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SCHOOL OF COMMERCE
DEPARTMENT OF BUSINESS LEADERSHIP

**PRACTICES AND CHALLENGES OF STRATEGIC MANAGEMNT: THE
CASE OF AWASH BANK**

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**PRACTICES AND CHALLENGES OF STRATEGIC MANAGEMENT: THE
CASE OF AWASH BANK**

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Declaration

I, the under signee declare that this thesis is my original work, prepared under the guidance of Dr, Abdulrazak Mohammed. All source of materials used for the thesis have been duly Acknowledged. I further confirm that the thesis has not been summited either in part or in full to Any other higher learning institution for the purpose of earning any degree.

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This thesis “Practices and challenges of strategic management”: The Case of Awash Bank” has been submitted to Addis Ababa University School of Commerce, MBL Program for examination with my approval as the University Advisor.

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ACRONYMS AND ABBREVIATIONS

AB - Awash Bank

BDRM - Business Development and Risk Management

BOD - Board of Directors

BPR - Business Process Re-engineering

BSC - Balanced Scorecard

CEO - Chief Executive Officer

CRM - Customer Relationship Management

EIC - Ethiopian Insurance Company

GTP - Growth and Transformation Plan

IT - Information Technology

ICT - Information Communication Technology

KPIs - Key Performance Indicators

NBE - National Bank of Ethiopia

PFEA - Public Financial Enterprises Agency

SMP - Strategic Management Process

SWOT - Strengths, Weaknesses, Opportunities, and Threats

WTO - World Trade Organization

ABSTRACT

The purpose of this study was to assess the practices and challenges of strategic management at Awash Bank, one of the leading commercial banks in Ethiopia. The study employed a mixed-methods research approach, utilizing both quantitative and qualitative data. The target population included managerial and non-managerial employees of Awash Bank. A sample of 171 employees was selected using a stratified random sampling technique, and 134 valid responses were collected, yielding a response rate of 78.4%. Additionally, interviews were conducted with key personnel directly involved in strategic management roles.

The findings revealed both strengths and weaknesses within Awash Bank's strategic management process, which encompassed environmental scanning, strategy formulation, strategy implementation, and strategy monitoring and evaluation. The bank demonstrated strengths in its comprehensive environmental scanning, participatory strategy formulation, and effective strategy implementation through communication and alignment. However, challenges were identified in the areas of strategy monitoring and evaluation, as well as the implementation of core values.

Based on the findings, the study recommends that Awash Bank strengthens its strategy monitoring and evaluation mechanisms, enhances the implementation of core values, and addresses the challenges identified in the various stages of the strategic management process. Future research could explore a more comprehensive and longitudinal analysis of strategic management practices in the banking industry.

Keywords: *Strategic management, environmental scanning, strategy formulation, strategy implementation, strategy monitoring and evaluation, banking industry.*

CHAPTER ONE

INTRODUCTION

This chapter deals with the background of the study, statement of the problem, objectives of the study, delimitation of the study, definition of key terms, and organization of the study.

1.1 Background of the study

Strategic management involves the development and implementation of procedures and objectives that differentiate a company from its competitors, enabling it to achieve its goals more effectively. In the banking industry, where competition is intense, strategic management practices are essential for organizations to achieve success and financial performance targets. It has emerged as a vital management tool for organizations to navigate the complexities of the business environment and achieve long-term success. It involves the development and implementation of procedures and objectives that differentiate a company from its competitors, enabling it to achieve its goals more effectively.

Strategic Management is all about the decisions made by managers to figure out the organization's long-term goals and how to reach them. It's a roadmap for success that looks at what needs to change and how to make it happen. It deals with tricky situations that affect the whole organization, not just specific tasks (Johnson, Scohles & Whittington, 2008: 11). There are four main parts to it - checking the environment, making a plan, putting the plan into action, and then checking how things are going.

Environmental scanning involves the collection and utilization of information about events, trends, and relationships in an organization's external environment. This information aids management in planning future actions and identifying key issues affecting the organization, including strengths, weaknesses, opportunities, and threats analysis. Strategy entails determining the organization's mission, goals, and objectives while selecting or creating a suitable strategy. Strategy implementation, also known as strategy

in action, involves the process of translating chosen strategies into action. Lastly, evaluation and control are critical steps in the strategic management process. It involves monitoring organization's performance to ensure that the selected strategy achieves its objectives (Alkhafaji, 2003).

The banking sector in Ethiopia has witnessed significant growth and transformation over the years, with Awash Bank emerging as a key player in the industry. As one of the largest commercial banks in the country, Awash Bank has a substantial market presence and plays a vital role in facilitating financial services to individuals and businesses. In the dynamic and competitive landscape of the banking industry, strategic management practices are crucial for organizations to adapt to changing market conditions, innovate, and maintain a competitive edge.

This study aims to delve into the strategic management practices of Awash Bank, evaluating its current strategies, decision-making processes, and overall approach to strategic planning. By conducting a thorough assessment of these practices, this research seeks to identify areas for improvement and provide actionable recommendations to enhance the bank's strategic effectiveness.

Awash Bank, established on November 10, 1994, has emerged as a pillar of financial innovation in Ethiopia's banking sector. With its name inspired by the iconic Awash River—a symbol of natural endurance and flow—the bank reflects the nation's spirit and aspirations. The bank began operations on February 13, 1995, with an initial paid-up capital of Birr 24.2 million and the support of 486 visionary shareholders.

Over the years, Awash Bank has expanded its reach, boasting a network of over 900 branches that solidify its position as a trusted financial partner for a diverse clientele, including individuals, businesses, and institutions across Ethiopia. The bank's commitment to financial inclusion and economic development is evident through its wide array of innovative products and services designed to cater to the dynamic needs

of its customers. Awash Bank prioritizes accessibility. With an extensive branch network, it stands as the most accessible private bank in Ethiopia. Customers benefit from 24/7 services through ATMs, internet banking, mobile banking, and agency banking.

The core attributes of Awash Bank include superior performance, accessibility, and social responsibility. The bank is known for its exceptional operational and financial performance, ensuring customer accessibility through various channels, and actively investing in initiatives that enhance education, healthcare, and environmental sustainability.

Superior Performance: Awash Bank stands out for its exceptional operational and financial performance amidst global and domestic challenges, setting a benchmark for private banking in Ethiopia.

Accessibility: The bank ensures customer accessibility through a comprehensive network of branches, ATMs, point-of-sale terminals, and digital banking platforms, including internet and mobile services, as well as agency banking.

Social Responsibility: A proponent of corporate social responsibility, Awash Bank invests in initiatives that enhance education, healthcare, environmental sustainability, and overall community well-being.

Strategic Direction: Awash Bank is dedicated to customer satisfaction, financial stability, and robust corporate governance, driving its trajectory of sustained growth and excellence. The bank's legacy is built on a foundation of integrity, reliability, and a customer-centric approach, ensuring it remains at the forefront of Ethiopia's banking future.

Mission: The mission of Awash Bank is to lead the Ethiopian financial sector by offering a spectrum of innovative financial solutions that address the evolving requirements of its customers, thereby promoting financial inclusion and spurring economic growth.

Vision: Outlined in its ambitious “Transforming AB, Vision 2030” strategic plan, Awash Bank aspires to rank among the top ten banks in Africa within the next decade. The plan targets a fourfold growth by 2030, focusing on fortifying the bank’s capital base, augmenting lending capabilities, and expanding the deposit base.

Core Values: At the heart of Awash Bank’s ethos are the core values of integrity, reliability, and customer-centricity. The bank upholds trust, transparency, and social responsibility, dedicating itself to superior performance. As Awash Bank strides towards realizing its “Transforming AB, Vision 2030” goals, it continues to invest in the necessary resources and capabilities to achieve this vision, mission, and uphold its core values, thereby shaping a prosperous future for banking in Ethiopia.

1.2 Statement of the Problem

Bryson (2004) emphasizes the critical role of stakeholders in the strategic management process, highlighting that the satisfaction of key stakeholders is essential for organizational success and longevity. This notion is echoed by Freeman (2010), who argues that organizations must prioritize the needs and interests of all stakeholders to maintain legitimacy and achieve sustainable competitive advantage.

Furthermore, according to Mintzberg and others (2003), strategic management goes beyond merely creating mission and vision statements or identifying core competencies. They believe that successful strategic management requires a profound grasp of organizational resources and capabilities, along with how these factors come together to form competitive advantages. Similarly, Barney (1991) stresses the importance of utilizing internal resources and capabilities to maintain a competitive edge over time.

This research aims to evaluate the strategic management practices implemented by Awash Bank, with a specific focus on identifying deviations from established theoretical frameworks. Despite the bank’s successful strategy formulation, gaps in strategy execution and monitoring persist. The lack of prior

research on the comprehensive assessment of the bank's strategic management process underscores the urgency to analyze and rectify any deficiencies. By conducting this study, we seek to shed light on the general assessment of strategic practices may be lacking, ultimately enhancing the bank's competitive position and facilitating the achievement of strategic objectives.

1.3 Objective of the Study

1.3.1 General Objective

To assess the Practices and Challenges of Strategic Management in Awash Bank.

1.3.2 Specific Objectives

- To examine the existing Practices of Strategic Management in Awash Bank.
- To assess the Challenges of Strategic Management in Awash Bank

1.4 Research Questions

The Study is expected to answer the Following Questions:

- I. What are the existing Practices of Strategic Management in Awash Bank?
- II. What are the Challenges of Strategic Management in Awash Bank?

1.5 Significance of the Study

The findings of this research will help the bank in improving its strategic management practices. The study highlights the major areas where loopholes are noticed in the strategic management process and its challenges so that they could be further investigated by the corporation to endure competitive advantage. It will also provide an evaluation framework for assessing management practices that can be readily used by banking industry.

The research also adds to the knowledge of the subject of strategic management by deepening readers' understanding of the subject of strategic management from the perspective of banking industry.

1.6 Scope of the Study

Subject wise the research delves into strategic management practices encompassing strategy formulation, strategy implementation, strategy monitoring and evaluation and the influence of external environmental factors and their challenges. From the Geographical context, the study is centered on the Head Office population situated in Legehar, Addis Ababa.

1.7 Defining key terms

Strategic Management: involves the process of formulating, implementing, and evaluating cross-functional decisions that enable an organization to achieve its long-term objectives. It encompasses analyzing the external environment, setting goals, formulating strategies, implementing them, and monitoring their effectiveness over time (David, 2021).

