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COLLEGE OF BUSINESS AND ECONOMICS

**ASSESSMENT OF STRATEGIC MANAGEMENT
PRACTICES: THE CASE OF PRIVATE COMMERCIAL
BANKS IN ETHIOPIA**

By Wubishet Fikadu

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PRACTICES: THE CASE OF PRIVATE COMMERCIAL
BANKS IN ETHIOPIA

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By Wubishet Fikadu (GSE/1509/07)

Advisor

Yohannes Workaferahu. (PhD)

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Addis Ababa University
College of Business and Economics
MBA Coordination Office

Assessment of Strategic Management Practices: The Case of Private
Commercial Banks in Ethiopia

By: Wubishet Fikadu (GSE/1509/07)

Approved by Board of Examiners

Dean, Graduate Studies

Signature and Date

Advisor

Signature and Date

External Examiner

Signature and Date

Internal Examiner

Signature and Date

Declaration

I, the under signee declare that this thesis is my original work, prepared under the guidance of Yohannis Workaferahu (PhD). 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.

Wubishet Fikadu

GSE/1509/07

Addis Ababa University

Signature

Endorsement

This thesis “Assessment of Strategic Management Practices: The Case of Private Commercial Banks in Ethiopia” has been submitted to Addis Ababa University College of Business and Economics, MBA Program for examination with my approval as a university Advisor.

Yohanis Workaferahu (PhD)
Addis Ababa University

Signature

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ACRONYMS AND ABBREVIATIONS

AfDG:	African Development Group
AMCES:	Association Management Consulting Evaluation Service
EIC:	Ethiopian Insurance Corporation
Est.:	Establishment
EY:	Ernst & Young
IMF:	International Monetary Fund
I/O:	Industrial Organization
KSF:	Key Success Factor
NBE:	National Bank of Ethiopia
NGO:	Non-Governmental Organization
No.:	Number
OECD:	Organization for Economic Cooperation and Development
RBV:	Resource Based View
SCP:	Structure- Conduct-Performance
SD:	Standard Deviation
S.N.:	Serial Number
SPSS:	Statistical Package for the Social Science
SSA:	Sub Saharan Africa
SWOT:	Strength, Weakness, Opportunity and Threat
VRIO:	Value, Rareness, Imitability and Organization

ABSTRACT

The aim of this thesis is to assess the strategic management practices of private commercial banks in Ethiopia. This descriptive study adopting a quantitative research techniques answers two basic research questions, first the extent to which private commercial banks formulate, implement, evaluate and control its strategy. Second, the major challenges faced on the process. A systematic random sampling method was used to select four representative private commercial banks in Ethiopia from a list of sixteen based on their year of establishment. To further decide on the sample size from each selected Banks, a proportionate sampling method was applied. Finally, simple random sampling technique was used to identify the sampled respondents'. As data collection instrument, AMCES questionnaire was adopted after securing written approval and in consultation with the advisor. The reliability of the tool applied was tested and obtained a Cronbach alpha value of 0.833. The questionnaire was administered to 246 randomly selected employees, who have an involvement on the strategic management process. From the findings, it was learnt that the result obtained for strategy implementation and evaluation & control practice of private commercial banks was below the mean score. Therefore, the study concluded that private commercial banks focus more on the strategy formulation while giving less emphasis to strategy implementation, evaluation and control. The study finally recommended the need for the Banks to give due attention for strategic implementation in terms of human resource capability and Board support and on strategy evaluation and control with regard to performance measurement, communication and timely responsiveness to noted gaps.

Key words: *Strategic Management, Strategy formulation, Strategy Implementation, Strategy Evaluation & Control, Strategic Audit.*

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Academics has studied strategy extensively, business school usually have as their final required capstone a course in strategic management (Mintzberg & Lampel, 1998). Even though the word strategy is defined in many approaches one of the very common definition is, a direction and scope of an organization over the long term, which achieves advantage in change of environment through its configuration of resources and competencies (Johnson & Scholes, 2009).

Mintzberg & Lampel (1998) identified ten key schools of thought, which are classified in to three groups. The first they call prescriptive schools, ones they are ‘more concerned with how strategies should be formulated than with how they necessarily do form’. This grouping comprise the design, planning and positioning school. Then they describe the second main group, which are formed descriptive schools, comprising entrepreneurial, cognitive, learning power, cultural and environmental schools. This set out not to prescribe how strategy should be made but rather to describe how it is made in practice. The final group comprises just one school, the configurational.

Jarzabkowski (2004) cited on her article a gap between the theory of what people do and what people actually do has given rise to the ‘practice’ approach in the management literature. Most recently, the practice approach has entered the strategy literature, recommending that we focus upon strategists engaged in the real work of strategizing (Hendry 2000; Whittington 1996, 2002, 2003). So we should examine strategy not as something a firm has, but something a firm does.

According to Jarzabkowski (2004) the term ‘practice’ implies repetitive performance in order to become ‘practiced’ that is, to attain recurrent, habitual, or routinized accomplishment of particular actions. There is a distinction between practice and practices. Practice is the actual activity, events, or work of strategy, while practices are those traditions, norms, rules, and routines through which the work of strategy is constructed.

A special issue article of Mol et.al. (2017) mentioned the emphasis given to the strategic management is phrased as “Silence” which best categorized the strategic management and international business literature when it comes to Africa. This stands in plain contrast to the increasing number of articles using data from other emerging economies, particularly Asian

countries like India and China. They also mention many inferential evidences that support a growing number of scholar's intent to exploit the uniqueness of Africa in their attempt to advance theory.

Lister, & Swen (2014) says a strong strategic management process are important to gain competitive advantage and improve organizational performance. Strategy execution, as a component of strategic management is a critical process to get it right; however, up to 95% of strategy execution efforts fail in Africa. The key success factor for effective execution have been reached in developed market, but the research asks "What about Africa?"

A research by Amelework (2015) borrowed Allchafji (2003) phrases saying globalization, rapid changes in technology, increasing competition, changing workforce, changing market, economic condition and resource shortage of the 21st century are increasing the complexity of modern management. The banking system is also dominating the financial landscape in most countries. IMF (2016) reported that banking sector accounts for the biggest share of assets in most countries, with the exception of middle income countries, non-bank assets account for more than 50% of financial sector assets in Leseto, Namibia, Swaziland and South Africa. In several countries, state owned bank's asset are sizable like Ethiopia, Rwanda, Seychelles and Seralion.

The application of strategic management in business for various sectors has long been adopted as a response to market demand, variations in clients' taste and changing of technology. Having a good strategy is also important factor that enable the organization/firm to survive and go further. Dauda et.al. (2010) emphasized the key for effective strategy formulation and execution is when managers consider the organization as a whole and not as any entity made of distinct and independent business units, and must include everyone in the organization because strategy is a detailed plan for a business in achieving success. David (2011) also said that, strategic management is an important practice as it gives a strong influence towards firm's direction and success. Strategic management does give positive influence, especially in its profitability to the large firms.

1.2 Statement of the problem

The development on the field of strategic management with in two decades has been mentioned as dramatic by Hoskisson et.al. (1999) and it grows large every day. As management scholarship expands its geographical interest from western and eastern developed economies to the rest of the world, it's time to bring Africa in to our mainstream research and theories (George et.al., 2016). It's fair to say that, almost all of our existing knowledge about firm strategies have emerged from outside of Africa, since Africa is an under researched region, it seems to be a worth-while effort to test whether our theories apply on Africa like else were or the continent really differ. (Mol et.al 2017).

Christou (2015) argues that all organizations are heading somewhere, but unfortunately some organizations do not know where they are going. The need for organizations to use strategic management concepts and techniques arises from this. The strategic management process is becoming more widely used by small firms, large companies, nonprofit institutions, governmental organizations and multinational conglomerate alike.

Despite the importance of strategic management in an organization, most of the researches or unpublished studied in Ethiopia (Tsehay, 2014; Timoteyos, 2015; Dinberu, 2016; Amelework, 2015) and other related studies on the subject area mostly focused on process from strategy formulation, strategy implementation to strategy evaluation of an individual firm or NGOs. However, there was no study made on strategic management practices in banking industry in Ethiopia. This is therefore raised the need for further research in strategic management practice in the private commercial banks in Ethiopia to fill the knowledge gap about the industry strategic management practices.

1.3 Research Questions

This study is expected to answer the following questions;

1. To what extent do private commercial banks in Ethiopia formulate, implement, evaluate and monitor their strategy?
2. What are the major challenges or barriers to the strategic management practices in private commercial banks in Ethiopia compared to the existing theories?

1.4 Objective of the Study

General Objective

The main objective of this research is to assess the strategic management practices of private commercial banks in Ethiopia by exploring the extent to which it is adopted and comparing with documented practices on the theory or literature.

Specific Objective

- To assess how private commercial banks in Ethiopia undertake strategy formulation
- To assess how the banks are practicing their strategy implementation
- To assess how the strategy monitoring and evaluation schemes are in private commercial banks in Ethiopia
- To identify the major challenges or barriers on the strategic management practices in private commercial banks in Ethiopia

1.5 Significance of the study

A very little research works are available in the strategic management practices of banks in Ethiopia. This study will thus provide insight in to the strategic practices in private commercial banks hence, may contribute to the frontier of knowledge. Researchers could also use the study for reference and further empirical research on strategic management practices in the banking industry overall or other sectors.

1.6 Scope and Limitation of the Study

This research aims to assess the strategic management practices in private commercial banks in Ethiopia. But, this research is constrained by a number of barriers basically the lack of cooperation from many private banks to give detailed information about their strategy. On the other hand the target population may not be perfectly accurate due to researchers' lack of data on the direct and

indirect involving parties of the strategy management process of the selected banks. The research was forced to focus only on to what extent the strategy of selected private commercial banks in Ethiopia is formulated, implemented, evaluated and monitored. The research also covered the view of management and non-management employees of the banks head office departments, branches and district offices after reviewing previous researches evidenced that Dauda et. al. (2010) effective strategy formulation and execution involves everyone in the organization.

1.7 Organization of the Research Report

This paper is organized in to five chapters. The first chapter deals with the introduction of the study. Chapter two presents theoretical background on strategic management followed by a review of previous studies. Chapter three presented research design and methodology. In chapter four, the findings discussion and analysis is presented in detail. Lastly, in chapter five, the findings of the study are summarized, conclusion is made and some recommendations are discussed.

