal environments, also have their own factors.

CHAPTER FIVE

SUMMARY CONCLUSION AND RECOMMENDATION

5.1 Introduction

The overview of the study's results, the conclusion, and suggestions for additional research are presented in this chapter. This study's main goal was to examine to what extent strategy should be confidential and other strategy implementation challenges. The investigation was conducted in CBE. The study's goal was to list possible solutions for the problems that the company was having with the strategy's implementation.

5.2 Summary

Commercial bank of Ethiopia, faces many challenges in its strategy implementation. These challenges have great influence on the performance of the organization. The challenges are from both the internal and external environment. The environment in which CBE operates is dynamic and sometimes volatile. The environment is also complex due to its unique nature. Especially Changes in the external environment can significantly impact an organization in both positive and negative ways. Some examples of external environmental factors that can affect an organization include political, economic, sociocultural, technological, legal, and environmental factors... The bank must continually monitor and adapt to these external environmental factors to remain competitive and successful.

There is a visible gap between formulation and implementation. Most of the time this happens due to improper alignment teams, resources, with the bank operation. In addition to this the alignment process is also affecting the translation of corporate strategy to specific division objective. Alignment is crucial in an organization because it ensures that everyone is working towards the same goals and objectives. When everyone is aligned, there is less confusion, duplication, and wasted effort. Alignment is important: to improve efficiency, it enables better decision making, improve communication, and foster a positive culture. Overall, alignment helps the bank work more effectively towards their goals, which can lead to increased competitiveness, better financial performance, and higher employee satisfaction.

There is almost no follow up in the supporting units. This is one serious obstacle; evaluation have to be done everywhere not just headquarters. Strategy evaluation is crucial because it allows businesses to assess the effectiveness of their plans and make necessary adjustments to achieve their goals. Some of the key reasons why strategy evaluation is important are: it ensures alignment, track progress, identify success factor, course correct. Overall, strategy evaluation is essential for companies that want to stay competitive and achieve sustained success.

There is no clear document or study if the leadership practice is practical with strategy implementation or if it does support successful strategy implementation. Not studying leadership practice can have a negative impact on the successful implementation of a strategy. Leadership practice plays an essential role in driving organizations towards achieving their desired objectives. It helps to shape organizational culture, build effective teams, and handle organizational change. Leadership practice also enables leaders to inspire and motivate employees to work towards achieving common goals.

In addition, there is reservation to exercise the power within the leadership. Exercising power in leadership is important as it allows the leader to make decisions and take actions that impact their team or organization. Power can be used for positive outcomes such as achieving common goals, resolving conflicts, and driving innovation.

Without proper leadership practices, strategy implementation can be hindered by lack of support, unclear communication, and insufficient direction. Effective leadership helps bridge the gap between the strategy and its execution by providing employees with the necessary guidance, resources, and support needed to achieve set goals. Therefore, not studying leadership practices can lead to poor management, low employee engagement, decreased productivity, higher turnover rates, and ultimately, failure of the strategy implementation.

These days the bank is facing cultural shift Culture shift can have both positive and negative consequences, depending on the specific context and situation. The good side of culture shift can include: Increased diversity and inclusion, improved innovation and creativity, increased adaptability and resilience, Positive change. However, there can also be a downside to culture shift, including, Cultural shock, Loss of identity, Confusion, Rejection. Overall, Culture shift can have a range of outcomes based on the way it is handled, communicated, and integrated into the bank's strategy.

The bank doesn't have standard motivational management. But having standard motivation management in an organization is important for several reasons. First, it can help increase employee engagement and productivity. Second, it can help reduce turnover rates by improving employee satisfaction and job retention. Third, it can foster a positive work culture by promoting teamwork, communication, and collaboration. When all employees feel motivated and engaged, it can create a more cohesive and productive work environment. Overall, having standard motivation management can lead to a more successful, efficient and profitable organization.

There is traditional cascading's in some divisions, traditional in a sense top to bottom approach, this is incorrect implementation of the label. A wrong implementation of cascading can have various negative effects on the bank's performance such as misalignment, lack of motivation, resource wastage, and poor decision making.