Environmental Scanning: refers to the systematic monitoring, evaluation, and interpretation of external and internal factors and trends that could impact an organization's performance. It helps organizations identify opportunities and threats in their environment and adjust their strategies accordingly (Aguilar, 1967).

Strategy Formulation: is the process of developing strategies and action plans to achieve organizational objectives. It involves analyzing the organization's internal strengths and weaknesses, as well as external opportunities and threats, to determine the best course of action (Mintzberg et al., 1998).

Strategy Implementation: refers to the execution of chosen strategies. It involves translating strategic plans into actions, allocating resources, designing organizational structures, and motivating employees to achieve strategic objectives (Kaplan & Norton, 2008).

Strategy Monitoring and Evaluation: involves assessing the progress of implemented strategies against predefined goals and objectives. It includes measuring performance, identifying deviations from plans, and making adjustments to ensure strategic alignment and effectiveness (Thompson & Strickland, 2003).

Banking Industry: encompasses institutions that provide financial services such as loans, deposits, and investment products to individuals, businesses, and governments. It plays a crucial role in the economy by facilitating capital allocation, managing risks, and promoting economic growth (Berger & Mester, 1997).

1.8 Organization of the Study

This Study has been organized into five chapters. The first chapter sets a background for the study. The next chapter presents a literature review. The third chapter explains the research methodology and chapter four presents the results and interpretations of the study, then in chapter five conclusion and recommendations are given. Finally, the researcher gave his view on the future research direction.

CHAPTER TWO

LITERATURE REVIEW

This chapter outlines the current research to establish a framework for examining strategic management practices. It aims to inform the reader about the existing research on strategic management. The review starts by explaining the strategic management process before moving on to discuss its components. It then shifts focus to the balanced scorecard, a tool utilized by Awash Bank for strategic and performance management purposes.

2.1. Theoretical review

Theoretical literatures about strategic management are examined in this part.

2.1.1. Strategy and strategic Management concept

A strategy is a structured plan of commitments and actions designed to utilize key strengths and gain a competitive advantage. This approach is in line with the insights Hitt et al. (2007), who describe strategy as a detailed plan illustrating how a company plans to achieve its goals and objectives. It includes flexible guide for the future, covering not just the primary purpose of the company (mission) but also its anticipated direction (vision) and specific performance goals (Campbell et al., 2002).

Creating a business strategy helps organizations analyze and structure their business well. The process dives deep into external trends, industry logic, strengths, and weaknesses. This results in a strategic blueprint that highlights key factors for long-term success and maps out the company's growth (Campbell, 2002 cited by Dinberu Girma, 2016). Strategic management boils down to decision-making and corrective actions that drive an organization towards its long-term goals. It involves formulating, implementing, and assessing decisions to achieve objectives (Alkhafaji, 2003). The art and science of making these cross-functional decisions are crucial for organizational success (AbuBakar, Tufail & Yusof, 2011; Kaplan & Norton, 1992).

Strategic Management involves making decisions that set long-term goals and the path to achieve them. It deals with the complexities of uncertain situations with organization-wide effects (Johnson et al., 2008). It encompasses understanding the organization's position, making choices for the future, and executing strategies effectively (Johnson et al., 2008). One key aspect is the formulation and execution of strategies to fulfill an organization's purpose (Higgins, 2005; Alkhafaji, 2003; Kayale, 2012). A strategy acts as a roadmap outlining how an organization will accomplish its mission effectively over time (Johnson et al., 2008). It guides effort coordination and impacts overall organizational well-being (Ahlstrand & Lampel, 1998). At different levels - corporate, business & functional - strategies are developed and put into action to meet short-term & long-term objectives. Corporate strategy sets direction and scope for the entire organization (Johnson et al., 2007). Business-level strategies focus on market competitiveness while operational strategies manage individual functions (Johnson et al., 2007; Zafar et al., 2013). Cost leadership & differentiation are two primary generic strategies proposed by Michael Porter for competitive advantage (Wheelen & Hunger, 2012). Cost leadership aims at lower costs to serve the mass market effectively while differentiation creates unique products or services in the industry (Wheelen & Hunger, 2012).

2.1.3 Strategic Management Components

Wheelen and Hunger (2017) assert that the strategic management paradigm is prescriptive and logical. It is a planning model that outlines the strategic management approach that an organization ought to follow, not what a specific company could choose to do. Using Wheelen and Hunger (2015) as a guide, the model is divided into the following four sections:

1. Environmental Scanning

2. Strategy Formulation

3. Strategy Implementation

4. Evaluation and Control

2.1.3.1. Environmental scanning

Conducting environmental scans involves collecting and analyzing data on outside that can impact a company's performance. This process includes examining both internal factors like customers, suppliers, and regulators, as well as external factors like competitors and other stakeholders. Recognizing opportunities and threats is crucial before creating a strategy (Kotler, 2003). Understanding the competitive environment is vital for designing an effective business strategy. Once businesses examine how the environment affects them, they can pinpoint their competitive edge (Wheelen & Hunger, 2015).

Effective strategic management hinges on a comprehensive understanding of organizational resources and competencies and their collective contribution to shaping organizational strengths, underscores the criticality of aligning strategies with the company's environment for success, highlighting the pivotal role of environmental scanning in this alignment process. It encompasses the analysis and forecasting of relevant economic, market, and industry factors (Roney, 2010). By acquiring and utilizing information about environmental events, trends, and relationships, environmental scanning facilitates the identification of key issues affecting organizations and aids in the detection of SWOT factors.

The assessment of external environmental factors involves analyzing the various conditions and forces that impact an organization's strategic choices, often beyond its direct influence. This process involves examining both macro and micro-level environmental elements to identify potential risks and advantages (Zafar, 2013). The macro environment encompasses general factors that affect nearly all organizations (Johnson, 2007). Experts recommend utilizing tools like SLEPT Analysis (Social, Legal, Economic, Political, and Technological) and PESTEL Analysis (Political, Economic, Social, Technological,

Environmental, and Legal factors) for this purpose. Within the broader environment is the industry-specific level involving competitors (Johnson, 2007).

Michael Porter's competitive model, known as the five forces model, provides a framework for assessing environmental competitiveness. The analysis of external environmental factors is crucial for uncovering potential opportunities and threats. Internal environmental analysis contributes to understanding an organization's internal strengths and weaknesses. The results are typically categorized into Strengths and Weaknesses (internal) and Opportunities and Threats (external).

SWOT analysis summarizes crucial issues from the business environment along with an organization's strategic capabilities likely to impact strategy formulation (Johnson, et.al., 2007: 102). SWOT assists in recognizing an organization's core strengths to leverage opportunities, address threats, and mitigate weaknesses (Ayub, et.al., 2013: 92). Asghar (2011) emphasizes that SWOT Analysis plays a key role in aligning strategies with the external and internal environment of an organization. The goal under SWOT is to maintain strengths, rectify weaknesses, capitalize on opportunities, and mitigate threats. Identifying strengths and weaknesses can be challenging as certain characteristics initially seen as such may not significantly contribute to competitive advantage or disadvantage upon closer examination (Duncan, et.al., 1998:7). It necessitates deep reflection, self-assessment, and detailed analysis (Duncan, et.al., 1998). For a SWOT analysis to be effective, it should be conducted in comparison with competitors' analyses.

Ackermann and Eden (2011) posit that effective strategic management requires careful attention to managing stakeholders strategically while developing an organization's strategy to ensure its resilience. This involves conducting stakeholder analysis, which focuses on identifying key internal and external stakeholders, understanding their interests, concerns, and strategies for satisfaction. Bryson (2007) stresses the strategic significance of stakeholder analysis, stating that it helps frame issues in ways that are technically feasible and politically acceptable. Stakeholder analysis typically includes identifying

criteria and ranking them based on stakeholders' influence on the organization and their needs (Bryson, 2007).

Steyn (2002) references Harrison and St John's (1998) definition, which underscores the importance of prioritizing key stakeholders, assessing their needs, and incorporating their insights into strategic processes. Stakeholders can be classified based on their stake in the organization (ownership, economic, or social) as well as their influence (formal, economic, or political power) (Steyn, 2002). Johnson et al. (2007) describe stakeholders as individuals or groups that the organization depends on to achieve its goals and who depend on the organization in return. Alkhafaji (2003), citing Freeman & Reed (1983), highlights stakeholders' direct interests in the organization necessary for its survival.

Asghar (2011) supports this view by endorsing Dewhurst and Fitzpatrick's (2005) portrayal of stakeholders as individuals or groups possessing crucial resources required for successful initiative delivery or those with a vested interest in the initiative's outcomes. Essentially, stakeholders comprise groups or individuals impacted by and capable of influencing the organization, including shareholders, employees, management, major creditors, main consumers, major suppliers among others. Stakeholder analysis is essential for developing strategies aligned with stakeholders' interests (Asghar et al., 2011), providing invaluable insights.

Industry analysis is a component of environmental scanning that falls between SWOT analysis and strategy formulation (Hussey et al., 2006). According to Hussey (2006), it allows organizations to evaluate internal elements against external dynamics and examine all players' relative power. The importance of environmental research in strategy development is emphasized by Zafar et al. (2013), who underscore its impact on shaping strategies. To effectively navigate external influences, organizations must conduct comprehensive environmental scanning since the environment significantly influences decision-making processes. Roney (2010) echoes Drucker's (1969) assertion that continuous monitoring of present and

potential business environments along with adaptive re-planning is crucial for long-term success in a time marked by disruptions.

2.1.3.2 Strategy formulation

Strategy formulation is developed to aid executives in defining the business operates in, the goals it aims for, the methods it will use to achieve these objectives. An enhanced approach to traditional long-term planning, strategy formulation combines a forward-facing outlook with consideration for a firm's internal and external surroundings when crafting its competitive course of action. The process begins by clarifying the company's mission (Pearce, Richard, & Robinson, 2004).

A mission statement functions as a broad declaration of an organization's fundamental purpose, ideally aligning with the values and expectations of key stakeholders while establishing the organization's range and limits (Kotler et al., 2006). Niven (2011) defines a mission as the organization's justification for existence. Alkhafaji (2003) expands on this by describing a mission as a clear expression of the organization's business strategy and capabilities. According to Pearce & Robinson (2011), a mission statement conveys the organization's essence, its operations, and the rationale behind its establishment. It encompasses several aspects including the organization's offerings, target market, approach or technology emphasis, size, goals, operational scope, and customer segment.