1.8 Operational Definitions

According to Proc. No. 592/2008 a Bank means a company licensed by NBE to undertake banking business or a bank owned by government. Banking business refers any business that consists of the following activities:

- Receiving funds from the public through means that the NBE has declared to be an authorize manner of receiving funds
- Using the funds referred to under bullet one of this paragraph in whole or in part, for the account and at the risk of the person undertaking banking business, for loans or investments in a manner acceptable to the National Bank;
- The buying and selling of gold and silver bullion and foreign exchange;
- The transfer of funds to other local and foreign persons on behalf of the banks themselves or their customers;
- The discounting and negotiation of promissory notes, drafts, bills of exchange and other evidence of debt
- Any other activity recognized as customary banking business.

1.9 Chapter Summary

Strategy is a direction and scope of an organization over the long term, which achieves advantage in change of environment through its configuration of resources and competencies. Strategic management is phrased as “silence” in global strategy journal 2017 because a growing number of scholars stated to exploit uniqueness of Africa in their attempt to advance theory. As management scholarship expands its geographical interest from western and eastern developed economies to the rest of the world. It’s time to bring Africa in to our main stream research and theories. Despite the importance of strategic management in an organization, most of the research or unpublished studies in Ethiopia focus on individual firms strategic management practices. However, there is a knowledge gap on the strategic management practice of banking industry where this thesis aimed to contribute towards this knowledge pool.

The main objective of this paper is to assess the strategic management practice of private of private commercial banks in Ethiopia and the challenges related to the practice. This paper is presented with five chapters dealing with introduction, theoretical backgrounds, review of previous studies, research design and methodologies, discussion of findings and analysis, finally the conclusion and recommendation.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

This chapter reviews the different streams of strategic management theories. First, it explores general strategic management concept and theories including different schools of thought in strategy, it then focuses on theories and past research on strategy. Finally, a relevant facts about commercial banks in Ethiopia is reviewed and the theoretical framework is presented.

2.1 Strategy and Strategic Management Concepts

Strategic management is a set of managerial decisions and actions that help determine the long-term performance of an organization. Originally it was called business policy, strategic management has advanced substantially with the concentrated efforts of researchers and practitioners (Wheelen and Hunger 2017). Whereas, David (2011) defined strategic management as art and science of formulating, implementing, and evaluating cross functional decisions that enable an organization to achieve its objective. However, the argument Alkhafaji (2003) on strategic management is different it is a concept which is concerned with making decisions and taking corrective actions to achieve long term targets and goals of an organization. Strategic Management is one of the efforts of management to confront situations that arise in an organization's daily routine while trying to achieve organizational goals and objectives.

According to Smith (1994) strategic management has been touted as one of the effective management tools in strengthening organization performance through effective decision making and systematic strategic formulation and implementation. Strategic management was also more prevalent in the private sector. Wheelen, and Hunger (2017) evidenced researches that reveals, organizations that engage in strategic management generally outperform those that do not, many of the concepts and techniques that deal with strategic management have been developed and used successfully by business corporations as large as General Electric and as small as the newest startup. Over time, business practitioners and academic researchers have expanded and refined these concepts.

The historical development of strategic management is divided into three periods: (1) the Precursors; (2) birth in the 1960s; and (3) transition towards a research orientation in the 1970s. The first period is the prehistory of strategic management as academic field started from studies of economic organization and bureaucracy. These studies were to find the linkage between the

study of organization and economic ideas. The second period is characterized by the contingent perspective where organizations need to adapt to their external environment, and these studies were managerially oriented under a normative prescription. In the third period, transition began towards a research orientation with two sets of different research perspectives. While one perspective utilize descriptive studies of strategy formulation and implementation (process approach), another perspective with deductive studies seeks relationships between strategy and performance or structural approach (Furrer, et.al., 2008).

Mintzberg & Ahlstrand (1999) classified ten concepts that typically dominate current thinking on strategy and that can be categorized under the three major types: prescriptive schools, descriptive schools and one configuration school. Prescriptive schools have a normative character of how a strategy should be developed and describe its consequences to an organization. Design, planning and position schools assume that strategy is a result of analysis and process. Descriptive schools describe how strategies are developed and pursued. Entrepreneur and cognitive schools put strategy as an entrepreneurial act and an organizational decision process. In configurationally schools, theory of organizational configuration and resulting strategies is described. This school analyses strategy development as an interplay between organizational constraints and strategic requirements.

2.2 Strategic Management Practices

Numerous studies have been developed to explore the concept of strategic management in organizations. Researchers have built their own framework to answer the fundamental question in strategic management which is how to create and sustain competitive advantage by adopting two mainstream paradigms in strategic management.

Robbins and Coulter (2002) have mentioned that strategic management is the process that encompasses strategic planning, implementation and evaluation. On the other hand, Thompson and Strickland (1989) outlined five tasks in the strategic management process: developing a strategic vision and mission, setting objectives, crafting a strategy; implementing the strategy and evaluating performance, initiating corrective adjustments. Johnson and Scholes (2009) developed a model for strategic management which consists of strategic analysis, planning, choice and strategy implementation.

However, the explanation by Mintzberg & Waters (1985) on how do strategies form in organizations? Is different from the above mentioned authors a research into the question is necessarily shaped by the underlying conception of the term. Since strategy has almost inevitably been conceived in terms of what the leaders of an organization 'plan' to do in the future, strategy formation has, not surprisingly, tended to be treated as an analytic process for establishing long-range goals and action plans for an organization; that is, as one of formulation followed by implementation. As important as this emphasis may be, we would argue that it is seriously limited, that the process needs to be viewed from a wider perspective so that the variety of ways in which strategies actually take shape can be considered.

Strategy implementation has become a key focus for firms and continues to attract attention as it plays a key role in success of firms today worldwide. Johnsons and Scholes (2009) asserted that in knowledge based economies people were truly the most valuable asset which human resources policies need to reflect. Strategy implementation is one of the components of strategic management and it refers to a set of decisions and actions that result in the formulation and implementation of long term plans designed to achieve organizational objectives (Pearce and Robinson, 1996).

Johnson and Scholes (2009) notes that strategy implementation is the translation of strategy into actions. It entails institutionalization and operationalization of strategies and managing the ensuing change. Lastly the evaluation process addresses the aspect of amending the developed strategies so as to achieve competitive advantage. This is feedback to the original plan and reiterated until most of the organization is in concert with the plans.

According to Johnson and Scholes (2009) strategic analysis is concerned about the strategic position of the company in terms of its external and internal environments and stakeholder expectations. External environmental scanning is to identify and evaluate trends and events beyond the control of the organization (Fred, 1997). Analysis of external environment includes the company's operating political, economic, social, technological, legal environments and the main purpose of that is to find out the opportunities and threats that exist in the operating environment. Forces in the external environment are so dynamic and interactive that the impact of any single element cannot be wholly disassociated from the impact of other elements.

The analysis of general environment focuses on the future and the analysis of the industry environment focuses on the factors and conditions that influence the company's profitability

within its industry while analysis on competitor environment focuses on predicting the dynamics of competitor's actions, responses and intentions. Similarly, internal environmental analysis is concerned with the company's resources and competences which can identify its strengths and weaknesses. There are various internal environmental factors that can affect the strategic management practices of companies and these factors include the organizational structure, company ownership, company size, organizational culture, management style, stakeholder expectation, and the company resources, capabilities, competencies and core competencies. Identifying and developing organizational mission, vision and values is central to the long-term organizational success. Clear mission statement leads to the easier creation of organizational goals and objectives. Chandler (1962) stated that any effective successful strategy is dependent on structure, thus to achieve any effective economic performance the organization needs to alter its structure. An organization's structure can constrain or enhance your ability as a team to gain resources (Hitt and Hoskisson, 2012).

Johnson and Scholes (2009) view corporate strategy from cultural perspective, they described it as a strategy based on the experiences, assumptions and beliefs of management overtime and which may eventually permeate the whole organization. Culture is the common set of behaviors, values, beliefs, patterns of thinking and assumptions shared by members of an organization. Culture shapes our view of the world and determines how we think and behave towards others, the world, and ourselves. Culture generally tends to consist of layers of values, beliefs and taken-for-granted actions and ways of doing business within and outside the company. Therefore, the concept of cultural web is the representation of these actions taken for granted for understanding how they connect and influence the strategy (Johnson and Scholes, 2009). Culture can be analyzed through the observations of how the company behaves, including routines, rituals, stories, structures and systems.

2.3 Strategic Management Models

According to Wheelen and Hunger (2017) the strategic management model is both rational and prescriptive. It is a planning model that presents what a corporation should do in terms of the strategic management process, not what any particular firm may actually do. The rational planning model predicts that as environmental uncertainty increases, corporations that work more diligently to analyze and predict more accurately the changing situation in which they operate will outperform those that do not. Empirical research studies also support this model

For the purpose of this study a model is adopted from Wheelen and Hunger (2015) as a reference the model is segmented to four sections, which are as follow:

1. Environmental Scanning (Gathering Information)
2. Strategy Formulation (Developing Long-Range Plans)
3. Strategy Implementation (Putting Strategy into Action)
4. Evaluation and Control (Monitoring Performance)

2.3.1 Environmental Scanning

Before managers can begin strategy formulation, they must understand the context of the environment in which it competes. It is virtually impossible for a company to design a strategy without a deep understanding of the external environment. Once management has farmed the aspect of the environment that impact the business, they are in a position to determine the firm's competitive advantage (Wheelen & Hunger, 2015).

Pearce, Richard and Robinson (2004) found that organizational environment consists of both external and internal factors. Environmental scanning is the monitoring, evaluating and disseminating of information from the external and internal environment to strategists within the organization. Environment must be scanned so as to determine development and forecasts of factors that will influence organizational success. Environmental scanning refers to possession and utilization of information about occasions, patterns, trends, and relationships within an organization's internal and external environment. It helps the managers to decide the future path of the organization. Scanning must identify the threats and opportunities existing in the environment. While strategy formulation, an organization must take advantage of the opportunities and minimize the threats. A threat for one organization may be an opportunity for another.

2.3.2 Strategy Formulation

Strategy formulation is designed to guide executives in defining the business their company is in, the aim it seeks, and the means it will use to accomplish these aims. Strategy formulation involves an improved approach to traditional long range planning. Strategy formulation combines a future oriented perspective with concern for a firms internal and external environments in developing its competitive plan of action. The process of strategy formulation began with definition of the company's mission (Pearce, Richard and Robinson, 2004)

Mintzberg, & Shakin (1978) articulated the growing interest on the part of the management scientists in the question of strategy formulation, in part because it has become increasingly evident that an organization's effectiveness is highly dependent on it makes and interrelates its key decisions, and in part because it has become no less evident that management science has had enormous success at the operating level of organizations since the 1920s and at the middle management level since the 1940s. But strategy formulation involves decision behavior unlike that found at the other two levels, and management scientists need the descriptive base necessary to design useful prescriptive technique.