Cascading in strategy refers to the process of breaking down a company's overall strategic goals into smaller, more actionable objectives that can be assigned to different departments and individuals within the organization. This helps ensure that everyone is working towards the same objectives and allows progress to be tracked and measured effectively. Typically, the process involves defining specific goals and metrics for each level of the organization, setting up an accountability structure to ensure that goals are achieved, and regularly reviewing progress made towards the goals.

The bank believes strategy confidentiality, the concept itself is wrong, but practically their strategy is confidential one division cannot see another division, keeping in mind this divisions are part of one bank, and working for the same final goal. Confidentiality maybe necessary within teams, especially in situations where sensitive or classified information is being discussed. Confidentiality ensures that the information remains protected and only available to those who have a need to know. This helps prevent leaks of sensitive information, thereby protecting the privacy and security of individuals and entities involved. However, there may be situations where confidentiality is not necessary or appropriate, such as when collaborating with partners or stakeholders who need to be fully informed and engaged in the strategy development process.

Trust in an organization refers to the belief or confidence that employees, managers, and stakeholders have in each other's competencies, reliability, honesty, and intentions to act in the best interest of the organization. Trust is a critical component of an effective and productive workplace culture, as it fosters cooperation, communication, commitment, and innovation. It allows employees to feel safe and supported, which enhances their job satisfaction and reduces turnover rates. Trust between an organization and its customers is also crucial for building brand loyalty, customer satisfaction, and repeat business.

Trust and confidentiality are important aspects of any organization. Trust refers to the belief that people and systems within an organization will act in a way that is reliable, predictable, and consistent with the organization's values, goals, and objectives. Confidentiality, on the other hand, refers to the protection of information from unauthorized access, use, or disclosure.

In an organization, trust and confidentiality are closely related because trust is built on the assurance that confidential information will be protected. Employees need to be able to trust that their personal and sensitive business information will be handled responsibly and kept confidential. If employees feel that their confidentiality has been breached, it can damage their trust in the organization, which can undermine its effectiveness.

The bank agrees each department is trustworthy and has been for the past years. If this is the case then why the strategy of the bank is not being accessed fully. Strategy is the guidance to the ultimate goal the bank has created. If it’s not fully participatory in the formulation stage, if it’s not cascaded perfectly in every dimension in implementation stage, if there is a visible gap in evaluation stage. This indicates there is either lack of trust with n the bank or lack of knowledge on confidentiality subject.

In general, there are some factors the bank concur upon as challenge of strategy implementation there is a significant problem with placement, with numbers matching between teams and employees, facilities not being fulfilled properly, almost no follow-up, and an indication that resources for strategy implementation were insufficient.

5.3 Conclusion

Strategy usually refers to a long-term plan of action designed to achieve a particular goal or set of goals. It involves analyzing the present situation, identifying future objectives, and developing methods or plans to achieve those objectives within the constraints of the resources available.

As component of strategic management formulation, implementation and evaluation are necessary in one's organization. But a strategy not formulated properly cannot be implemented, if it's not implemented it cannot be evaluated. They are related concepts, a discrepancy in formulation may result in a corresponding discrepancy in implementation, thereby leading to discrepancies in evaluation.

To what extent should the strategizing practice be confidential, this depends on the organization belief. The confidentiality level of a strategy depends on its importance and the company's overall policies. In general, companies tend to keep their core strategies confidential to prevent competitors from gaining insights that could give them an advantage in the marketplace.

But confidentiality itself is time consuming especially in formulation stage, and it still is an overlooked problem. Now a days there is a big competition in the business world, there is literally no time to waste siting and discussing it's all about doing. If the strategy is not confidential the more it will be participatory, this cooperativeness will take the organization one step ahead to its implementation stage. This is time consuming and trust building on itself.

Most of the time strategy gaps or problems are chained with each other, the one will lead to another one. In modern day business beliefs trustworthiness (honesty) is one of the principles and it have direct relation with confidentiality. Trust issues in organizations can arise due to several factors such as lack of transparency, poor communication, dishonest behavior, incompetence, favoritism, and conflicts of interest. These issues can affect employee morale, productivity, and overall organizational performance. To address trust issues in the workplace, it is important to identify the root causes and implement strategies such as open communication, ethical leadership, fair policies, and accountability. Additionally, providing opportunities for employee feedback and involvement can help to rebuild trust and improve overall job satisfaction.