A vision statement outlines the future direction that an organization strives to reach, developed in alignment with its mission and values (Kotter & Heskett, 1992). Azhar et al. (2010) depict vision as the heart of the organization and the crux of the strategic management process, representing the organization's long-term objectives and principles. In line with Hussey & Hussey (1997), a vision articulates an organization's aspirations in a way that mirrors its desired attainments. Neluheni et al. (2014) characterize vision as the courageous and noble path an organization endeavors to pursue. Adams (2005) stresses that

a vision paints a vivid and compelling picture of the organization's future state as it fulfills its mission. Nutt (2006) underscores the multifaceted role of vision in providing guidance, focus, motivation, clarity, and direction for human activities thus elucidating the organization's trajectory.

According to Alkhafaji (2003), a company's mission should be converted into objectives and goals. Johnson, et.al (2007) define goals as general statements of aim or purpose, while objectives are specific statements derived from the goals. Both goals and objectives aim towards a desired result (Nutt, 2006).

Goals serve as the groundwork for an effective plan that goes beyond just words on paper and translates into action. They are guided by the mission statement (Alkhafaji 2003: 41). An effective goal should guide how the company operates, inform which opportunities to pursue, guide business exit decisions, link measures to drivers of success, outline a clear path to achieving the company's strategy, consider stakeholders, be simple, adaptable with changes in strategy, align with the mission, focus on one issue, represent an achievable desired outcome over time.

Objectives play a crucial role as the foundation of a robust plan that extends beyond mere words on paper, translating into tangible action. They are guided by the mission statement (Alkhafaji, 2003). A well-crafted objective must steer how the company functions, dictate which opportunities to pursue, guide business exit strategies, connect metrics to drivers of success, lay out a clear roadmap to realize the company's strategy, consider stakeholders, be straightforward, adaptable to shifts in strategy, align with the mission, zero in on one core issue, and represent an attainable desired outcome over time.

2.1.3.3 Strategy Implementation

Implementation strategy involves a series of activities and decisions essential for executing a strategic plan. It is the process which objectives, strategies, and policies are put into action by developing programs, tactics, budgets, and procedures. While strategy formulation often precedes implementation, both are

integral to strategic management. Strategy formulation and implementation should be viewed as interconnected components (Wheelen & Hunger, 2017).

The core of strategy implementation lies in translating chosen strategies into actions and determining the methods an organization adopts to carry out its selected strategy. Zafar al. (2013) define strategy implementation as the process of making a strategy work as intended or putting the chosen strategy into action. This includes designing the organizational structure, allocating resources, establishing decision-making processes, and managing human resources. Executing a strategy effectively necessitates translating the vision into action, communicating clearly, aligning efforts, business planning, gathering feedback, facilitating learning, and demonstrating strong leadership. The success of a strategy relies on human capital elements such as competencies, capabilities, financial discipline, accountability, and incentivization (Neluheni et al., 2014).

Lower-level managers play a crucial role in the implementation process by understanding what is needed to ensure successful execution of the strategy within their areas of responsibility. Execution cannot succeed unless the strategy is formulated with execution in mind (Kibicho, 2014: 8). This involves breaking down long-term corporate goals into short-term operational objectives, devising specific strategies at functional levels, and creating action plans to achieve these objectives. Successful strategy implementation hinges on effective delegation, organizational structure, motivation, culture development, and alignment between strategy and organizational practices (Musyoka, 2011). Managers must assess internal conditions necessary for executing the strategic plan (Njagi & Kombo, 2014), considering critical aspects like resource mobilization, restructuring efforts cultural shifts technological modifications policy adjustments leadership transitions.

2.1.3.4 Monitoring and evaluation of strategies

Evaluation and control information include performance data & activity reports. If there's undesired performance due to misuse of the strategic management process, operational managers must be informed to correct the employee activity. Top management doesn't necessarily need to be involved. However, if the undesired performance results from the process itself, both top management and operational managers should be aware to develop new implementation programs or procedures (Wheelen & Hunger, 2017).

As stated by Montgomery and Porter (1991), evaluation and control are essential in monitoring organizational performance post-implementation to determine if the chosen strategy is meeting its objectives. This phase involves analyzing internal and external factors' impact on current strategies, evaluating performance, and taking corrective actions when necessary. Strategic control focuses on assessing whether the strategy is achieving its goals and suggesting corrective actions or reevaluating objectives (Hitt et al., 2008). Additionally, Hitt et al. stress the importance of monitoring action steps to evaluate strategy effectiveness. Control is a crucial mechanism for verifying strategy success or failure while ensuring organizational goals are met effectively.

Evaluation involves assessing performance based on the strategic plan. The goal is to determine the successful implementation of selected strategies, efficient resource utilization, and achievement of established objectives. Monitoring is an internal management process that gathers and analyzes systematic information on plan implementation.

For an effective control system, management must identify areas requiring monitoring. Processes should be designed for all areas to be measured periodically and consistently (Alkhafaji, 2003). Various control methods exist, such as strategic, financial, management, operational, and performance control. Budgeting is a common tool for overseeing strategy implementation. It involves identifying, gathering, summarizing, and communicating financial and nonfinancial data for future organization activities alignment with goals

(Alkhafaji, 2003). Additionally, the Balanced Scorecard system introduced by Kaplan and Norton in 1992 is widely used for performance measurement (Kaplan & Norton, 1992). It is crucial for management to establish appropriate monitoring tools to track strategy implementation effectively with clarity on performance assessment standards.

2.1.4 Balanced Scorecard

The balanced scorecard, a strategic management approach developed by Robert Kaplan & David Norton in 1992 serves as a framework for implementing strategy. According to Foster (2005), the BSC translates an organization's mission and strategy into a set of performance measures. Cobbold & Lawri (2002) suggest the BSC as the foundation for a strategic management system. Linked to communication and articulation of strategy at operational levels (Shulver & Antarkar), the BSC functions as a management system that helps organizations clarify their vision, strategy, and action plans.

In essence, the BSC acts as a communication tool, measurement system, and strategic management system simultaneously. Niven (2006) emphasizes that the BSC offers an organizational framework for transitioning from strategizing to actual implementation by aligning all employees through concrete objectives derived from the mission. As a strategic management tool, the BSC aids in measuring, monitoring, and communicating strategic plans and goals across an organization in easily understandable ways (Lawson et al., 2008). It allows for continuous monitoring of present performance while capturing insights into future performance trajectories. Furthermore, the BSC is valuable for monitoring and reporting on strategy execution. Before utilizing performance scores for control purposes (Lawson et al., 2008), organizations define their overarching strategy details, select relevant Key Performance Indicators (KPIs), set targets, measure results, and then utilize scores for control activities.

BSC, as a comprehensive framework for evaluating organizational performance across four key perspectives—financial, customer, internal processes, and learning and growth (Ittner & Larcker, 1998;

Simons, 2000), involves translating the organization's strategy into specific objectives, measures, targets, and initiatives within each perspective to ensure alignment between strategic objectives and operational activities throughout the organization (Homburg et al., 2002). Within the customer perspective, the focus is on understanding and meeting the needs of target customers, with measures directly reflecting customer satisfaction, loyalty, and retention (Homburg et al., 2002). In the internal process perspective, organizations identify key processes critical for delivering value to customers and shareholders, with measures assessing the efficiency, effectiveness, and quality of these processes (Chenhall & Langfield-Smith, 2003). The learning and growth perspective underscores the importance of investing in employee skills, capabilities, and organizational culture, with measures evaluating employee satisfaction, training programs, and innovation capabilities (Bouwman et al., 2005). Finally, the financial perspective includes measures assessing the organization's financial performance, such as revenue growth, profitability, and cost management (Bromwich & Bhimani, 2009).

The BSC has some key goals. It aims to match business activities with the organization's vision and strategy, enhance both internal and external communications, and keep track of how well the organization is doing compared to its strategic goals. The BSC offers leaders a full framework that turns a company's vision and strategy into a clear set of performance measures (Norton & Kaplan, 1992).

For the BSC to work well, it needs a supportive organizational setting. This includes getting top-level management on board, clearly communicating the organization's strategy and reasons for using the scorecard, ensuring that human capital supports the strategy, having employees who embrace and use the system, using feedback to track progress and make necessary changes, adopting suitable automation, connecting to compensation and reward systems eventually, engaging consultants effectively, allowing enough time to implement changes successfully and reap benefits, as well as having a system that is

widespread. Using the BSC serves two main purposes: managing operations efficiently and executing strategies effectively.

2.1.5 Challenges in Strategic Management

According to Wheelen and Hunger (2008) and Teece (2010), challenges in strategic management include issues such as resistance from management, ambiguity regarding corporate planning and its purpose, failure to implement plans, excessive complexity of strategies, conflicting objectives and priorities, lack of alignment, insufficient skilled personnel, ineffective team management, inadequate operational structures, limited support from top management, unclear success criteria, organizational cultures resistant to change, divergent organizational structures, lack of commitment from decision-makers, and ambiguity surrounding strategy.

Challenges hindering successful implementation of strategies include inaccurate and poorly communicated information about change (Hitt et al., 2009), unanticipated market shifts, lack of support from senior management, ineffective monitoring, and inadequate resource allocation (Sterling, 2003). Additionally, insufficient buy-in or comprehension of the strategy among implementing parties can lead to failure (Sterling, 2003). Strategic drift, defined as a progressive misalignment of strategies with the organization's strategic position, poses a significant challenge in strategic management, resulting in performance deterioration (Johnson et al., 2007). Neglecting to regularly update the strategic plan in response to internal and external changes can render the plan obsolete (Adams, 2005). Similarly, failing to adequately account for external events impacting the organization's strategy can undermine its relevance (Adams, 2005).

Lihalo (2013) conducted a study focusing on three barriers to strategy implementation faced by mid-sized companies in Kenya. Internal challenges include resistance to change, inappropriate systems, inadequate

resources, poor communication, and lack of training for employees. External barriers involve macro factors like competition and new products entering the market unexpectedly.

Failures in strategic plans can be attributed to issues in the planning process, strategy quality, implementation, organizational structure, and climate (Neluheni et al., 2014). Sihab, Ridwan & Marti (2012) align with Rudd, Greenley & Beatson (2008) in noting that strategic management often fails due to problems during implementation. Failures may stem from strategy feasibility, weak management, misalignment of systems and resources, poor coordination, external factors, performance-compensation linkages, and internal resistance to change (Kibicho, 2014).