According to Rumelt (2011) the 1979 Harvester's fashion is out of date, instead of long tables of numbers and bubble charts, we have different types of realized formalism for producing strategic plan. The current fill-in-the-blanks template starts with a statement of Vision, then a mission statement, or a list of core values, then for each goal a list of initiatives this template based strategies are called by Rumelt "Bad Strategies".

2.3.3 Strategy Implementation

Strategy implementation is the sum total of the activities and choices required for the execution of a strategic plan. It is the process by which objectives, strategies, and policies are put in to action through the development of programs and tactics, budget and procedures. Although implementation is often considered only after strategy has been formulated, implementation is a key part of strategic management, strategy formulation and strategy implementation should thus be considered as two sides of the same coin (Wheelen & Hunger, 2015).

Rumelt (2011) disagree with the above point of view, he said that, a good strategy shall include a set of coherent actions. They are not implementation details; they are the punch in the strategy. A strategy that fails to define a variety of plausible and feasible immediate actions is missing a critical component.

According to Pearce, Richard and Robinson (2004) Strategy formulation, analysis of alternative strategies, and strategic choice. While these phases are important, they alone cannot ensure success. The strategy must be translated into success, this stage will have three major activities these are

1. Identification of measurable, mutually determined annual objective

2. Development of specific functional strategies
3. Development and communication of concise policies to guide decisions

According to Wheelen and Hunger (2015) depending on how the corporation is organized, those who implement strategy will probably be a much more diverse set of people than those who formulate it. In most large, multi-industry corporations, the implementers are everyone in the organization.

2.3.4 Strategy Evaluation and Control

Evaluation and control information consists of performance data and activity reports. If undesired performance results because the strategic management process were inappropriately used. Operational managers must know about it so that they can correct the employee activity. Top management need not be involved. If, however, undesired performance result from the process themselves, top management, as well as operational managers must know about it, so they can develop new implementation program or procedure (Wheelen & Hunger, 2017)

A strategy is selected and implemented over time so as to effectively position and guide a firm with in an often rapidly changing environment. Strategies are forward looking, designed to be accomplished several years into the future, and based on management assumptions about numerous events that have not yet occurred (Pearce, Richrd and Robinson, 2004)

Strategic control is concerned with tracking the strategy as it is being implemented, detecting problems or changes in underlying premises, and making necessary adjustments. In contrast to post action control, strategic control is concerned with controlling and guiding efforts on behalf of the strategy as action is taken place and while the end result is still several years into the future. Managers responsible for a strategy and its success are typically concerned with two sets of questions:

1. Are we moving in the proper direction? Are key things falling in to place? Are our assumptions about major trends and changes correct? Are the critical things we need to do being done? Do we need to adjust or abort this strategy?
2. How are we performing? Are we meeting objectives and schedules? How are costs, revenues, cash flows matching projections? Do we need to make operational changes?

Strategic controls, augmented by certain operational controls, are designed to controls, are designed to answer these questions (John and Richard, 2004)

2.4 Empirical Evidence on Strategic Management Practices

As strategic planning ensures and accomplishes the basic directions and rationale for determining where an organization should head and provides the specifications against which any organization may best decide what to do and how to do it. Besides the importance and necessity of strategic planning; the in depth review of strategic planning literature shows that majority of the studies have been conducted in large organizations and in developed countries. (Khalique & Khan, 2014)

Khalique & Khan (2014) reviewed the empirical studies on strategic planning and firm performance which started from 1970 to 2014 clearly shows that some of the studies have reported controversial findings on the relationships between strategic planning and firms' performances. So, it has been convinced that empirical studies regarding strategic planning should be encouraged in developing countries as Malaysia and Pakistan and more specifically in the context of SMEs. The effects of other variables as mediating variables on the relationship between strategic planning and organizational performance should be explored with great potential and spirit in future researches.

According to Mohamud et.al. (2015) even if there are many studies across the world that are related to the strategic management practices, most of them conducted in the developed countries, but unfortunately there are limited studies in developing countries that attempt strategic management and organizational performance in Mogadishu-Somalia, they have focused the relationship between the strategic management and organizational performance in some selected companies in Mogadishu for the first time in the capital of Somalia. The findings revealed the existence statistically significant has a positive relationship between strategic management and organizational performance.

A thesis entitled 'A study of strategic planning and environmental scanning in the multiunit Portuguese hotel sector' by Costa (1997) addresses the strategic planning and environmental scanning activities of the hotel chains operating in Portugal. The researcher employed exploratory and descriptive design based on a qualitative and inductive approach. The findings reveal lack of formal continuous environmental scanning by both formal and informal planning

chains and a significant number of similarities in terms of the scanning methods and sources used by the case study organizations.

Mosiah (2008) explored the strategic management practices of small firms operating in the emerging economies with emphasis on the health biochemistry industry. He compares these practices with the context of the practices documented in history. The research used qualitative data from a non-probability sample of two firms in the industry. Case study methodology using in-depth interviews was employed to collect data from the senior executives of these two firms. The research recommended that the emerging industries should engage in formal strategic management practices.

Local studies on strategic management include an assessment of strategic management practices of Action for Development by Addisie (2015). The purpose of the research was assessing the strategic plan formulation and implementation in the case of Action for Development. Both primary and secondary sources of data were used for the research. Out of the total 91 employees, the researcher used 46 employees as a sample using simple random sampling. Data was collected using structured close ended and also open ended questions. The quantitative data analysis was done using descriptive statistics while the qualitative data was analyzed using narrative form. The results indicated that action for development has major drawbacks in the areas of effectively communicating the strategic plan to concerned stakeholders. The researcher recommended that action for development should effectively communicate the strategic plan to concerned stakeholders to ensure the same level of understanding, find sustainable sources of finance to support the implementation of strategies and should work on capacity development of its employees.

A research by Amelework (2015), with the title of Assessment of Strategic Management Practices In Case of Ethiopian Insurance Corporation, The purpose of this study was to describe the strategic management practices of EIC. The study compares these practices with the widely accepted theoretical concepts in the field. The research utilized both qualitative and quantitative data. Quantitative data was collected based on the questionnaires distributed to the management and employees. Secondary sources of data including strategic plans and budget preparation guidelines were also used.

A study made on some selected NGO's practices and challenges of formulating, implementing and controlling strategic planning the objective of the study was to examine the practices and challenges of using strategic plan in NGOs operation in Ethiopia. The study was carried out based on the information from the secondary and primary data sources which was administrated using questionnaire, interview and observation of the researcher. Finally it was found out that NGOs, these days, have good understanding about the benefits of strategic planning thus using it as an important tool that must be applied in their organization. Due to their peculiar organizational purpose which focuses on meeting social objectives, the challenges for implementing their strategic plan is diverse, especially securing funding for their program and involving stakeholders as real partners of their programs. (Tsehay, 2014).

A study by Dinberu (2016) articulated the strategy planning, formulation and implementation and monitoring and evaluation practice of Nib International Bank. A descriptive statistics was used to analyze the data gathered. The finding of the study revealed that NIB's practice of communicating the strategy plan was poor and through participation of stakeholders is not realized. In addition, the bank's weak use of SWOT analysis results, misalignment or linkage of strategic plans with work units and individual tasks were observed. The strategic plan also lack the comprehensive performance measurements and not linked with strategic management.

2.5 Ethiopian Commercial Banks Outlook

AfDG, (2015) reported that the banking system and financial regulations in Africa on four key features of relating to banking system, the banking sector regulation and supervisions, and the Basel principles. It is found competitive as those in Latin America & Caribbean and not different from the competitive environment existing in high income OECD countries. However, the banking sector in Africa is much shallower and less penetrated than those in other major regions of the world.

The acceleration in economic growth has been accompanied by an expansion of access to financial services—particularly commercial banks, which have been traditionally, and remain, the backbone of financial systems in SSA. Indeed, as noted by Beck and Cull (2013) banking in SSA has undergone dramatic changes over the past 20 years. Financial liberalization and related reforms, upgrades in institutional and regulatory capacity, and more recently the expansion of cross-border banking activities with the rapid development of pan-African banking group networks have

significantly changed the African banking and financial landscape. Once dominated by state-owned institutions and distorted in their operations by restrictive regulations, banking systems in SSA are now deeper and more stable, and the incidence of systemic banking crises have declined dramatically in the past two decades. In fact, banking systems in SSA survived relatively unscathed the turmoil of the global financial crisis, despite indirect pressures through international trade linkages. (IMF, 2015)

The African banking system has also benefited from the growing presence and participation of foreign banks across the continent, including Pan African Banks such as Ecobank and Bank of Africa that have expanded beyond their parent countries. Evidence suggests that the presence of larger foreign banks is usually associated with greater access to finance for small and medium scale enterprise (Clarke, 2005). However, unfair competition can arise in cases where foreign banks disproportionately dominate the banking industry in terms of assets and branches. In Africa, there is evidence that, foreign and private owned banks are more efficient than their public counterparts and that banks could save between 20% - 30% of their total cost if they were operating efficiently (Chen, 2009). Honohan and Beck (2007) argues that banking crises in Africa were somewhat different from those outside because crises on the continent were caused by governance related problems both in the banking and in the regulatory systems. These crises made regulatory authorities more conservative and reforms taken helped the continent improve the stability of its banking system. The banking system has also made great progress towards better asset quality and more capitalization (Beck, 2011) cited by (AfdG, 2015).

Despite heavy pressure from the United States Government, as evidenced from WikiLeaks messages, the Ethiopian government continues by law to prohibit the entry of foreign banks to the country. Barriers to entry in the banking sector reinforce inefficient state-owned enterprises by shielding them from competition. The government's concern is that if foreign banks were to be allowed to operate in Ethiopia, it may lose of control over the economy. This position is based on the infant industry argument. Prohibiting foreign bank entry at this time would prevent the domestic banks from being weakened because of unfair competition from foreign banks. (Bezabih & Desta, 2014)

Yet controlled development and expansion of private sector banking, including the admission of foreign capital and operations, can deliver meaningful benefits to a country such as Ethiopia. These

benefits may include improvements in the overall efficiency of the sector, the transfer of skills for employers and regulations, and greater financial stability by reducing the need for cross border flows. Thus, although mismanaged financial development can lead to financial crisis, forming policies that promote successful financial development can greatly improve the environment the environment for economic growth (Frederic, 2007).

It was in 1905 that the first bank, the “Bank of Abyssinia” was established based on the agreement signed between the Ethiopian government and the National Bank of Egypt, which was owned by the British. The first privately owned company in Ethiopian banking business was Addis Ababa Bank S.C., established in 1964. Which was carrying out typically commercial banking business. Thus until the end of 1974, there were state owned, foreign owned and Ethiopian owned banks in Ethiopia. Following the 1974 revolution, on Jan1, 1974 all private banks and 13 insurance companies were nationalized and along with state owned banks, placed under the coordination, supervision and control of the National Bank of Ethiopia. After the dawn fall of Derg Regime several private companies were formed during the early 1990s. One of which was Oda S.C that conceived the idea of establishing a private bank and private insurance company in anticipation of a law which will open up the financial sector to private investors (Keatinge, 2014, Harvey, 1996) cited by (Zewdu, 2016).