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If a strategy is developed with transparency as a key principle, it will likely yield numerous valuable benefits. Firstly, it will increase accessibility and ease of monitoring, thereby contributing to enhanced feedback processes. Additionally, such a strategy will raise employee awareness across various fronts while cultivating trust, compassion and a positive cultural environment. The net effect of these outcomes would be an overall strengthening of the organizational culture and greater potential benefits for the company.

The researcher is not implying that there are no other challenges in strategy implementation or in general in strategy aspect but sometimes dealing with the core problem from the beginning will lead to less damage. In an organization, trust and confidentiality are closely related because trust is built on the assurance that confidential information will be protected. Therefore, it is essential for organizations to establish and maintain policies and procedures that promote confidentiality and build trust among employees. To what extent should that confidentiality go? Especially in strategy case that is the organizations decision. By establishing and enforcing policies that protect confidential information, the organization can foster a culture of trust in which employees feel comfortable sharing information and working towards common goals.

5.4 Recommendation

Based on the findings of the research, the following recommendations are proposed.

- While the current participatory approach is commendable, there exists an opportunity for augmenting it further by including a greater representation of employees from the bank's workforce. Doing so would elevate the degree of participation and enable a more robust formulation process

- Fixing alignment problems in a bank is to identify the root cause of the problem. This can be done through a thorough examination of the bank's processes, procedures, and communication systems. Once the problem has been identified, steps can be taken to address it. This may involve making adjustments to the operational processes or the implementation of new policies and procedures, as well as improving communication and collaboration between different departments within the bank. In addition, regular monitoring and assessment of the bank's systems and processes can help ensure ongoing alignment and proactive identification and resolution of any potential issues.

- Engaging in follow-up activities not only at the headquarters level, but also at each and every division and unit level.
- Performing tasks in a systematic, cascading manner rather than relying on the traditional rushed approach. Adopting a methodical, step-by-step approach to task completion utilizing a cascading process, as opposed to relying on traditional, high-pressure methods during peak demand periods.
- To cultivate a sense of trust and foster a positive corporate culture among employees, it would be prudent to consider revitalizing previously observed celebrations such as CBE day, along with other consequential ceremonies that have not been held for the past few years. Doing so may help to solidify interpersonal bonds among staff members and contribute towards a more harmonious work environment.
- Reducing the degree of confidentiality pertaining to the strategic concept.
- In order to ensure successful implementation of strategies, it is imperative that the bank adopts standard practices of leadership, in order to ascertain the efficacy of its strategy implementation, it is crucial that the entity in question engage in a thorough analysis of both its current and prior operational methods and processes.
- The banks need to eliminate racism, neediness and bias towards certain ethnic groups since its damaging the banks culture and reputation.

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Appendix

Interview questions

1. How do managers and others strategize?

❖ Who are the actors?

❖ Is there involvement of departments, team leaders, management (top, middle, lower), external consultancy?

❖ If so how? , if not why?

2. How do managers and others use the tools of strategy? (methods ,tools , procedures)

❖ What does the cascading and communication process looks like?

❖ Do you use motivation management or other methods?

❖ After the strategy formulation do you think the banks operation itself supports the implementation process? (If so how, if not why?)

❖ Is there any follow up, and what about confidentiality status?

3. What is the leadership practice of CBE looks like?

❖ Does this practice has been fruitful with strategy implementation?

❖ If so how does it support successful strategy implementation?

4. After some time reputation of practices becomes cultures or norms within the organization.

❖ Is there any practices the bank count as culture / norm? (Management culture, social culture etc.)

❖ Is there any events, ceremonies celebrated by the bank? And bonuses or incentives regarding achievements?

❖ Does this culture have an effect on strategy implementation?

- ❖ What are external environment in the eye of the bank
- ❖ Does those external environment have an effect on strategy implementation?

5. Does the management trust their subordinates while communicating (sharing) strategic information of the bank?
   - ❖ Is there any trust issues?

6. For the past 7 and 8 decades the bank has gone through many formulation, implementation and evaluation eras. In those years does the bank put any factors or points as challenge of strategy implementation?