2.2 Empirical Review

Strategic planning plays a crucial role in determining the path organizations take. It provides the framework for decision-making, guiding actions towards goals. However, research on strategic planning has primarily focused on large organizations in developed countries.

Khalique Khan (2014) conducted a comprehensive review of studies linking strategic planning with firm performance. Surprisingly, findings have been inconsistent, suggesting the need for more empirical studies in developing countries like Malaysia and Pakistan, especially among small and medium enterprises (SMEs). Iah (2008) delved into strategic management practices of small firms in emerging economies, particularly in the health biochemistry industry. By comparing past and current practices, Mosiah highlighted the evolution of strategic approaches.

Local studies have also examined strategic management practices within specific organizations. For instance, Addisie (2015) assessed the strategic planning processes at Action for Development. The study revealed shortcomings in communicating the strategic plan to stakeholders effectively. Similarly, Amelework (2015) explored strategic management practices at the Ethiopian Insurance Corporation

(EIC). By aligning theoretical concepts with real-world practices, the study shed light on areas of improvement within EIC.

Furthermore, a study on selected NGOs in Ethiopia uncovered challenges in formulating and implementing strategic plans effectively. Despite recognizing the benefits of strategic planning, NGOs struggle with securing funding and engaging stakeholders as true partners. Dinberu's (2016) examination of Nib International Bank's strategy planning processes highlighted deficiencies in communication, stakeholder engagement, performance measurement, and alignment within the organization. These findings underscore the importance of thorough strategic planning to drive organizational success.

2.1.5 Strategic Management in the Banking Industry

In the banking industry, strategic management practices play a vital role in ensuring long-term success and competitive advantage. Banks recognize the importance of formulating a clear mission and vision statement that aligns with their strategic goals (Duncan, Gintei & Swayne, 2008). Environmental scanning and analysis are crucial in identifying industry opportunities and threats (Alkhafaji, 2003). Furthermore, banks focus on developing core competencies and distinctive capabilities that differentiate them from competitors (Bryson, 2004). Effective strategy implementation, including resource alignment and a culture of strategic thinking, is essential for achieving desired outcomes (Duncan, Gintei & Swayne, 2008). Lastly, stakeholder management is a critical aspect of strategic management practices in the banking industry, ensuring customer satisfaction and aligning with regulatory requirements (Alkhafaji, 2003). By adopting these practices, banks can enhance their competitive position and achieve sustainable growth.

In the context of Awash Bank, strategic management practices serve as the cornerstone for long-term success and competitiveness within the banking industry. Awash Bank recognizes the pivotal role of formulating clear mission and vision statements aligned with its strategic objectives, as emphasized by

Duncan, Gintei & Swayne (2008). Moreover, the bank places significant emphasis on conducting thorough environmental scanning and analysis to identify industry opportunities and threats, aligning with the findings highlighted by Alkhafaji (2003).

Furthermore, Awash Bank is dedicated to developing and nurturing core competencies and distinctive capabilities, positioning itself uniquely amidst its competitors, echoing the principles outlined by Bryson (2004). Effective strategy implementation, characterized by resource alignment and fostering a culture of strategic thinking, is paramount for Awash Bank to achieve its desired outcomes, aligning with the insights shared by Duncan, Gintei & Swayne (2008).

Moreover, stakeholder management is a fundamental aspect of Awash Bank's strategic management practices, ensuring customer satisfaction and regulatory compliance, consistent with the observations made by Alkhafaji (2003). In addition to these practices, Awash Bank utilizes BSC for evaluation purposes. This strategic tool enables Awash Bank to measure and monitor its performance across various strategic objectives and perspectives, allowing for a comprehensive assessment of its strategic initiatives and alignment with organizational goals. By integrating these strategic management practices, including the utilization of the Balanced Scorecard, Awash Bank is well-positioned to strengthen its competitive stance and achieve sustainable growth within the dynamic banking sector.

2.3 Conceptual Framework of the Study

Strategic Management Model

The basic elements

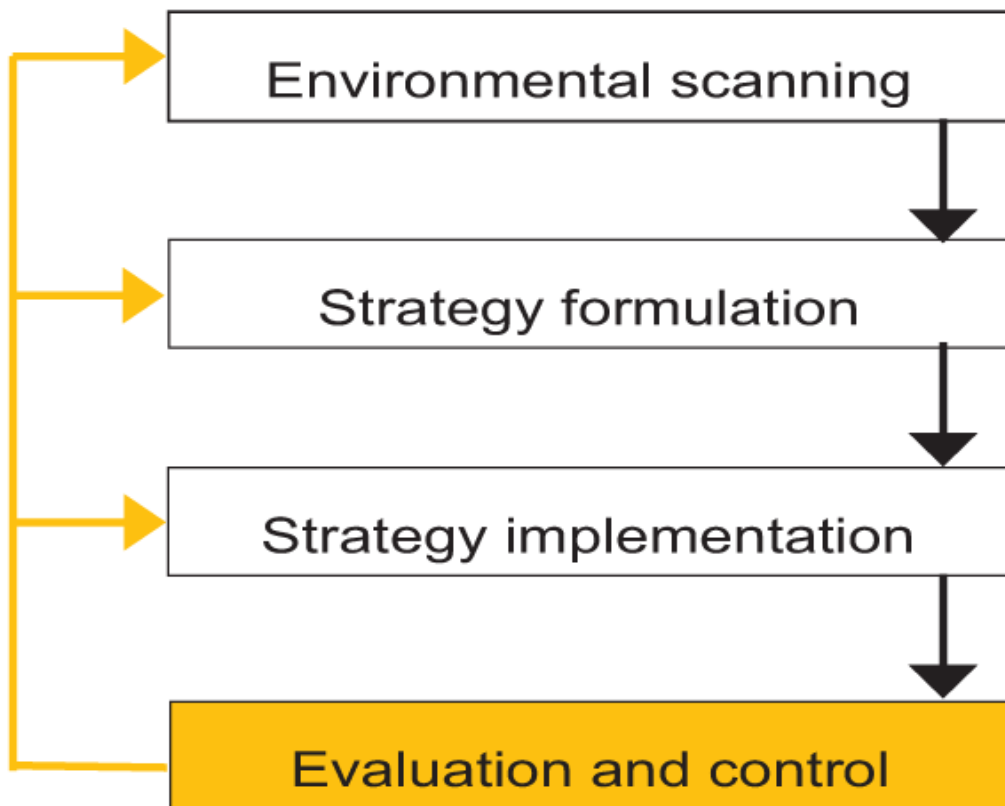


Figure 1: Adopted from Strategic Management Models (Wheelen, Hunger, 2006)

According to Wheelen and Hunger (2006), the process of strategic management involves four basic elements these are Environmental scanning, Strategy formulation, Strategy implementation and

Evaluation and control. These components work in harmony to drive the strategic management process at the corporate level. From scanning the environment for opportunities and threats to assessing internal strengths and weaknesses, management undertakes a comprehensive approach. Strategic factors critical to the company's future are encapsulated in the acronym SWOT – Strengths, Weaknesses, Opportunities, and Threats. Once these factors are identified, management analyzes their interplay to align with the corporate mission. Crafting a strategy begins with defining a mission statement, followed by establishing corporate objectives, strategies, and policies through various initiatives like programs, budgets, and procedures. Ultimately, performance evaluation and feedback mechanisms are vital for overseeing and controlling organizational activities effectively.

CHAPTER THREE

RESEARCH METHODOLOGY

Under this chapter: the research design, target population and sampling technique, the data collection instruments, the procedure followed during data collection and method of data analysis are discussed as follows;

3.1 Research Design

This study uses a descriptive research design to explore the practices and challenges of strategic management practices in Awash Bank within a theoretical framework. It aims to detail the entire strategic process, encompassing environmental scanning, strategy formulation, implementation, and evaluation, while also addressing associated challenges. The research seeks to offer a nuanced understanding without redundancy, focusing on key insights to present a cohesive and thorough overview of Awash Bank's strategic management approach.

3.2 Research Approach

The research methodology for this study is a mixed methods approach, incorporating both qualitative and quantitative data collection and analysis techniques. This approach allows for a comprehensive exploration of Awash Bank's strategic management practices, leveraging the strengths of both qualitative and quantitative methodologies to gain a deeper understanding of the phenomenon under the study.

3.2 Target Population and Sampling Technique

3.2.1 Target Population

The complete set of cases from which a sample is derived refers to the population from which data is gathered (Saunders, 2009:21). This group consists of individuals chosen to partake in a study. In this particular scenario, the population comprises all employees of the Head Office organ (which stands at 328

as of March 2024). The Target Population, on the other hand, encompasses all elements within a specified group that will be studied or to which research findings will be applied. In this case, the target population consists of employees at Awash Bank's Head Office in Legehar, Addis Ababa, including both managerial and non-managerial staff. Employees in janitorial, messenger, security, and office assistant roles are excluded from the study since their duties mainly involve non-professional services. Therefore, the target population amounts to 300.

3.2.2 Sampling Technique

In conducting this research, both quantitative probability sampling and qualitative purposeful sampling are used.

For qualitative data collection, a purposive sampling technique is employed to select key informants who hold pivotal roles in the strategic management process. Specifically, the Chief Transformation Officer, Directorate of Research and Strategy Division, and the Manager of the bank's Research and Strategy Division are handpicked based on their significant contributions to the strategic management process.

To collect quantitative data effectively, we used stratified sampling. This method ensures that both managers and non-managers are represented in the sample. Stratified sampling means that every person in the population has an equal chance of being based on their proportion within the total population (Denscombe, 2007:14). We choose stratified sampling because our target population has two groups: managers and non-managers

3.2.3 Sample Size

When the population is not all the same, use stratified sampling is used to get a good sample (Kohtari, 2004). In this method, the population is divided into different groups that do not overlap, and then we select samples from each group. Proportional stratified sampling means that we pick samples from each

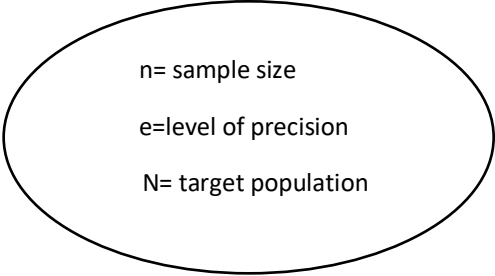
group based on its size compared to the whole population. This type of sampling makes sure that all groups in our sample are represented. We need a sample size of 171.