The new Proclamation No. 84/1994 of Ethiopian government allowed the private sector to engage in the banking business. Following this proclamation Ethiopia witnessed a proliferation of domestic private banks. (Ethiopian Government, Proclamation No. 84/1994). The primary role of commercial banks is to mobilize deposit and avail such resource for investment. Banks also play a pivotal role in the financial system, in the clearing and settlement of transactions. This intermediary role removes deficiency of capital which in turn plays significant impact in bringing economic development in a nation. However, studies made regarding financial sector in Ethiopia witness its infancy and dominancy by the state owned commercial bank. Literature also reveal, compared to most countries, Ethiopia has taken a cautious approach toward the liberalization of its banking industry. For all intents and purposes, its industry is closed and generally less developed than its regional peers. (Keatinge, 2014, Harvey, 1996) cited by (Zewdu, 2016).

Banks, insurance companies and microfinance institutions are the major financial institutions operating in Ethiopia. Of the 18 banks, 16 were private and 2 state-owned. Banks opened 956 new

branches in 2016/17 there by raising the total number of branches to 4,257 from 3,301 a year earlier. As a result, bank branch to population ratio declined from 1:27, 932 people in 2015/16 to 1:22,164 people in 2016/17. About 33 percent of bank branches were located in Addis Ababa. Major branch expansion was undertaken by Commercial Bank of Ethiopia (160 branches), followed by Cooperative Bank of Oromia (103 branches), Awash International Bank (94 branches), Berhan International Bank (89 branches), Dashen Bank (83 branches) and Abyssinia Bank (77 branches). The share of private banks in total branch network rose to 66.6% from 61.8% last year, in line with the branch expansion target set for private banks in GTP II. Following a significant capital injection by Commercial Bank of Ethiopia, the total capital of the banking industry increased by 81.1% and reached Birr 78.0 billion by the end of June 2017 (NBE, 2017).

The private commercial banks currently operating in Ethiopia with the year of establishment are: Abay Bank (2010), Addis International Bank (2011), Awash Banks (1994), Bank of Abysiniya (1996), Birhan International Bank (2009), Bunna International Bank (2009), Cooperative Bank of Oromiya (2004), Dashen Bank (1995), Debub Global Bank (2012), Enat Bank (2012), Lion International Bank (2006), Nib International Bank (1999), Oromiya International Bank (2008), United Bank (1998), Wegagen Bank (1997) and Zemen Bank (2008) (NBE, 2017).

2.6 Theoretical Framework

Bakar et.al. (2011) compared six strategic management models by various authors namely

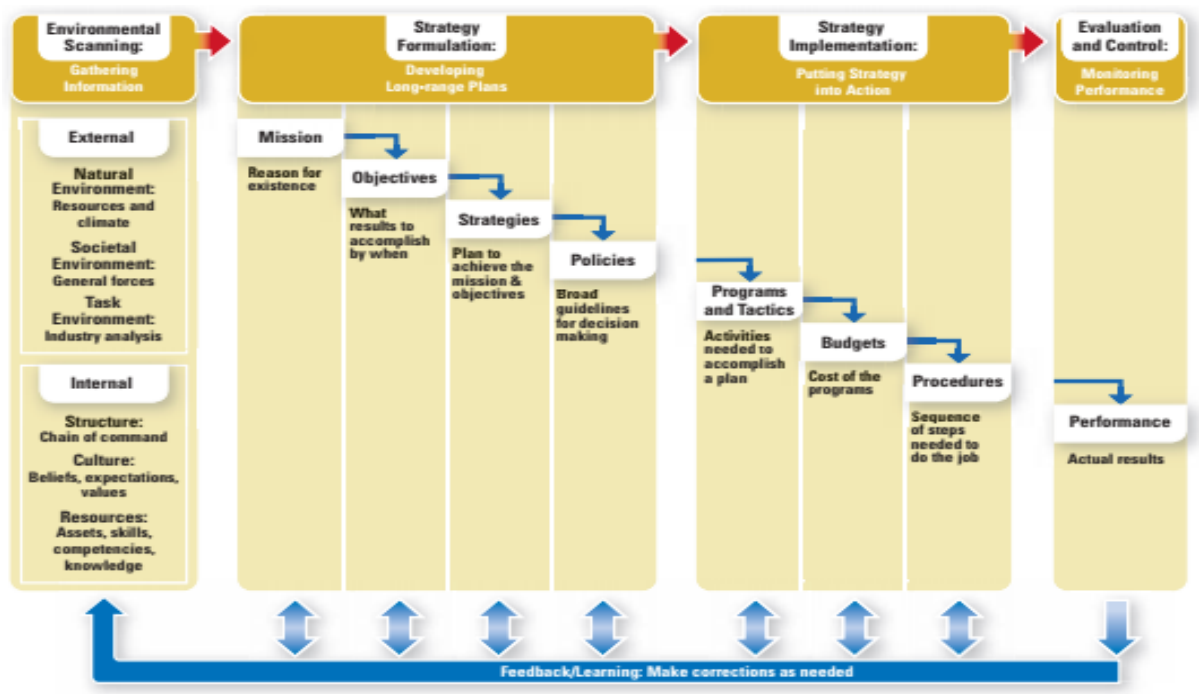


Figure1 Adopted from Wheelen & Hunger (2017) Strategic Management Model

Sharplin (1985) Greenley (1989) Certo and Peter (1991), Stahl and Grigsby (1992) David, F. R. (2011) and also Hunger and Wheelen (2003). Even though it can be seen that each model of strategic management is different, the actions or activities that are involved are actually similar, majority of authors have put strategy formulation, implementation of organizational strategy and strategic control focuses in their model. Planning strategy and environmental analysis phase are also important and most of the authors put this phase under formation phase. (Stahl and Grigsby, 1992, David, 1997, Cited by Bakar et. al., 2011).

According to Wheelen and Hunger (2017), the process of strategic management involves four basic elements these are Environmental scanning, Strategy formulation, Strategy implementation and lastly Evaluation and control. They mentioned that these four basic elements interact each other. At the corporate level, the strategic management process includes activities that range from environmental scanning to performance evaluation. Management scans both the external environment for opportunities, threats and the internal environment for strength and weaknesses. The factors that are most important to the corporation's future and referred to as strategic factors and are summarized with the acronym SWOT, standing for strength, weakness, opportunity and

Threats. After identifying these strategic factors, management evaluates their interaction and determines the opportunities of the corporate mission. The first step in the formulation of a strategy is a statement of mission, which leads to determination of a corporate objectives, strategies and policies through programs, budgets and procedures. Finally, performance evaluation and feedback ensure adequate control of organizational activities. In this model, organizational direction is not made clear. Mission and objectives are shown in the formulation of the strategy. But in the real life situation, mission and objective, that is, organizational direction need to be explained clearly before the formulation of strategy.

2.7 Chapter Summary

Ansoff is believed to develop the term “Strategic Management” but, the term was actually first coined the conference held at Pitters Burgh University in 1977. It is difficult to find a single clear and commonly accepted definition of strategy. However, management theorists and practitioners agree that strategy deals with the long term direction of an organization.

The Wheelen and Hunger’s strategic management model is both rational and prescriptive. Various Empirical research studies highly support this model, a model having four sections these are, Environmental scanning, strategy formulation, strategy implementation, and evaluation and control. Most of the studies on strategic management used a descriptive research methods to discuss their findings.

There are many empirical studies across the world that are related to strategic management practices, most of them conducted in developed and emerging economies. The studies from developed countries on various sectors revealed the lack of formal continuous environmental scanning. There are also recommendations consulting to emerging industries to engage in formal strategic management practices. Unfortunately there are limited studies in the developing countries especially in Ethiopia.

CHAPTER THREE

RESEARCH METHODOLOGY

This study assessed the strategic management practices: the case of private commercial banks in Ethiopia. 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

According to Kothari (2004) the major purpose of descriptive research is description of the state of affairs as it exists at present. In social science and business research we quite often use the term Ex post facto research for descriptive research studies. The main characteristics of this method is that the researcher has no control over the variables, he can only report what has happened or what is happening. To this effect, the study applied a survey strategy for it easily allowed the researcher to collect large amount of quantitative data from a sizable population in a highly economical way and analyze using descriptive statistics.

3.2 Target Population and Sampling Technique

3.2.1 Target Population

The target population of this study was employees of private commercial banks in Ethiopia. According to NBE (2017) annual report there are sixteen registered private commercial banks in Ethiopia. For the purpose of this study among the total of sixteen private commercial banks in Ethiopia four are selected by systematic random sampling method according to their year of establishment the banks are sorted and the second bank is randomly selected, after that every 4th bank from the list is selected. Accordingly the 2nd bank Dashen Bank is randomly selected from the first four, then the 6th bank Nib International Bank, 10th Zemen Bank and finally the 14th Bank Addis International Bank is selected with a systematic random sampling method.

Table 3. 1 List of Private commercial Banks with staff strength and year of establishment

S.N	List of Private Banks	No. of staff	Year of Est.	Target Population
1	Awash Bank	6,814	1994	Dashen Bank 7,057
2	Dashen Bank	7,057	1995	
3	Bank of Abyssiniya	5,005	1996	
4	Wegagen Bank	3,656	1997	
5	United Bank	3,431	1998	Nib International Bank 3,681
6	Nib International Bank	3,681	1999	
7	Cooperative Bank of Oromiya	2,956	2004	
8	Lion International Bank	1,518	2006	
9	Oromiya International Bank	3,066	2008	Zemen Bank 735
10	Zemen Bank	735	2008	
11	Berhan International Bank	2,865	2009	
12	Bunna International Bank	2,457	2009	
13	Abay Bank	1,249	2010	Addis International Bank 431
14	Addis International Bank	431	2011	
15	Debub Global Bank	533	2012	
16	Enat Bank	402	2012	
	Total	45,856		11,904

Source; Own Survey (2018)

3.2.2 Sampling Technique and Sample Size

In order to determine the sample size, this research has used the formula developed by Daniel (1999),

$$n = \frac{Z^2 P(1 - P)}{d^2}$$

Where:

n = Sample Size

Z = Z statistics for a level of confidence

P = Estimated prevalence or Proportion (P=0.2 or 20%)

d = Precision (d= 0.05 or 5%)

Among sixteen private Banks four representative sample banks are selected through systematic random sampling method. First the banks are sorted according to their year of establishment, then the second bank is randomly selected, third every 4th bank appearing after the second bank is selected for survey and range of strategic period they have practices to the year end of June 2017. Lastly by using the above formula, a total population size of 11,904, with 95% confidence level, 5% error, 20% expected prevalence and 5% precession the sample size of this research was calculated to be 246 private commercial bank employees. A proportionate sampling technique is used to select sample respondents from different sub groups that have tangible size difference. Accordingly the number of participant from each sub group is determined their number relative to the entire population.