To figure this out, we use a formula suggested by (Alkhafaji, 2003) for determining sample size.

$$n = \frac{N}{(1+N(e)^2)} \quad \text{where,}$$

Given confidence level of 95% and precision rate of ± 5

$$n = 300 / (1 + 300(0.05)^2) = 171$$

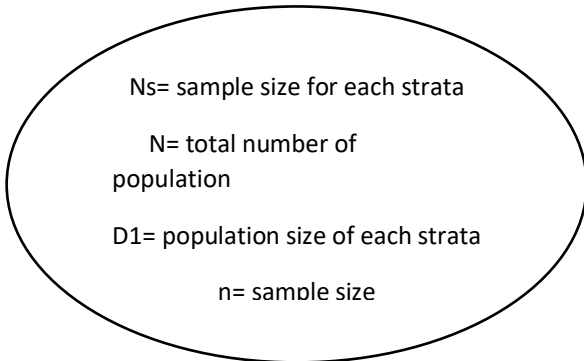


The Managerial employees are 50. And the non-managerial employees are 250.

To ensure adequate and balanced representation, the sample size of 171 is allocated proportionately into these two strata. The management personnel makes up stratum one, while the non-managerial staff makes up strata two. The following formula may be used to determine the appropriate sample size for each stratum:

$$N_s = (D_1/N) * n$$

Where,



The total number of sample from managerial staff, Strata one is 28.

$$N_{s1} = (50/300) * 171 = 28$$

The total number of sample from the non – managerial staff, Strata two is 143.

$$N_{s2} = (250/300) * 171 = 143$$

3.3 Data Collection Instrument

This study employs a mixed methods approach, utilizing both primary and secondary data sources to explore Awash Bank's strategic management practices.

Primary data collection methods include interviews and questionnaires. Interviews were conducted with key personnel, including the chief transformation officer, directorate of research and strategy division, and manager of research and strategy division (Kohtari, 2004:97). Questionnaires were distributed to 171 employees using stratified sampling (Saunders, 2009; de Vaus, 2002).

The interview method allows for in-depth exploration of strategic management components (Kohtari, 2004:97), while questionnaires, incorporating Likert scale questions, facilitate data collection from a larger sample at a lower cost. Likert scale questions, using a five-point scale, were employed to gauge employee agreement levels, with separate versions for managerial and non-managerial staff. Close-ended questions streamline response collection and analysis (Dencombe, 2007).

3.5 Data Analysis Methods

The collected data from the respondents was subjected to statistical analysis using the Statistical Package for Social Science (SPSS) Version 20.

Descriptive statistics, including frequencies, percentages, means, and standard deviations, were used to analyze the gathered data. These statistical measures provided valuable insights into the characteristics and distribution of the variables under study. By conducting the analysis and interpreting the data, meaningful conclusions and recommendations were derived. These findings were based on a thorough examination of the statistical results, ensuring a robust and reliable basis for decision-making.

4.3 Reliability test

Reliability is about how reliable and dependable a measuring tool is. One way to assess reliability internally is by using the Cronbach alpha coefficient. This test helps determine if we can trust the results of the questionnaires. It shows how consistent the instrument's results are and how well the items in a set are connected. Coefficients 0.6 or higher are usually good enough. In this study the reliability test results for questionnaires given to managerial and non-management staff are 0.689 and 0.793 respectively. See Table 3.

Table 1: Reliability Test Statistics

Questionnaires to the managerial employees		Questionnaires to non-managerial employees	
Cronbach's Alpha	No of items	Cronbach's Alpha	No of items
0.689	24	0.793	110

4.4 Ethical considerations

Ethical considerations were carefully addressed throughout the research process. Informed consent was obtained from participants, ensuring their understanding of the study's purpose, voluntary participation, and confidentiality. Anonymity and privacy were maintained to protect participants' identities. Proper permissions were sought for accessing secondary data, and citation practices were followed to acknowledge sources. Professional and academic standards were upheld to ensure the integrity of the research. By prioritizing ethical practices, this study aimed to conduct responsible research, respecting participants' rights and upholding the principles of integrity and confidentiality.

CHAPTER FOUR

ANALYSIS, DISCUSSION & INTERPRETATION

This chapter covers the measuring instrument's validity and reliability as well as the respondents' demographic composition. Additionally, the information gathered from the various sources is presented, examined, and explained.

4.1 Response Rate of Respondents

The response rate of the respondents is shown in table 1.

Table 2: Questionnaire collection status

Questionnaires	Number			Percentage		
	Managerial	Non-managerial	Total	Managerial	Non-managerial	Total
Returned	24	110	134	85	77	79
Not Returned	4	33	36	15	23	21
Total	28	143	171	100	100	100

Source Questionnaire May, 2024

The data presented in Table 4.2 illustrates the collection status of distributed questionnaires among both managerial and non-managerial staff members. Notably, 85% of questionnaires distributed to managerial staff and 77% distributed to non-managerial staff were returned. This indicates a commendable level of engagement from both groups, suggesting a representative sample of the targeted population.

4.2 Demographic characteristics of Respondents

The following is a summary of the information provided to respondents on the job held, total number of years of experience, and number of years in the following: see Table 3.

Table 3: Demographic characteristics of the respondents

Position	Less than a year	1-3 years	4-6 years	7-9 years	More than 10 years	Total	Percentage
Top Management	-	-	-	-	4	4	2.9
Directors	-	-	-	2	3	5	3.7
Managers	-	-	2	9	4	15	11.1
Senior officers	-	4	25	14	2	45	33.6
Officers	10	34	16	3	2	65	48.5
Total	10	38	43	28	15	134	100

Source: Questionnaire, May 2024

The table shows respondents from various strata for valid results. Only 10 employees have less than a year, while 15 have more than ten years with the corporation. The data suggests the respondents are qualified to discuss AB's strategic management practices. With 64% staying for over four years, they can reflect on the strategic plan implemented four years ago. This suggests that the respondents are qualified to provide valuable insights into the strategic plan implemented four years ago.

4.5 Findings of the Study

4.5.1 Strategic Management Practices

For each of the four stages of the strategic management process, which are Environmental scanning, strategy formulation, strategy implementation and monitoring and evaluation, the study's fundamental conclusions which are based on information from questionnaires and interview are provided.

4.5.1.1 Environmental Scanning

Below management’s opinion on comprehensiveness of AB’s Environmental scanning is summarized. See Table 4

Table 1: Management’s opinion on comprehensiveness of AB’s Environmental Scanning

Item	Scale	Frequency	Percent	Mean	Std. Deviation
AB comprehensively analyzed the Internal and External factors	1	7	29	3.54	0.94
	2	3	12.5		
	3	10	41.6		
	4	4	16.67		
	Total	24	100		
AB undertook proper stakeholder analysis before the strategic plan formulation	1	6	25	3.54	0.94
	2	8	33.3		
	3	5	20.8		
	4	1	4.1		
	5	4	16.67		
	Total	24	100		
AB comprehensive competitor Analysis is done during the strategy formulation process	1	5	20.8	3.45	0.85
	2	6	25		
	3	5	20.8		
	4	6	25		
	5	2	8.3		
	Total	24	100		

Source: Questionnaire May 2024

Based on the aggregate mean of 3.5, which indicates a moderate level of agreement among respondents, an analysis of the data suggests that Awash Bank's comprehensive analysis of internal and external factors, including stakeholder and competitor analysis, has been positively perceived. This aligns with the existing literature on the importance of environmental scanning (Johnson et al., 2007; Ruocco & Proctor, 1994), stakeholder analysis (Ashgar, 2011), and competitor analysis (Porter, 2008) in strategic management. Therefore, it can be interpreted that Awash Bank's environmental scanning practices, as reflected in the positive perceptions of the respondents, and have been effective in conducting thorough analysis.

4.5.1.2 Strategy Formulation

A. non managerial opinion on Strategy formulation process

Below non managerial employees opinion on the participation in the strategy formulation process is summarized. See Table 5.

Table 2: non managerial' opinion on participation in the strategy formulation process

Item	Scale	Frequency	Percent	Mean	St. Deviation
The strategic plan preparation in AB is participatory	1	11	10	3.13	0.75
	2	35	31.8		
	3	29	26.4		
	4	28	25.4		
	5	7	6.4		
	Total	110	100		

Source: Questionnaire May 2024

As shown in table 5 employees' opinions on participation in the strategy formulation process, indicated an aggregate mean of 3.1, which suggests a moderately positive perception among employees, this indicates that AB's approach to involve employees in the strategy formulation process has been perceived favorably. This finding aligns with previous studies emphasizing the importance of employee participation in mission articulation and strategy development (Azhar et al., 2013; Kibicho, 2014; Baroto et al., 2014). It underscores the significance of engaging all members of the organization to foster commitment and alignment with organizational goals, as highlighted in previous research on strategic planning (Grant, 2003). This indicates that Awash Bank should continue to foster an inclusive and open environment where employees can contribute their perspectives and ideas, ultimately leading to a more effective and well-aligned strategy formulation process.

B. managerial staff opinion on strategy formulation process

Below management opinion on components of strategy formulation process is summarized. See Table 6.

Table 3: Summary of management's opinion on components of strategy formulation process

Item	Scale	Frequency	Percent	Mean	St. Deviation
The strategy formulation process involves concerned stakeholders	1	6	25	3.37	1.01
	2	3	12.5		
	3	10	41.6		
	4	4	16.6		
	5	1	4.1		
	Total	24	100		
AB's vision is achievable, inspiring and easy to understand	1	12	50	4	1.11
	2	6	25		
	3	1	4.1		
	4	4	16.6		
	5	1	4.1		
	Total	24	100		
AB's mission reflects its purpose or basic activity	1	8	33.3	3.87	0.91
	2	9	37.5		
	3	3	12.5		
	4	4	16.6		
	Total	24	100		
AB's goals and objectives are attainable	1	8	33.3	4	0.91
	2	10	41.6		
	3	4	16.6		
	4	2	8.3		
	Total	24	100		
The goals and objectives of AB are relevant or proper	1	10	41.6	4	0.84
	2	8	33.3		
	3	3	12.5		
	4	3	12.5		
	Total	24	100		
AB's Corporate Strategy is Appropriate to the Attainment of its mission & vision	1	3	12.5	3.79	0.93
	2	17	70.8		
	3	1	4.1		
	4	2	8.3		
	5	1	4.1		
	Total	24	100		

As shown from Table 6, aggregate mean is 3.5, reveals varying levels of agreement among management stakeholders regarding different aspects of the strategy formulation process at Awash Bank. The average scores range from 3.37 to 4, indicating different perceptions of AB's strategy formulation components.