Table 3. 2 *Sample size Determination*

S.N	Sample Private Banks List	Total Number of Staff	Percentage proportion	Sample
1	Dashen Banks S.C.	7,057	59%	146
2	Nib International Bank	3,681	31%	76
3	Zemen Bank	735	6%	15
4	Addis International Bank	431	4%	9
Total		11,904	100%	246

Source own survey (2018)

3.3 Instrument of Data Collection

A set of questioner has been used to collect data. This questionnaire was adopted from Association Management, Consulting and Evaluation Service which highly fit with the strategic management model used Wheelen and Hunger's (2003) and also protested before it was used to collect data so as to ascertain that the questions made sense to respondents and was successful. There were 20 people selected from the student researcher's current organization which was of a similar private commercial bank that was close to the target group in order to help alleviate the resource limitation both in time and cost.

The questionnaire is adopted from AMCES; the tool is divided in to four main parts; the first part of the questioner consisted of respondents demographic characteristics, second part of the questioner address the strategic management planning stage of the organizations, the third section measures the strategic management implementation practices of the banks, and the forth part is the strategic management evaluation and control practices. The questioner had a five point Likert scale.

3.4 Method of Data Analysis

The respondent's data was statistically analyzed using Statistical Package for Social Science SPSS Version 20. As stated in the aforementioned section the first hand data entered into Ms. Excel and exported to SPSS package.

Representations like table and charts were used to ensure easy and quick interpretation of data. Descriptive statistics was used to analyze all data gathered in the form of frequencies, percentage,

mean, and standard deviations. Finally, the analysis and interpretation of the data have leads to conclusions and recommendations.

3.5 Ethical Consideration

The ethical issues is considered in the study: informed consent (by informing the respondents regarding that background of the study, including the importance of the data is going to be gathered from them) and issues of confidentiality (by ensuring that respondents that all of the information in this study will solely be used for the academic purpose only).

3.6 Chapter Summary

Data was collected by administering a standardized set of questionnaire to systematically selected four private commercial banks from the total of sixteen private banks operating in Ethiopia a sample of 246 employees with 95% confidence level, 5% error, 20% expected prevalence and 5% precision. SPSS V.20 is used to analyze a descriptive statistics in the form of frequency, percentage, mean and standard deviation are used. All ethical considerations and confidentiality is solely used.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

In this chapter of the study, among the sixteen private commercial banks operating in Ethiopia a data was collected from a systematically selected four private commercial banks through 246 questionnaires, company documents such as previous years strategic plan document and annual books is also referred. The data collected from the sample respondents was first loaded to SPSS version 20 software and required descriptive output of central tendency and variability on the major four sub sections, namely demographic characteristics of the respondents, strategy formulation, implementation and strategy monitoring and evaluation are generated and interpreted.

4.1 Characteristics of Respondents

The questionnaire was distributed to all staff members of randomly selected employees from the four sample banks namely Dashen, Nib, Zemen and Addis International Banks, which are selected through a systematic random sampling method, the rationale for engaging all employees of the selected banks for the survey questionnaire is because Kaplan & Norton, (2005) found a persistent gap between strategic ambition and performance arise from a disconnect in most companies between strategy formulation and strategy execution. Claiming their research which reveals that, on average, 95% of a company's employees are unaware of, or do not understand, its strategy. If the employees who are closest to customers and who operate processes that create value are unaware of the strategy, they surely cannot help the organization implement it effectively. Therefore the researcher broaden the survey feedback from all the employees, who do involve at any part of the strategic management process, to make the findings comprehensive and Table 4.1 presents the demographic profile of the respondents, including Bank name, Gender, Age, Year of service and current position at the bank.

Table 4. 1 Demography of the respondents

S.N	Variable	Description	Frequency	Percent (%)
1	Name of Your Bank	Dashen Bank	146	59.3
		Nib International Bank	76	30.9
		Zemen Bank	15	6.1
		Addis International Bank	9	3.7
		Total	246	100.0
2	Gender	Male	181	73.6
		Female	65	26.4
		Total	246	100.0
3	Age in years	18 to 30	120	48.8
		31 to 40	108	43.9
		41 to 50	18	7.3
		Total	246	100.0
4	Service Year at Your Bank	0 to 5 years	94	38.2
		6 to 10 Years	86	35.0
		11 to 15 Years	59	24.0
		> 16 Years	7	2.8
		Total	246	100.0
5	Current Position	Top Management	2	.8
		Middle Management	81	32.9
		Lower Management	72	29.3
		Clerical & non managerial	75	30.5
		Non Clerical	16	6.5
		Total	246	100.0

Source: own survey (2018)

Among the systematically selected four private commercial banks operating in Ethiopia the sample is drawn according to their percentage contribution to the total population which is the number of employees from these private commercial banks, accordingly the sample from Dashen Bank took the highest percentage which is 59.3% (146) and second from Nib International Bank 30.9%(76) sample is drawn the remaining 6.1%(15) and 3.7%(9) of the sample are collected from Zemen Bank and Addis International Bank respectively. 246 sample is drawn from the total population of 11,904 employees.

From the respondents 26.4 % (65) of them are females who are randomly appeared and the remaining 73.6 % (181) are male respondents, who took the biggest share of the total population considered under the study.

The data extracted from SPSS software showed that, the largest proportion of the respondents fall between the age bracket of 18 to 30 which is 48.8% (120), followed by 31 to 40 appearing 43.9% (108) and lastly remaining are between the ages bracket of 41 to 50 that covers 7.3% (18). However, no sample appeared above the age of 50. We can say that the very young work force dominates the response rate of the survey questionnaire.

Most of the respondents fall below ten year of service, 38.2 % (94) of the respondents serve their bank between 0 to 5 years and 35 % (86) of the respondents are employees having service year between 6 and 10 years. 24% (59) of the respondents served from 11 to 15 years and the remaining respondents are those who served more than 16 years are having a contribution of 2.8% (7).

Position wise, most of the respondents are Middle Management staff members which is 32.9 % (81) this gives a high confidence that the respondents will have the knowledge to answer the questions and have a great opportunity to participate on the full process strategy management practice. The second highest participant groups are clerical and non-managerial positions who are a very important part of strategy implementers and highly expected to convert those initiatives or plans in to action, this group covers 30.5% (75) of the total respondents and the other 29.3%(72), 6.5%(16) and 0.8%(2) of the respondents are Lower management staffs, Non clericals and lastly the Top Management who are very few in number very tight scheduled and major planners of the business strategy.

4.2 Reliability Test

Reliability refers to the consistency and dependability of a measuring instrument. One of the internal consistency methods of assessing reliability is Cronbach alpha coefficient. It is applied to check, if it is proper to rely on the outcome of the questionnaires. This coefficient measures the extent to which an instrument yields consistent results. It measures how well items in a set are related to one another. Coefficient of 0.6 or above are nearly always acceptable. In this case the result of the reliability test is 0.8333. Table 4.2 below show the reliability test.

Table 4. 2 Cronbach’s Alpha Test

Cronbach’s Alpha	No. of Items	Description
0.833	44	All items of the tool
0.752	19	Strategy formulation
0.823	15	Strategy implementation
0.871	10	Strategy evaluation and control

Source; Own Survey (2018)

4.3 Strategy Formulation

Table 4.3 shows the descriptive results in terms of mean scores and standard deviations on strategic formulation practices of private commercial banks in Ethiopia. The result are shown in terms of mean score which range from 5 to 1 as was the Likert scale used in the questionnaire, values closer to 5 indicate higher agreements with the statement while lower values indicate little agreement with the statement. To those yes or no questions the researcher encoded 5 to yes and 1 for responses meant to say no. AMCES also gave the mean groups as follows those results having less than 3.5 needs major improvements and a mean values greater than 3.5 means doesn’t need major improvements.

Table 4. 3 Strategy Formulation Practices Data Presentation

Variable Description	Mean	Std. Deviation
Vision Statement		
Has your bank articulated a vision for the bank?	5.00	0.00
When was you Vision Statement last updated?	2.04	1.27
Is the vision statement relevant to the bank’s activities and mandate?	3.77	1.18
Group Mean of Vision Statement	3.78	0.79
Mission Statement		
Has your bank developed a mission statement?	5.00	0.00
When was your mission statement last updated?	2.11	1.24
Do you feel that your current mission statement is compatible with the activities being carried on by the bank?	3.13	1.34
How would you rate participation in developing the mission statement by the stakeholders?	3.05	1.30
Group Mean of Mission Statement	3.42	0.70
Understanding Values		
Has your bank defined a set of value statements?	4.97	0.36

When were your value statements last updated or discussed formally?	2.15	1.21
How would you rate the understanding of the bank's value statements?	3.31	0.97
Group Mean of Understanding Values	3.43	0.59
SWOT Analysis		
Has your bank conducted a SWOT analysis?	4.54	1.28
How would you rate the competencies of your bank to conduct a SWOT analysis?	3.52	1.05
How would you rate the priority that your bank places on the SWOT analysis process?	3.23	1.19
How would you rate the importance of the SWOT analysis process to the effective operation of your bank?	4.09	0.85
Is a SWOT analysis employed when dealing with significant issues outside of strategic planning?	3.53	1.16
Group Mean of SWOT Analysis	3.63	0.87
Generate Strategies		
Rate your bank's success/practice of generating strategies to deal with issues.	2.83	1.24
How important is it to generate strategies to deal with issues for your bank?	3.77	1.36
Group Mean of Generating Strategies	3.29	1.00
Selecting Strategies to Pursue		
Does your bank select strategies to address issues that confront the bank?	4.73	1.00
Rate the importance of selecting strategic solutions to address issues that confront your bank.	4.14	1.06
Group Mean of Strategy to Pursue	4.33	0.94

Source; Own survey (2018)

On strategy formulation the respondents were provided statements under six sub sections , they were required to choose the level of agreement from highest 5 to lowest 1 Likert Scale. The findings on mean and standard deviation result is discussed and analyzed below:

The first sub section was about questions related to vision statement a highest mean score of 5 and SD 0.00 is came up for articulation of vision statement of the banks. It shows that, banks have putted a word on what the company wants to become in the future. The second mean score is on the relevance of articulated vision statement with a mean score of 3.77 and SD 1.18. Which means the intent of having strategic vision on the company especially, if it is relevant to the business needs and future demands. The lowest mean score is 2.04 with 1.27 SD for the updating of the vision statement, many of the vision statements are updated on the last six to ten years period. The

Second, respondents were asked about their mission statement, a very high mean score of 5 with SD 0.00 showed that all the banks have articulated their mission statements. The finding confirms that people support the purpose of a business is very important and their company stated its mission statements. A mean value of 3.13 and SD 1.34 mission statement is compatible with the activities being carried. If the mission statement is well articulated in line with the company's services after properly identifying its unique or fundamental purpose, it will not able to have a core competency. The respondents also feel their level of participation on developing the mission has a mean of 3.05 SD 1.30. The vision statement and the mission statements are last update between six to ten years with a mean value of 2.11 and SD 1.24.