Specifically, there is a somewhat positive perception (mean = 3.37, SD = 1.01) regarding stakeholder involvement in the strategy formulation process. This aligns with prior studies emphasizing the importance of employee involvement in strategy development (Azhar et al., 2013; Kibicho, 2014; Baroto et al., 2014), highlighting the significance of involving stakeholders, including employees, in defining the organization's mission and creating strategies. On the other hand, regarding the organization's mission and creating strategies, there is a stronger consensus (mean = 4, SD = 1.11) on the achievability and clarity of AB's vision. This suggests that management stakeholders perceive a high level of agreement and understanding regarding the organization's vision, which is crucial for strategic alignment and goal achievement. While there is a positive perception of stakeholder involvement in strategy formulation, there is stronger consensus on the achievability and clarity of AB's vision.

4.5.1.3 Strategy Implementation

A. managerial staff response on Strategy Implementation process

Below it is shown managerial staff response on communication and strategy alignment. See Table 7

Table 4: Management staffs' response on communication and strategy alignment

Item	Scale	Frequency	Percent	Mean	St. Deviation
AB's Corporate Strategy(vision) has been effectively communicated	1	2	8.3	2.37	0.84
	2	1	4.2		
	3	5	20.8		
	4	12	50		
	5	4	16.7		
	Total	24	100		
Role of each work unit and individual in achieving the strategic plan is communicated well	1	1	4.1	2.91	0.93
	2	6	25		
	3	9	37.5		
	4	6	25		
	5	2	8.3		
	Total	24	100		
Necessary guidance On preparation of business plans has been given	1	5	20.8	3.25	0.94
	2	6	25		
	3	6	25		
	4	4	16.6		
	5	3	12.5		
	Total	24	100		
The business plan of your work unit is integrated with the corporate strategy	1	5	20.8	3.04	0.86
	2	3	12.5		
	3	7	29.1		
	4	6	25		
	5	3	12.5		
	Total	24	100		

Source: Questionnaire May 2024

Based on the data presented in Table 7, the aggregate mean is 2.8, it reveals that management stakeholders have varying perceptions regarding different components of AB's strategy formulation process.

Specifically, there is a noticeable need for improvement in effectively communicating the corporate strategy, as reflected by a mean score of 2.37. This indicates that there is room for enhancing communication channels to ensure clarity and understanding among staff regarding organizational goals. This finding aligns with previous research emphasizing the critical importance of clear communication in strategy implementation (Alkhafaji, 2003; Azhar et al., 2013).

Furthermore, the analysis suggests a moderate level of agreement (mean = 2.91) regarding the role of each work unit and individual in achieving the strategic plan. This indicates that there is some understanding among management stakeholders regarding the importance of clarifying individual roles and responsibilities to align efforts with strategic objectives. This finding is consistent with previous studies highlighting the significance of role clarity in successful strategy execution (Alkhafaji, 2003; Neluheni et al., 2014). These findings suggest that AB should focus on enhancing communication channels and providing clear guidance to ensure that the corporate strategy is well-understood and integrated throughout the organization. This would foster alignment and improve the chances of successful strategy implementation.

Below managerial employee’s assessment of core values implementation is summarized. See Table 7.

Table 5: Managerial employee’s assessment of core values implementation

Item	scale	Freq.	percent	Mean	St. Deviation
Activities in AB are aimed at primarily meeting the interest of customers	1	3	12.5	3.14	0.76
	2	6	25		
	3	9	37.5		
	4	4	16.6		
	5	2	8.3		
	Total	24	100		
AB always strives to deliver better than what it did last time	1	5	20.8	3.08	0.76
	2	3	12.5		
	3	6	25		
	4	9	37.5		
	5	1	4.1		
	Total	24	100		
AB gives professional advice on loss prevention and control to its clients	1	1	4.1	2.57	1.21
	2	1	4.1		
	3	6	25		
	4	13	54		
	5	3	12.5		
	Total	24	100		
Activities of AB in ensuring continuous learning is enough	1	2	8.3	2.87	0.83
	2	4	16.6		
	3	9	37.5		
	4	7	29.1		
	5	2	8.3		
	Total	24	100		

Based on the data presented in Table 8, with an aggregate mean of 2.9, perceptions among management regarding various facets of strategy implementation within AB exhibit diverse levels of consensus. Mean scores range from 2.57 to 3.14, indicating varying degrees of agreement on different strategic aspects. This underscores the necessity of aligning organizational activities with customer-centric strategies, as emphasized in strategic management (Duncan, Gintei & Swayne, 2008), while also highlighting potential

areas for improvement in risk management practices within AB. The observed variability underscores the importance of ongoing evaluation and adjustment in strategic endeavors to address differing perspectives and ensure effective implementation (Alkhafaji, 2003; Kibicho, 2014).

B. non managerial employees’ response on Strategy Implementation process

Below it is shown managerial employees assessment of core values implementation. See Table 9

Table 6: non - Managerial employees’ assessment of core values implementation

Item	Scale	Frequency	percent	Mean	St. Deviation
Activities in AB are aimed at primarily meeting the interest of customers	1	14	12.7	3.33	0.96
	2	38	34.5		
	3	33	30		
	4	21	19		
	5	4	3.6		
	Total	110	100		
AB always strives to deliver better than what it did last time	1	14	10.8	3.11	0.5
	2	37	33.1		
	3	26	25.4		
	4	25	19.2		
	5	8	10.8		
	Total	110	100		
AB gives professional advice on loss prevention and control to its clients	1	10	7.7	2.91	0.35
	2	33	25.4		
	3	26	30		
	4	31	23.8		
	5	10	13.8		
	Total	110	100		
AB gives professional advice on loss prevention and control to its clients	1	6	4.6	2.73	0.33
	2	30	23.1		
	3	34	26.2		
	4	33	35.4		
	5	7	10.8		
	Total	110	100		

Based on the data presented in Table 9, with an aggregate mean of 2.8, Perceptions among management within AB regarding various facets of strategy implementation exhibit diverse levels of consensus. The mean scores, ranging from 2.73 to 3.33, indicate varying degrees of agreement on different strategic aspects. There is moderate agreement that activities within AB are primarily aimed at meeting the interests of customers, with a mean score of 3.33 and a standard deviation of 0.96. This suggests that, on average, respondents agree to some extent with this statement, although there is some variability in responses.

Similarly, there is a high level of agreement (Mean = 3.11, SD = 0.50) that AB always strives to deliver better than its previous performance. This indicates that respondents largely agree that AB is committed to continuous improvement. There is less consensus regarding the provision of professional advice on loss prevention and control. The mean scores for this aspect range from 2.73 to 2.91, with low standard deviations indicating tight clustering around the means. This suggests a neutral to slightly agreeing stance among respondents. Duncan, Gintei & Swayne (2008) emphasize the significance of customer-centric strategies in strategic management, while Alkhafaji (2003) discusses the importance of risk management practices in effective strategy implementation.

4.5.1.4 Strategy Monitoring and Evaluation

As stated in the guidelines for preparing company plans and budgets for the years 2022–2023, AB has begun to connect strategy and performance monitoring. Managerial and non-managerial staff were asked two questions to assess performance criteria and assessment instruments. Here is a summary of the results. See Table 10.

A. managerial employees' opinion on strategy monitoring and evaluation

Below managerial employees' opinion on strategy monitoring and evaluation is summarized. See Table 10.

Table 7: Managerial employees' opinion on Strategy monitoring and evaluation

Item	scale	Freq.	Percent	Mean	St. Deviation
AB uses proper tools for monitoring the implementation of strategies	2	9	37.5	2.11	0.28
	3	6	25		
	4	7	29		
	5	2	8.3		
	Total	24	100		
The standards based on which strategy implementation is evaluated are clear	1	1	4.1	2.61	0.33
	2	11	45.8		
	3	5	20.8		
	4	4	16.6		
	5	3	12.5		
	Total	24	100		

Source: Questionnaires may, 2024

As shown in table 10, with an aggregate mean of 2.3, Managerial employees' opinion on strategy monitoring and evaluation, AB's utilization of proper tools for monitoring strategy implementation, as indicated by a mean of 2.11 and a standard deviation of 0.28, suggests a moderate level of agreement among respondents. As articulated by Alkhafaji (2003) and Johnson et al. (2007). Similarly, the relatively higher level of agreement (Mean = 2.61, SD = 0.33) regarding the clarity of standards for evaluating strategy implementation reflects alignment with principles outlined in the Balanced Scorecard (BSC) framework. Foster (2005) defines the BSC as a strategic management system translating organizational strategy into clear objectives, a concept echoed by Cobbold and Lawri (2002).

Wheelen & Hunger (2017), pinpointed an obstacle to effective control includes the challenge of developing suitable measures for crucial activities and outputs. In addition, Kaplan & Norton (1993) highlight that modern-day managers acknowledge the significant impact that measures have on performance. Surprisingly, they often overlook the importance of measurement, despite it being a vital component of the management process. The research reveals that during the strategy evaluation and

control phase of strategic management, many variables fall below the average value of three. This indicates that companies tend to prioritize strategy planning and implementation over evaluation and control. Neglecting this final essential element in the strategic management process may result in organizations failing to take necessary actions promptly if the strategy is not yielding desired results.

B. non managerial employees’ opinion on strategy monitoring and evaluation

Below non managerial employees opinion on strategy monitoring and evaluation is summarized. See Table 11.

Table 8: non Managerial employees’ opinion on Strategy monitoring and evaluation

Item	scale	Freq.	percent	mean	St. Deviation
AB uses proper tools for monitoring the implementation of strategies	1	11	10	2.98	1.19
	2	33	30		
	3	25	22.7		
	4	28	25.4		
	5	13	11.8		
	Total	110	100		
The standards based on which strategy implementation is evaluated are clear	1	11	10	2.98	1.32
	2	34	31		
	3	37	33.6		
	4	22	20		
	5	6	5.4		
	Total	110	100		

Based on the data presented in the table 11, with an aggregate mean of 2.98, perceptions among management within AB regarding strategy implementation exhibit varying degrees of consensus. For the statement "AB uses proper tools for monitoring the implementation of strategies," the mean score is 2.98, with a standard deviation of 1.19. This suggests a moderate level of agreement among

respondents, although responses vary. The analysis is supported by Alkhafaji (2003) and Johnson et al. (2007), who emphasize the importance of evaluation and control in strategic management processes. Similarly, for the statement "The standards based on which strategy implementation is evaluated are clear," the mean score is also 2.98, with a slightly higher standard deviation of 1.32. This indicates a similar level of agreement among respondents, with some variability in responses.