Thirdly, the understanding of corporate values was investigated and the following findings are discussed. The respondents believe their company defined their set of values with a mean value of 4.97 and SD 0.36. This shows that, the banks have putted their philosophy on how they treat their customers and employees, which is a good strategic management practice. They have also related the understanding level of their banks value statement is a mean of 3.31 and SD 0.97. Most of the respondents rated their level of understanding on the value statements or the philosophy and how they treat their customers and employees above average. The minimum mean rate which is 2.15 on SD 1.21 is appeared on the value statements are last update or discussed formally that will be between the periods of six to ten years.

The fourth sub section is about SWOT analysis, the response scored a mean of 4.54 and SD 1.28, which means their bank conducts a SWOT analysis that will give an opportunities to identify their distinctive competencies. The second highest mean from SWOT is importance of SWOT to the company having mean 4.09 and SD 0.8. This shows that, the importance of SWOT is agreed by many employees who involve though out the process of a strategy. The findings on competency to conduct SWOT, the significance of SWOT to deal with issues and the priority given by the bank on SWOT are nearly same mean value showing a mean value of 3.52, 3.53 and 3.23 with SD of 1.05, 1.16 and 1.19 respectively. Even if these three variables mean values are lower than the previous two SWOT variables, it shows that all SWOT variables have more than mean value of three. This shows that, existence of positive attitude towards SWOT analysis. Generally, the findings agree with the theory of conducting SWOT analysis is one of the very essential part of

strategy formulation and the very important part of strategic thinking that will enable to have strategic alternatives or choices of strategic choices.

Generating strategies was one of the important part of strategy formulation, respondents gave a rating of mean value 3.77 and SD 1.36 to the importance of strategies to deal with issues of the bank on the other hand, respondents do not believe the bank is successful on generating strategies that deal with issues, because the mean value evidenced with 2.03 and SD of 1.24. This shows that, even if respondents agree on the importance of strategies to deal with issues of the company it's found that those strategies were not successful.

The last sub section of strategy formulation is asking about selecting strategies to pursue. The respondents strongly believe with a mean score of 4.73 and SD 1.00 their bank select strategies to address issues that confront the bank, they have also agreed on the importance of selecting strategic solutions to address a confronting issues to the bank with a mean score of 4.14 and SD 1.06. This shows that, the employees believe their bank understands the future and plan to beat the future with a competent strategy.

To summarize the strategy formulation of private commercial banks has articulated their Vision, Mission, Values and SWOT assessments with a very high mean scores. Respondents also believe that this corporate statements have a strongly define the purpose of the business and have the power to pursue the strategic options. However, the respondents have scored minimum mean value on the success of those strategies generated to deal with issues and corporate statements are updated for the period between six and ten years.

The findings on strategy formulation has similarity with previous studies of Costo (1997) that affirmed the existence of both formal and informal strategy planning in multi-unit Portuguese Hotel sector. A qualitative study by Mosiah (2008) on strategic management practice of small firms operating in emerging economies also showed formal strategic planning practice is customary. Other local MBA thesis also made by Amelework (2015) and Tsehay (2014) showing the strategy planning practices of Ethiopian Insurance Corporation and NGOs in Ethiopia.

4.4 Strategy Implementation

Table 4.4 shows the descriptive results in terms of mean scores and standard deviations on strategic implementation practices of selected private commercial banks in Ethiopia. Wheelen and Hunger (2015) mentioned that many of the people in the organization who are crucial to successful strategy implementation probably had little to do with the development of the corporate and even business strategy.

Table 4. 4 Strategy Implementation Practices Data Presentation

Variable Description	Mean	Std. Deviation
Policy Support		
Does your bank maintain a policy manual?	4.83	0.78
Are bank policies updated on a regular basis?	3.27	1.12
Rate the relevance of your bank’s policies to current bank activities?	3.93	0.95
Group Mean of Policy Support	3.97	0.61
Financial Capacity		
Rate your bank’s financial capacity to implement strategies.	4.04	0.93
Rate the commitment to providing financial resources to support the implementation of strategic initiatives.	3.50	1.28
Group Mean of Financial Capacity	3.76	0.88
Motivation and Ownership		
Rate the motivation to maintain and support the implementation of strategic initiatives by stakeholders.	3.17	1.06
Rate the “ownership” taken to the implement strategic initiatives by stakeholders:	2.74	1.06
Group Mean of Motivation and Ownership	2.96	0.85
Board Support		
Rate your board’s commitment and support to the implementation of strategic initiatives.	3.04	1.10
Rate the performance of your Board as it relates to the delivery of support to strategic initiatives.	2.74	0.97
Group Mean of Board Support	2.89	0.90
Organizational Structure		
Rate how appropriate the current structure of your bank is to support the implementation of strategic initiatives.	3.22	1.26
Rate the effectiveness of your current governance model as it relates to the implementation of strategic initiatives.	3.00	1.17
Group Mean of Organizational Structure	3.11	0.95

Open to Change		
Rate your Bank's readiness for organizational change.	3.13	1.32
Rate the willingness to accept and implement change	3.14	1.34
Group Mean of Open to Change	3.14	1.25
Human Resources		
Rate the human resource capability to manage and implement a change process or new strategic direction	2.57	1.14
Rate the competencies of your bank's staff to plan, manage and implement strategic initiatives.	2.99	1.08
Group Mean of Human Resource	2.77	0.98

Source; Own survey (2018)

To assess the strategy implementation practices seven sub section questions were presented which have a policy, finance, ownership, support, structure, change and human resource issues were the major points that were asked to the sample respondents and the following results are found and discussed below;

Private commercial banks maintain a policy manual with a mean score of 4.83 and SD 0.78. It was also agreed on the relevance of the bank's policy to current bank activity showing a mean of 3.93 and SD 0.95. Unlike the corporate statements on strategy planning, the policy manual are updated recently with a mean of 3.27 and SD 1.12. The banks have a good position to finance strategic initiatives at a mean of 4.04 and SD 0.93. However, the commitment to finance strategic initiatives is lower than the capacity, because the mean score is lower than the capacity mean rate of 3.50 with SD 1.28. This shows that, the bank crafted guiding principles which is one part of their indispensable part of their success formula. It's also true that finance is one of the critical resource firms compete with, the finding also confirm that respondents believe that their company has the financial capability to finance a strategic initiatives, even though the commitment level is lower than the existing financial resource and capability.

The ownership taken by the stakeholders to implement strategic initiatives were perceived to be one of improvement because the mean score is lower than three or mean of 2.74 and SD 0.98. The mean score is registered at a value of 3.17 and SD 1.06. Respondent also perceive there is a low board performance on supporting strategic initiatives because the mean value shows 2.74 and SD 0.97 which also reflected on the board's commitment and support level with a result mean of 3.04 and SD 1.10. The lack of ownership on the strategic plan will have a negative impact on the success

rate the strategic plan because the functional and lower level managers are the implementers of the strategy.

The mean values for those questions related to organizational structure and change is almost similar. The appropriateness of the structure to support strategic initiatives and effectiveness of governance model were showing mean value of 3.22 and 3.00 with SD 1.26 and 1.17. The company's readiness and willingness to change also have a mean score of 3.13 and 3.14 with SD 1.32 and 1.34. This shows that, the structure and man power composition plans are fitting with the crafted strategy. This shows that the existence of relatively good fit between the strategy and organizational structure. It's also witnessed that the organizations are willing and open to change.

The last sub section of the strategy implementation was having a questions related to human resource issues, respondents believe the human resources capability to manage and implement change and new strategic initiatives is one of the major improvement areas with a mean score of 2.57 and SD 1.14. Competency of the bank staffs to plan, manage and implement strategic initiatives was also the other improvements the banks shall have because the mean value is 2.99 and SD 1.08. Here it shows that the doubt of the capability of human resource which is the critical are of organization core competency emanate, however, the respondents do not believe that they do have a high competence on the strategic management practices to manage end to end.

To summarize the private banks needs three major improvement areas, because the mean value of the respondents scored below three, these are the ownership of stakeholders to implement strategic initiatives, competency of human resources to plan, manage and implement strategic initiatives and last the performance of the board as it relates to the delivery of support to strategic initiatives.

According to Wheelen & Hunger (2017), a strategy to be successfully implemented, it must be made action-oriented. This is done through a series of programs that are funded through specific budgets and certain new detailed procedures. The study finding also show that the banks have crafted policies, have financial capability to fund programs however the commitment and capability of the human resource are the major drawbacks on strategy implementation.

Andrew (1986) contended that boards are important and neglected strategic resources within firms. The primary basis for this assumption is that increased board involvement forces managers to check their assumptions and do their homework before advancing strategic proposal. The finding

on this study have a low mean value of the board performance to support strategic initiatives which affirm the board is one of the neglected company resources.

4.5 Strategy Evaluation and Control

Table 4.5 shows the descriptive results in terms of mean scores and standard deviations on strategic evaluation and control practices of selected private commercial banks in Ethiopia.

Table 4. 5 Strategy Evaluation and Control Data Presentation

Variable Description	Mean	Std. Deviation
Assessment		
Rate your bank's current practices as they relate to the ongoing assessment of strategic initiatives.	3.06	0.98
Rate your bank's performance in communicating assessment results to the stakeholders	2.81	0.98
Group Mean of Assessment	2.94	0.84
Measure Performance		
Has your bank developed a set of key performance indicators or some other form of accountability to track the success of strategic initiatives?	2.84	1.17
Rate your bank's ongoing evaluation practices as it relates to strategic initiatives.	2.84	1.11
Group Mean of Measuring Performance	2.83	1.02
Identify Where Corrective Action is Necessary		
Rate your bank's success at identifying corrective action when strategic initiatives are failing or could be improved.	2.54	1.11
Rate your bank's response time, after they acknowledge that a strategic initiative is failing.	2.72	1.23
Group Mean of Identifying Corrective Action	2.63	1.05
Assess Impact of Change/ Participation		
Rate your bank's effectiveness at evaluating the impact of changes subsequent to initial strategy formulation.	2.66	0.88
Rate the level of participation in strategy evaluation	3.04	1.03
Group Mean of Assessing Impact of Change	2.82	0.89
Moving Beyond Evaluation		
Rate the attention paid to abandoning, adjusting or developing new strategies subsequent to evaluation of the initial strategies.	2.87	0.88
Rate the relevance and suitability of the strategic management model to your bank.	3.23	1.08
Group Mean of Moving Beyond Evaluation	3.05	0.89

Source; Own survey (2018)

The final stage of strategic management is evaluation and control. To investigate this practice a set of questions were asked and the following responses are discussed on the below few paragraphs.

The study found a good practice of assessing strategic initiatives with a mean score of 3.06 and SD 0.98, and a gap on communicating performance and assessment results to stakeholders with a mean value of 2.81 and SD 0.98. This shows that there is a good practice of comparing the desired results with the actual outcomes. Because, it will give the opportunity to pin point improvement areas. It will make challenging to those managers who are responsible to formulate or implement strategies without having those assessment reports because strategic and managerial decisions mostly need these assessment information.

The study found that the bank's experience to practice toward developing key performance indicator or some other form of accountability to track the success of strategic initiatives is showing a mean of 2.84 and SD of 1.17, there is also a lack of consistency on evaluating the strategic initiatives with a mean of 2.84 and SD 1.11. This shows that the companies do not focus consistently to measure their performance.

The finding show that the bank's success rate to identify and take corrective action on a falling strategic initiative is low having a mean score of 2.54 and SD 1.11, it's also found that they do not respond timely after they acknowledge that the strategic initiative is failing, the mean score for that is 2.72 and SD 1.23. This shows that there is a gap on continuous evaluation of strategic initiatives and taking timely corrective action on those failing strategic initiatives, so that it's better considering the Key performance indicators to minimize such challenges.

A lower mean value of 2.89 with SD 0.88 is found on effectiveness of evaluating the impact of changes subsequent to initial strategy formulation than the level of participation on strategy evaluation having a mean of 3.23 and SD 1.08. Even though it's very important to participate stakeholders on strategy evaluation process, it is also very important to evaluate the impact of changes subsequent to strategy formulation.

Last section of the strategy evaluation is asks on moving beyond evaluation. It's found that average on the relevance of the strategic management model to their bank with a mean of 3.32 and SD

1.08. However, the attention given to abandoning, adjusting or developing new strategies subsequent to evaluation of initial strategies with a mean of 2.87 and SD 0.88.

According to Wheelen & Hunger (2017) saying one of the obstacles to effective control is the difficulty in developing appropriate measure of important activities and outputs. Kaplan & Norton (1993) also says today's managers recognize the impact that measures have on performance. But they rarely think of measurement, however, must be an integral part of the management process. The study found that strategy evaluation and control phase of strategy management scores many variables below mean value of three, that shows companies give the highest attention on strategy planning and implementation than evaluation and control, ignoring the final major element of strategic management process will make organization not to take appropriate measures at the right time, if the strategy is failing.

4.6 Group Mean of Strategic Management Practices

This study found the lowest mean value of 2.86 on strategy evaluation and control. (Kaplan and Norton, 2006) say historically, most companies have relied entirely on financial systems- usually centered on the budget for these various processes and practices. But relying on the budget as the primary management system caused short term financial considerations to over whelm long term strategic goals. This result suggests that banks focused highly on strategy formulation with a mean value of 3.69, SD 0.34 and strategy implementation with a mean of 3.28 and SD 0.42. However, evaluation and control got a very low attention by the companies. This shows that the strategy evaluation control practice of the banks result is completely different from previous studies findings on the topic.

Robinson and Pearce (1983) showed in a study conducted in 85 United States selected banks by that small banks without formal planning system performed equally with small, formal planners. Regardless of formality, each set of banks placed equal emphasis on all aspect of strategic decisions making expected formalized goals and objectives. Their results suggested that managers responsible for strategic planning activities in smaller organizations do not appear to benefit from a highly formalized planning process, extensive written documentation, or the use of mission and goal identification as the beginning of the strategic planning process. Another research by Ararsa and K'Obonyo (2012) a study conducted in Kenya showed all the strategic planning steps defining firms corporate purpose, scanning of business environment, identification of firms strategic issues,

strategic choice and setting up of implementation, evaluation and control systems were found to be positively related to company performance.

This study highly agree with Arrsa and K'Obonyo (2012) finding than Robinson and Pearce (1983). Because, the perception of the respondents highly line up with the importance of strategic planning for their organization, even though the success rate of the strategy formed is low. The summary of the finding is presented in the group men of the strategic management practices below table 4.6

Table 4.5 Strategic Management Practice Summary Data Presentation

Description of the variable	N	Mean	Std. Deviation
Strategic Planning Practices	246	3.69	0.34
Strategy Implementation Practices	246	3.28	0.42
Strategy Evaluation and Control Practices	246	2.86	0.70

Source: Own survey (2018)

4.7 Chapter Summary

This chapter presented the analysis of a quantitative data gathered through questionnaires that was confirmed with a reliability test of alpha value greater than 0.70. A descriptive method of data analysis was used to measure central tendency and variability of the responses. 246 respondents were participated on the survey, three phases of strategic management were diagnosed and the strategic evaluation and control practice scored the lowest mean score of 2.86 with SD of 0.70 which is a major improvement area of the process. Strategy planning and strategic implementation were having a better mean value than strategy evaluation and control practices.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

This chapter aimed to summarize the key findings, conclusion and recommendations of the study based on the research questions. The purpose of this study was to assess the strategic management practices: the case of private commercial banks in Ethiopia.

5.1 Summary of Findings

This study sought to answer two basic research questions: (1) how does private commercial banks in Ethiopia formulate, implement, evaluate and monitor their strategy? (2) What are the major challenges or barriers to strategic management practice in Ethiopia compared to the existing theories. This was descriptive study. The population was sixteen private banks and four representative sample banks were drawn by using systematic random sampling method with a response rate of 100%. Primary data collected in the study using questionnaire is administered to randomly selected employees. Data was analyzed using descriptive analysis with central tendency and variability.

Based on the survey questionnaire responses from employees of systematically selected private commercial banks and the analysis made so far, the following key findings are listed below;

- The reliability test conducted to check the dependability and consistency of the instrument showed, Cronbach Alpha of 0.833
- The responses are collected from Dashen Bank 59.3 %, Nib International Bank 30.9 %, Zemen Bank 6.1 % and 3.7 % is from Addis International Bank. The general demographic profile of the respondents found that 73.6 % of the respondents are male and the remaining 26.4% are females. This employees served their bank 38.2 % from 0 to 5 years, 35% from 6 to 10 years, and 24% served 11 to 15 years and the last group which is 2.8% of the respondents served more than 16 years. Questionnaire was distributed to all parties that could possibly participate on the process at all levels of the hierarchy, the participants positioned with 0.8% top management members, 32,9 % are middle management, lower management 29.3%, clerical but non managerial 30.5% and 6.5% are non-clerical staffs.
- The strategy formulation stage of the sample banks ranked the highest mean score of 3.69 with standard deviation of 0.34. This finding could be explained as the banks highest focus was on the strategy formulation with a higher mean score. Except two question all the strategy

planning related questions result came up with a high mean score which is above 3, however, when the respondents are asked to rate their banks success/ practice of generating strategies to deal with issues the mean score was 2.83, that could tell us, the respondents feel that the formulated strategies do not have a good success rate of dealing with relevant issues of the business.

- This study also found that the strategy implementation stage of the process was having a mean score of 3.28 with a standard deviation of 0.42, which is nearly the same with average or the degree of agreement with the questions asked is nearly same as neutral. This shows that private banks are having average strategy implementation practice than strategy formation. Even though many of the questions are having a favorable mean score of above 3. Three questions are turned unfavorable or below mean result these are performance of the board as it relates to the delivery of support to the strategic initiatives with mean of 2.74. Then, the human resources capability to manage and implement a change process or new strategic directions with a mean value of 2.57 and lastly the competency of their bank staffs to plan, manage and implement strategic initiatives with a mean value of 2.99.
- The final stage of the strategic management process is evaluation and control of the strategy. The study found the lowest mean value of 2.86 with a standard deviation of 0.70. Except three questions asked, all the questions related to strategy evaluation and control obtained a mean value below three. The first question having above three mean value is where the respondent's rated the banks current practice in relation to the ongoing assessment of strategic initiatives with a mean score of 3.06. Secondly, the respondents rated the level of the strategy evaluation with a mean value of 3.04 and the final question that came up with a mean value with 3.23 is the question that rates the relevance and sustainability of the strategic management model to your bank.
- Generally, company employees agree with the relevance and importance of the strategic management practice, when we compare their approach with Whellen and Hungeer (2003) model the bank go through most of the steps in strategy management process except strategy evaluation and control. The success of strategy to deal with business issues were also the major concern of the employees, the best possible explanation for this will be Rumelt (2011) argument saying that, a good strategy shall include a set of coherent actions. They are not implementation details; they are the punch in the strategy. A strategy that fails to define a

variety of plausible and feasible immediate actions is missing a critical component. Moreover, one of the very essential component is strategy evaluation and control, the theoretical evidence from Kaplan & Norton (1993) also states that today's managers recognize the impact measurement has on performance. But they rarely think of measurement, however, must be an integral part of the management process. The study also found that some of the challenges to monitor and evaluate is the low level of defining key performance criteria, ongoing evaluation practices and communicating same to concerned stakeholders. The theoretical evidence from Wheelen and Hunger (2017) also affirm the above study finding showing evaluation and control information consists of performance data and activity reports. Operational managers must know about it so that they can correct the employee activity. Top management need not be involved. If, however, undesired performance result from the process themselves, top management, as well as operational managers must know about it, so they can develop new implementation program or procedure.

The following list of challenges were identified from the strategy formulation to strategy evaluation and control practices, these challenges or barriers are identified depending on the mean scores having value below three which indicate the major areas of improvement on the strategic management practices;

- Timely revision of Vision, Mission, Values and other relevant corporate statements
- Identification mechanisms to take corrective actions when strategic initiatives are failing
- The human resource capability to manage and implement change processes
- Evaluation mechanism to evaluate the impact of change initiatives
- Responsiveness after admitting strategic initiatives are failing
- Board performance to support strategic initiatives
- Ownership of stakeholders to implement strategic initiatives
- Competitiveness of strategies to deal with business issues
- Communicating assessment results to relevant stakeholders
- Key performance indicators or other form of accountability to track performance

5.2 Conclusion

This study has assessed the strategic management practice of private commercial banks in Ethiopia. The study considered the three major stages of Wheelen and Hunger (2003) model on

the strategic management practice which are; strategy formulation, strategy implementation and finally evaluation and control. A standard data collection instrument is adopted from Association Management Consulting & Evaluation Services. Reliability test was also conducted to check the consistency and dependability of the instrument and accordingly the Cronbach Alpha value obtained from the respondents helped the researcher to conclude that the instrument was proven to be reliable.