4.5.2 Challenges of Strategic Management practices

A list of possible challenges was identified so that respondents can rate the level of their agreement.

The results are summarized see Table 12.

Table 9: Challenges of environmental scanning and strategy formulation

Challenges of Environmental scanning								
scale	Lack of Proper Knowledge and skills				Absence of well consolidated		mean	s.d
	Freq.	Percent	mean	s.d	Freq.	Percent		
1	21	15.6	3.27	1.19	28	20.8	2.96	0.64
2	52	38.8			36	26.8		
3	22	16.4			27	20.1		
4	22	16.4			25	18.6		
5	17	12.6			18	13.4		
Total	134	100			134	100		
Challenges of Strategy Formulation								
scale	Lack of Proper Knowledge and skills				Incompatible strategy		mean	s.d
	Freq.	Percent	mean	s.d	Freq.	Percent		
1	21	15.6	3.61	0.92	16	11.9	3.28	1.67
2	40	29.8			40	29.8		
3	13	9.7			31	23.1		
4	46	34.3			32	23.8		

5	14	10.4			15	11.2		
Total	134	100			134	100		

Source: Questionnaire may, 2024

As shown in Table 12, the aggregate mean is 3.1 and 3.3 for environmental scanning and formulation respectively, the analysis of challenges in environmental scanning reveals varying levels of consensus among respondents. This suggests that while respondents generally agree with these challenges, there is some variability in the perceived severity of these issues, particularly in the realm of knowledge and skills.

The Opinion on the challenges of strategy implementation is summarized, see Table 13.

Table 10: opinion on the challenges of strategy implementation

Item	scale	Freq.	percent	mean	S.d
Lack of acceptance by & support from the management	1	23	17	2.67	1.09
	2	40	29.8		
	3	35	26.1		
	4	29	21.6		
	5	7	5.2		
	Total	134	100		
Resource shortage	1	17	12.6	3	1.41
	2	35	26.1		
	3	28	20.8		
	4	23	17.2		
	5	31	22.9		
	Total	134	100		
Inappropriate organizational structure	1	27	20.1	2.5	0.84
	2	31	23.1		
	3	28	20.8		
	4	36	26.8		
	5	12	8.9		
	Total	134	100		
Poor communication strategy	1	25	18.6	3.21	0.95
	2	25	18.6		
	3	33	24.6		
	4	42	31.3		
	5	9	6.7		
	Total	134	100		
Lack of proper	1	18	13.4		

Knowledge and skills	2	40	29.8	2.81	0.52
	3	28	20.8		
	4	38	28.3		
	5	10	7.4		
	Total	134	100		
Political turbulences	1	23	17.1	2.54	0.82
	2	32	23.8		
	3	24	17.9		
	4	42	31.3		
	5	13	9.7		
	Total	134	100		
Key personnel leaving the organization	1	34	25	2.65	1.05
	2	46	34.3		
	3	21	15.6		
	4	28	20.8		
	5	5	3.7		
	Total	134	100		
Overall goals aren't understood by employees	1	25	18.6	3	1.41
	2	43	32		
	3	24	17.9		
	4	33	24.6		
	5	9	6.7		
	Total	134	100		
Poor coordination	1	32	23.8	3.11	0.66
	2	50	37.3		
	3	21	15.6		
	4	24	17.9		
	5	7	5.2		
	Total	134	100		
misunderstanding of the strategy or people being unaware	1	28	20.8	2.65	0.65
	2	24	17.9		
	3	33	24.6		
	4	36	26.8		
	5	13	9.7		
	Total	134	100		
Absence of reward systems	1	24	17.9	3.12	1.22
	2	31	23.1		
	3	25	18.6		
	4	45	33.5		
	5	9	6.7		
	Total	134	100		
Uncontrollable environmental factors	1	19	14.1	2.56	1.01
	2	37	27.6		
	3	30	22.3		
	4	36	26.8		
	5	12	8.9		

	Total	134	100		
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Source: Questionnaires May 2024

As shown in table 13, with an aggregate mean of 2.6, Poor communication strategy stands out as the most pressing concern, garnering the highest mean rating of 3.21, reflecting a widespread perception among respondents of its critical impact on organizational effectiveness. Conversely, "Inappropriate organizational structure" receives a lower mean rating of 2.5, suggesting a somewhat less pronounced concern among respondents. Notably, while the mean indicates the average severity, the standard deviation offers insights into the consensus among respondents. For instance, the relatively low standard deviation for "Inappropriate organizational structure" (0.84) implies a more uniform perception among respondents regarding its severity, whereas the higher standard deviation for Poor communication strategy SD= (0.95) suggests greater variability in opinions, perhaps reflecting differing experiences or perspectives within the organization. This nuanced analysis underscores the multifaceted nature of organizational challenges and highlights areas that may require targeted interventions to improve overall effectiveness and employee satisfaction.

The responses to the list of probable challenges or problems of the strategy monitoring and evaluation are summarized, see Table 14.

Table 11: challenges of strategy monitoring and evaluation

Item	scale	Freq.	percent	mean	S.d
Absence of effective monitoring system	1	31	23.1	2.46	0.66
	2	49	36.5		
	3	20	14.9		
	4	29	21.6		
	5	5	3.7		
	Total	134	100		
Lack of proper knowledge and skills	1	26	19.4	2.73	0.79
	2	39	29.1		
	3	28	20.8		
	4	27	20.1		
	5	14	10.4		
	Total	134	100		
Absence of timely feedback	1	24	17.9	2.44	0.60
	2	60	44.7		
	3	24	17.9		
	4	19	14.1		
	5	7	5.2		
	Total	134	100		
False reporting progress	1	36	26.8	2.79	0.50
	2	21	15.6		
	3	22	16.4		
	4	44	32.8		
	5	11	8.2		
	Total	134	100		

Source: questionnaire May, 2024

As shown is Table 14, with an aggregate mean of 2.6, it reveals significant challenges in strategic management practices within the banking industry, including the absence of effective monitoring systems (mean = 2.46, standard deviation = 0.66), lack of proper knowledge and skills (mean = 2.73, standard deviation = 0.79), absence of timely feedback (mean = 2.44, standard deviation = 0.60), and false reporting

of progress (mean = 2.79, standard deviation = 0.50), with mean and standard deviation values indicating varying levels of severity and consensus among respondents (Duncan, Gintei & Swayne, 2008; Kibicho, 2014; Alkhafaji, 2003; Bryson, 2004).

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This chapter's objective is to critically examine the major conclusions of the research that were presented in the chapter before it. There are three sections in this chapter. Under the first part, the results are compiled as a summary of findings. In the next part, conclusions are presented based on these observations. Recommendations based on the findings are given under this part, and the study's shortcomings are mentioned in the last section.

5.1 Summary of Major findings

The research findings indicate the Bank's comprehensive analysis of internal and external factors, as reflected has a positive perceptions among the respondents, and have been effective in conducting thorough analysis.

There is a moderately positive perception among employees, Regarding Strategy formulation process, this indicates that AB's approach to involve employees in the strategy formulation process has been perceived favorably. Management stakeholders perceive a high level of agreement and understanding regarding the organization's vision, which is crucial for strategic alignment and goal achievement. While there is a positive perception of stakeholder involvement in strategy formulation, there is stronger consensus on the achievability and clarity of AB's vision.

During the strategy implementation stage within AB, perceptions among management regarding various aspects exhibit diverse levels of consensus, indicating a potential area for improvement in risk management practices. Ongoing evaluation and adjustment are crucial for effective implementation, considering the observed variability in perspectives (Alkhafaji, 2003; Kibicho, 2014).

The final stage of the strategic management process is evaluation and control of the strategy. The findings indicate that managerial employees within AB exhibit a moderate level of agreement regarding the utilization of proper tools for monitoring strategy implementation. These findings highlight the importance of utilizing proper tools for monitoring strategy implementation and ensuring clear standards for evaluation. Effective strategy monitoring and evaluation practices contribute to the successful execution of organizational strategies, as emphasized by scholars in the field of strategic management.

Several challenges were identified across the spectrum of strategic management practices, ranging from formulation to evaluation and control. These challenges were pinpointed based on mean scores below three, signifying significant areas requiring improvement. Additionally, insights from interviews with key personnel, including the Chief Transformational Officer, Director of Strategy Division, and Manager of the Division of Research and Strategy, highlighted further challenges. Together, these sources underscored the critical barriers hindering effective strategic management within the organization. These challenges include Lack of acceptance by & support from the management, inappropriate organizational structure, Lack of proper Knowledge and skills, Uncontrollable environmental factors, Absence of effective monitoring system, Absence of timely feedback. False Reporting Progress, Lack of Team Spirit among Employees, Integration Challenges across Branches and Regions of the bank.

5.2 Conclusions

The research findings provide valuable insights into the strategic management practices within AB. The positive perceptions of the Bank's comprehensive analysis of internal and external factors indicate the effectiveness of its thorough analysis process. The moderately positive perception of the strategy formulation process suggests that AB's approach to involving employees in strategy

formulation has been well-received. However, there is room for improvement in risk management practices during the strategy implementation stage.

The findings highlight the importance of ongoing evaluation and adjustment in strategic endeavors to address diverse perspectives and ensure effective implementation. Utilizing proper tools for monitoring strategy implementation and establishing clear standards for evaluation are crucial for successful strategy execution. The challenges identified across the strategic management spectrum, such as lack of support from management, inappropriate organizational structure, and absence of effective monitoring systems, underscore the barriers hindering effective strategic management within AB.

To overcome these challenges and improve strategic management practices, AB should focus on enhancing support from management, developing the necessary knowledge and skills, and implementing effective monitoring systems. Additionally, addressing integration challenges and fostering team spirit among employees will contribute to a more cohesive and aligned approach to strategic management.

In Conclusion, by addressing these challenges and leveraging the positive aspects of their strategic management practices, AB can enhance its strategic effectiveness and achieve its organizational goals more efficiently.