The study concluded that all the sample banks managed to articulate their corporate statements which are Vision statement, Mission statement, Objectives, policies and strategic documents, the respondents do also believe on the importance of these corporate statements which proves the existence of strategic management planning process in private commercial banks in Ethiopia. There is also a good practice on doing SWOT analysis and the respondents believe that structure is also convenient for the existing strategies of the banks. From the above facts found the study concluded that the private commercial banks gave a highest focus on strategy formulation process.

In relation to strategy formulation the study found some improvement areas which the banks need to address. These banks didn't review their corporate statements for more than ten years which makes the statements not agile to the current business dynamics. In contrast to the availability of a high level of competency to conduct SWOT analysis, the respondents have doubts that the success rate of the strategies to deal with issues is very low. Therefore, from the above responses the researcher concluded that there is a lack of integration between the strategic issues and SWOT analysis made.

To put the strategy into action an appropriately organized programs, financial capabilities and adequate staffing is a must. Any change on the corporate strategic plan is also very likely to require change in the way the organization is structured. From the above mentioned summary of findings, the researcher concluded that the strategy implementation practice of private commercial banks is average or not successful. The ownership taken by stake holders to implement strategic initiatives is very low, the Board is not also having the performance to support the strategic initiatives and lastly the capability and competency of the bank is also another improvement areas for the effectiveness of strategy implementation.

The practice of strategy management has also faced challenges which needs the attention and improvement on the banking industry. To mention some of the major challenges timely revision

of corporate statements, capability related to strategic initiatives formation, implementation and evaluations, responsiveness to the failing strategic initiatives, ownership of the initiatives, swift communication of results and setting of key performance indicators.

Strategic management practice will help the organization to focus on the actual performance or output. Organizations also need a wide range of method to evaluate the success or failure of the strategy. However, from the above summary of findings the researcher concluded that the banks gave a very low attention on the evaluation and control part of the strategic management process.

5.3 Recommendations

The issue of strategic management practices of private commercial banks in Ethiopia is interesting topic as it will help them to get them good strategies. This research is more focused on the findings of responses of the private commercial banks employees who involve in any aspect of the strategic management cycle. When the Ethiopian banking industry gets into a situation of uncertainty arising from either complexity or rapid change or may be both, the challenge will usually be dealing with change and competition. It is not likely to have a single view of environmental influences that might affect an organizations strategies.

This study recommends that there is a need for the private commercial banks to stress on the full cycle of the strategic management process. Specifically, the banks need to give due attention on strategy implementation in terms of human resource capability& Board support. The banks also need to give emphasis on performance measurement, communicating assessment results and finally timely responsiveness to the failing strategic initiatives so that the strategic management process keeps its coherence, coordination of actions, policies and resources so as to accomplish an important end.

This study also highly recommends the private commercial banks to adopt the concept of “Strategic Audit” that was presented by (Wheelen and Hunger, 2017). The strategic audit is one effective means of putting the strategic decision making process that provides a check list of questions by area or issue that enable the systematic analysis to be made of various corporate functions and activities. It can also help determine why a certain area is creating a problem for a corporation and help generate solution to the problem. As such, it can be very useful in evaluating the performance of top management.

5.4 Implications

This thesis covered only descriptive or process perspective of strategic management research orientation. However, it will also an interesting topic to conduct a structural approach by seeking the relationship between strategy and performance of commercial banks. Further studies shall also be necessary to investigate the overall strategic management practice of banking sector and in other sectors in Ethiopia.

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ANNEX I Survey Questionnaire

Addis Ababa University
College of Business and Economics
MBA Program

Dear respondent,

Please take a few minutes to complete this questionnaire. Your honest opinion will be completely anonymous. Your views are extremely important on this research. This questionnaire will take approximately twenty (20) minutes. All the information provided will be kept strictly confidential and will only be used for the purpose of the study. This study is about “**Assessment of Strategic Management Practices: The Case of Private Commercial Banks in Ethiopia**”. I highly appreciate your participation and prompt response on the following questions and please do not hesitate to contact me via mail or phone, if you face any difficulty while responding to the below listed questions.

Wubishet Fikadu

Student Researcher at Addis Ababa University College of Business and Economics

Cell Number 0912164066, mail address Wubishet.fikadu@outlook.com

Part I: Demographic Information

Please use “✓” this mark for your response

1. Name of your Bank

Dashen Bank

Nib International Bank

Zemen Bank

Addis International Bank

2. Gender Male Female

3. Age 18-30 31-40 41-50 51-60 >61

4. Service Year at your bank 0-5 Years 6-10 11-15 >16

5. Your current position

Top Management Middle Management Lower Management

Clerical & non managerial Non clerical

Part II: Strategy Formulation

Please encircle or use “✓” this mark for your responses

1. Vision Statement

Has your bank articulated a vision for the bank? Yes NO

When was it last updated? (5 –if in the last year, 4 –if in the last 2 years, 3 last 3 to 5 year, 2 last 6 to 10 year,etc)

1 2 3 4 5

Is the vision statement relevant to the bank’s activities and mandate? (5 –for very relevant 1 –not relevant at all)

1 2 3 4 5

2. Mission Statement

Has your bank developed a mission statement? Yes NO

When was it last updated? (5 if in the last year, 4 –if in the last 2 years, 3 last 3 to 5 year, 2 last 6 to 10 year etc)

1 2 3 4 5

Do you feel that your current mission statement is compatible with the activities being carried on by the bank? (5 –if strongly agree 1 –if strongly disagree)

1 2 3 4 5

How would you rate participation in developing the mission statement by the stakeholders?
(5 –very involved 1 –not involved at all)

1 2 3 4 5

3. Understanding Values

Has your bank defined a set of value statements? Yes NO

When were they last updated or discussed formally? (5 –if in the last year, 4 –if in the last 2 years, etc.)

1 2 3 4 5

How would you rate the understanding of the bank’s value statements? (or values if formal statements have not been developed)

1 2 3 4 5

4. Strengths, Weaknesses, Opportunities and Threats Analysis (SWOT)

Has your bank conducted a SWOT analysis? Yes NO

How would you rate the competencies of your bank to conduct a SWOT analysis?

1 2 3 4 5

How would you rate the priority that your bank places on the SWOT analysis process? 1 2 3 4 5

How would you rate the importance of the SWOT analysis process to the effective operation of your bank? 1 2 3 4 5

Is a SWOT analysis employed when dealing with significant issues outside of strategic planning? (Score 5 for regularly – 1 for never) 1 2 3 4 5

5. Generate Strategies

Rate your bank’s success/practice of generating strategies to deal with issues. 1 2 3 4 5

How important is it to generate strategies to deal with issues for your bank? (5 –very important 1 –not important at all) 1 2 3 4 5

6. Selecting Strategies to Pursue

Does your bank select strategies to address issues that confront the bank? Yes NO

Rate the importance of selecting strategic solutions to address issues that confront your bank. (5 –very important 1 –not important at all) 1 2 3 4 5

Part III: Strategy Implementation

1. Policy Support

Does your bank maintain a policy manual? Yes NO

Are bank policies updated on a regular basis? (5 –if in the last year, 4 –if in the last 2 years, etc.) 1 2 3 4 5

Rate the relevance of your bank’s policies to current bank activities? (5 –very relevant 1 –not relevant at all) 1 2 3 4 5

2. Financial Capacity

Rate your bank’s financial capacity to implement strategies. 1 2 3 4 5

Rate the commitment to providing financial resources to support the implementation of strategic initiatives. (5 –very committed 1 –not committed at all) 1 2 3 4 5

3. Motivation and Ownership

Rate the motivation to maintain and support the implementation of strategic initiatives by stakeholders. 1 2 3 4 5

Rate the “ownership” taken to the implement strategic initiatives by stakeholders:	1	2	3	4	5
4. Board Support					
Rate your board’s commitment and support to the implementation of strategic initiatives.	1	2	3	4	5
Rate the performance of your Board as it relates to the delivery of support to strategic initiatives. (As opposed to “talking the talk”)	1	2	3	4	5
5. Organizational Structure					
Rate how appropriate the current structure of your association is to support the implementation of strategic initiatives. (5 –very appropriate 1 –not appropriate at all)	1	2	3	4	5
Rate the effectiveness of your current governance model as it relates to the implementation of strategic initiatives. (5 –very effective model 1 –not effective at all)	1	2	3	4	5
6. Open to Change					
Rate your association’s readiness for organizational change. (5 –very prepared 1 –not prepared at all)	1	2	3	4	5
Rate the willingness to accept and implement change (5 –very open 1 –not open at all) all stakeholders:	1	2	3	4	5
7. Human Resources					
Rate the human resource capability to manage and implement a change process or new strategic direction by the:	1	2	3	4	5
Rate the competencies of your bank’s staff to plan, manage and implement strategic initiatives.	1	2	3	4	5

Part IV: Strategy Evaluation

1. Assessment

Rate your bank’s current practices as they relate to the ongoing assessment of strategic initiatives.	1	2	3	4	5
Rate your bank’s performance in communicating assessment results to the stakeholders	1	2	3	4	5

2. Measure Performance

Has your bank developed a set of key performance indicators or some other form of accountability to track

the success of strategic initiatives? (5 –for defined key performance indicators 1 –no indicators defined)	1	2	3	4	5
Rate your bank’s ongoing evaluation practices as it relates to strategic initiatives. (5 –doing a great job on a regular basis 1 –no evaluation occurs)	1	2	3	4	5
3. Identify Where Corrective Action is Necessary					
Rate your bank’s success at identifying corrective action when strategic initiatives are failing or could be improved.	1	2	3	4	5
Rate your bank’s response time, after they acknowledge that a strategic initiative is failing.(5 Active, 1 is delayed response)	1	2	3	4	5
4. Assess Impact of Change/Participation					
Rate your bank’s effectiveness at evaluating the impact of changes subsequent to initial strategy formulation.	1	2	3	4	5
Rate the level of participation in strategy evaluation (5 –very involved 1 –not involved at all) by the stakeholders.	1	2	3	4	5
5. Moving Beyond Evaluation					
Rate the attention paid to abandoning, adjusting or developing new strategies subsequent to evaluation of the initial strategies.					
Executive Management	1	2	3	4	5
Management Staff	1	2	3	4	5
Rate the relevance and suitability of the strategic management model to your bank.	1	2	3	4	5

Thank you!!!

Adopted from: **AMCES**