5.3 Recommendations

Based on the findings and conclusion of the study, several recommendations can be made to improve the strategic management practices within AB. These recommendations are as follows:

Senior and top management should actively demonstrate their support and commitment to the strategic management process. This includes clearly communicating the importance of strategic

management, allocating resources, and actively participating in strategic decision-making. Establish effective monitoring and evaluation systems this includes develop robust systems to monitor and evaluate the progress of strategic initiatives. This will enable the management to identify any deviations and take corrective actions in a timely manner.

Human Resources Department should enhance knowledge and skills by Providing training programs and development opportunities to enhance the knowledge and skills of employees in strategic management. This will equip them with the necessary tools and techniques to contribute effectively to the strategic management process. By Foster a culture of continuous learning Encourage a culture of continuous learning and improvement within the organization. This can be achieved through regular knowledge-sharing sessions, workshops, and seminars on strategic management topics.

The Research and Strategy Division should improve stakeholder involvement by enhancing the involvement of stakeholders in the strategy formulation process. This can be achieved through structured mechanisms such as focus groups, surveys, and regular feedback sessions. By involving stakeholders, AB can gain valuable insights and enhance the buy-in and commitment to strategic initiatives. Strengthening risk management practices by developing and implementing robust risk management practices to identify, assess, and mitigate potential risks. This includes providing professional advice on loss prevention and control, improving risk monitoring systems, and ensuring timely response to emerging risks.

By implementing these recommendations, AB can enhance its strategic management practices and overcome its challenges. It is crucial for the responsible bodies, such as senior management, human resources, research and strategy division to work together to drive these improvements and ensure the successful implementation of the recommended changes.

5.4 Limitations of the Study

While this research provides valuable insights into the strategic management practices of Awash Bank, it is important to acknowledge certain limitations. **Limited Scope:** The study's scope was restricted to Awash Bank, which necessitates interpreting the findings and recommendations within the context of this specific case. **Time Constraints:** Due to time constraints, the analysis may not have fully explored all aspects. Future studies could extend the investigation over a more extended period.

Potential area for further research could be to conduct a comparative analysis of strategic management practices across multiple banks within the same region or industry. This would allow for a broader understanding of the effectiveness and challenges of strategic management in the banking sector.

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Appendix I: Questionnaire to Managerial staff

Dear Respondents

The purpose of this study is to conduct research entitled “AN ASSESSMENT OF STRATEGIC MANAGEMENT PRACTICES IN THE CASE OF AWASH BANK”. You are assured that any information you provide is solely meant for the purpose of this academic purpose; and the output of the study will not be used for other purpose. Your response to the questions would be kept confidential.

Kindly answer with a tick () the extent to which you agree or disagree with the following statements where applicable to you and finally provide additional views and opinions on the overall strategic implementation practice in Awash Bank. I convey my thanks for your diligence, objectivity and concern while responding to the questions. For more information at any time needed through my address; Sifan Mulatu Tel: + 251923245586 E-mail sifan.mulat@gmail.com

Part I.

1. Please specify your position?

Managerial staff

Non-managerial staff

2. How many years have you been working in Awash Bank?

Less than a year

7-9 years

1 – 3 years

above 10 years

4 – 6 years

Part II. Strategic management process

Indicate the level of your agreement with each of the following statements by marking ‘X’ in the box of your choice.

1= Strongly agree, 2= agree, 3= Moderately agree, 4= Disagree, and 5 = Strongly disagree

	1	2	3	4	5
Strategy formulation					
The strategic plan preparation in EIC is participatory					
Strategy implementation					
AB's vision has been effectively communicated					

Statement	1	2	3	4	5
AB's mission has been effectively communicated					
AB's core values have been effectively communicated					
AB's corporate goals and objectives are effectively communicated					
The business or operational plan preparation in your respective work unit is participatory					
Individual roles in achieving the strategic plan are communicated well					
Activities of the corporation are aimed, primarily, at meeting the interest of customers					
AB always strives to deliver better than what it delivers last time					
AB gives its clients professional advice on loss prevention and control					
Activities of AB in ensuring continuous learning are enough					
Strategy monitoring and evaluation					
AB uses proper tools for monitoring the implementation of strategies					
The standards based on which strategy implementation is evaluated is					

III. Challenges

Which of the following do you think are challenges in the strategic management process? Answer by marking 'X' in the box of your choice.

Challenges	1	2	3	4	5
Environmental Scanning					
Lack of proper knowledge and skills					
Absence of well consolidated data					
Strategy Formulation					
Lack of proper knowledge and skills					
The strategy being incompatible with AB's situation					
Strategy Implementation					
Lack of acceptance by and support from the top management					
Shortage of resources					
Challenges					
Inappropriate organizational structure					
Poor communication strategy					
Lack of proper knowledge and skills					
Political turbulences					
Key personnel leaving the organization					
Overall goals weren't well understood by employees					
Poor coordination					
Unawareness or misunderstanding of the strategy					
People aren't rewarded for achieving the strategic plan					
Uncontrollable environmental factors since the strategy is formulated based on assumptions					
Strategy Monitoring and evaluation					
Absence of effective monitoring					
Lack of proper knowledge and skills					

Lack of timely feedback				
False report on progress				

Appendix 2. Questionnaire to Non managerial employees

Dear Respondents,

The purpose of this study is to conduct research entitled “AN ASSESSMENT OF STRATEGIC MANAGEMENT PRACTICES IN THE CASE OF AWASH BANK”. You are assured that any information you provide is solely meant for the purpose of this academic purpose; and the output of the study will not be used for other purpose. Your response to the questions would be kept confidential.

Kindly answer with a tick () the extent to which you agree or disagree with the following statements where applicable to you and finally provide additional views and opinions on the overall strategic implementation practice in Awash Bank. I convey my thanks for your diligence, objectivity and concern while responding to the questions. For more information at any time needed through my address; Sifan Mulatu Tel: + 251923245586 E-mail sifan.mulat@gmail.com

Part I.

1. Please specify your position?

Managerial staff

Non-managerial staff

2. How many years have you been working in Awash Bank?

1 – 3 years

7 – 9 years

4 – 6 years

above 10 years

Part II. Strategic Management Process

Indicate the level of your agreement with each of the following statements by marking ‘X’ in the box of your choice.

1= Strongly agree, 2= agree, 3= Moderately agree, 4= Disagree, and 5 = Strongly disagree

Statements	1	2	3	4	5
Strategy formulation					
The strategic plan preparation in AB is participatory					
Strategy implementation					
AB's vision has been effectively communicated					

Statements	1	2	3	4	5
AB's mission has been effectively communicated					
AB's core values have been effectively communicated					
AB's corporate goals and objectives are effectively communicated					
The business or operational plan preparation in your respective work unit is participatory					
Individual roles in achieving the strategic plan are communicated well					
Activities of the corporation are aimed, primarily, at meeting the interest of customers					
AB always strives to deliver better than what it delivers last time					
AB gives its clients professional advice on loss prevention and control					
Activities of AB in ensuring continuous learning are enough					
Strategy monitoring and evaluation					
AB uses proper tools for monitoring the implementation of strategies					
The standards based on which strategy implementation is evaluated is fair and transparent					

III. Challenges

Which of the following do you think are challenges in the strategic management process?
Answer by marking 'X' in the box of your choice.

Challenges	1	2	3	4	5
Environmental Scanning					
Lack of proper knowledge and skills					
Absence of well consolidated data					
Strategy Formulation					
Lack of proper knowledge and skills					
The strategy being incompatible with AB's situation					
Strategy Implementation					
Lack of acceptance by and support from the top management					
Shortage of resources					
Inappropriate organizational structure					
Poor communication strategy					
Lack of proper knowledge and skills					
Political turbulences					
Key personnel leaving the organization					
Overall goals weren't well understood by employees					
Poor coordination					
Unawareness or misunderstanding of the strategy					
People aren't rewarded for achieving the strategic plan					
Uncontrollable environmental factors since the strategy is formulated based on assumptions					
Strategy Monitoring and Evaluation					

Absence of effective monitoring					
Lack of proper knowledge and skills					
Lack of timely feedback					
False report on progress					

IV. Concluding Questions

1. What further problems (other than those mentioned above) have you noticed in the strategic management process (environmental scanning, strategic plan preparation, strategy implementation and monitoring and evaluation of strategy implementation)?
2. What are your recommendations to improve the environmental scanning, strategic plan preparation, implementation and monitoring and review processes of the corporation?

Appendix 3 Interview Guide

Environmental Scanning:

1. Is a thorough analysis of macro-environmental factors (political, economic, legal, social, and technological) conducted prior to strategy formulation?
2. Is analysis of the Micro and Internal environmental factors undertaken before the strategy formulation?
3. Can you describe the process of stakeholder analysis at Awash Bank? How are stakeholders classified and their interests prioritized?
4. What approach does Awash Bank take to perform industry analysis, and what key indicators are considered?
5. How comprehensive is the competitors' analysis process, and what measures are taken to ensure its thoroughness?

Strategy Formulation:

1. Could you walk me through the strategy formulation process at Awash Bank, including the time frame, key participants, and their respective roles?
2. What is the extent of stakeholder involvement in the strategy formulation process, and how does their input shape strategic decisions?
3. How would you characterize Awash Bank's fundamental strategy?
4. In what ways do you assess the alignment of the bank's mission, values, and vision with its strategic direction?

Strategy Implementation:

1. How is the strategy implementation process orchestrated within Awash Bank, particularly in terms of organizational structure, culture, resource distribution, and human resource management?
2. What efforts have been made to ensure all employees understand the bank's mission, vision, values, goals, and objectives, and how is this understanding verified?

Monitoring and Evaluation:

1. What systems are in place for monitoring and evaluating the implementation of strategies at Awash Bank?
2. How is the Balanced Scorecard (BSC) utilized within Awash Bank? Is it primarily seen as a communication tool, a performance management system, or a strategic management system?

Concluding Questions:

1. What are the prevalent challenges faced by Awash Bank in the strategic management process, and how do they manifest across the different components (formulation, implementation, monitoring, and evaluation)?
 2. Based on your experience, what recommendations would you propose to enhance the strategic management system at Awash Bank?
- ✚ These questions are designed to elicit detailed responses that cover all aspects of the strategic management process at Awash Bank, from the initial environmental scanning to the final evaluation of implemented strategies.