



**College of Business and Economics**

**School of Commerce**

**The Role of Leadership on Strategy Formulation and Execution:  
The Case of Abay Bank S.C.**

**By: Hailemariam Temesgen**

**Advisor: Solomon M. (Ph.D.)**

**August, 2021**

**Addis Ababa, Ethiopia**



**College of Business and Economics**

**School of Commerce**

**The Role of Leadership on Strategy Formulation and Execution:  
The Case of Abay Bank S.C.**

**By: Hailemariam Temesgen**

A Research Project Work Submitted to Office of Graduate Studies of Addis Ababa University  
College of Business and Economics School of Commerce in Partial Fulfillment of the  
Requirements for the Degree of Master of Arts in Business Leadership.

**Advisor: Solomon M. (Ph.D.)**

**August, 2021**

**Addis Ababa, Ethiopia**

## **Student's Declaration Sheet**

I, the undersigned, declare this Research Project Work titled "The Role of Leadership on Strategy Formulation and Execution: The Case of Abay Bank S.C." is my original work and has not been presented for the award of any diploma, degree or any other higher education Program in this or any other institution and that all sources of materials used in the research work have been duly acknowledged.

Declared by:-

Hailemariam Temesgen

Signature \_\_\_\_\_

Date \_\_\_\_\_

## **Advisor's approval sheet**

This is to certify that the Research Project Work prepared by Hailemariam Temesgen, titled "The Role of Leadership on Strategy Formulation and Execution: the Case of Abay Bank S.C.", submitted in Partial Fulfillment of the Requirements for the Award of Master of Arts Degree in Business Leadership, complies with the regulations of the University and accepted standards with respect to originality and quality.

Certified by:

Advisor's Name: Solomon M. (Ph.D.) Signature \_\_\_\_\_ Date \_\_\_\_\_

**Addis Ababa University**  
**College of Business and Economics**  
**School of Commerce**

**Board of Examination Sheet**

**The Role of Leadership on Strategy Formulation and Execution:  
The Case of Abay Bank S.C.**

**By: Hailemariam Temesgen**

**Approved by Board of Examiners:**

Internal examiner:

Name: \_\_\_\_\_ Signature \_\_\_\_\_ Date \_\_\_\_\_

External examiner:

Name: \_\_\_\_\_ Signature \_\_\_\_\_ Date \_\_\_\_\_

Advisor:

Name: Solomon M. (Ph.D.) Signature \_\_\_\_\_ Date \_\_\_\_\_

## **Acknowledgements**

Praise to Almighty GOD for the love, care and guidance & He Who made me accomplish this study. Special thanks to my beloved family and to my Mama, W/ro Gebiyansh Belay Desta, whose relentless follow up, unfettered support, and encouragement made me not to falter and complete my study. My gratitude and appreciation goes to my advisor Dr. Solomon M. for his generous support and an enlightening guidance in carrying out this study. I'm Very grateful to all my friends for their support and encouragement throughout the study, in particular: Tesfaye Tamiru, Maseresha Mulat, & Wondiferaw Tadesse, Chief of Strategy and Marketing Officer of Abay Bank S.C. Finally, my gratitude and appreciation goes to the respondents who volunteered to participate in this study.

Hailemarim Temesgen

August, 2021

# Table of Contents

Abstract.....	x
List of Figures and Tables.....	xi
Acronyms.....	xii
CHAPTER ONE.....	1
INTRODUCTION.....	1
1.1 Background of the study.....	1
1.2 Background of the Organization.....	3
1.3 Statement of the Problem.....	4
1.4 Research Objectives.....	5
1.4.1 General Objective.....	5
1.4.2 Specific Objectives.....	6
1.5 Research Hypotheses.....	6
1.6 Significance of the Study.....	6
1.7 Scope of the Study.....	7
1.8 Limitations of the study.....	7
1.9 Operational Definition of Key Terms.....	8
1.10 Organization of the Study.....	9
CHAPTER TWO.....	10
LITERATURE REVIEW.....	10
2.1 Theoretical Literature Review.....	10
2.1.1 Leadership, its Roles and Functions.....	10
2.1.2 Strategic Management Process.....	13
2.1.3 Leadership and Strategic Management Process.....	15
2.2 Review of Empirical Studies.....	17
2.2.1 Roles of Leadership in General.....	17
2.2.2 Leadership Roles, Strategy Formulation and Strategy Implementation.....	21
2.2.2.1 Effect of Leadership Commitment on Strategy Formulation and Implementation.....	21
2.2.2.2 Informed Decision Making on Strategy Formulation and Implementation.....	23
2.2.2.3 Effect of Communication for Strategy Formulation and Implementation.....	24

2.2.2.4	Monitoring and Evaluation in Strategy formulation and Implementation .....	25
2.3	Conceptual Framework.....	26
CHAPTER THREE .....		28
RESEARCH METHODOLOGY.....		28
3.1	Research Approach and Research Design.....	28
3.1.1	Research Approach.....	28
3.1.2	Research Design.....	28
3.2	Research Population and Sampling.....	29
3.2.1	Sample Size.....	29
3.2.2	Sampling Technique .....	30
3.3	Data Collection .....	30
3.3.1	Source of Data.....	30
3.3.2	Data Collection Instrument .....	30
3.4	Validity and Scale Reliability .....	31
3.5	Data Analysis.....	32
3.6	Ethical Considerations .....	33
CHAPTER FOUR.....		34
DATA PRESENTATION, ANALYSIS AND INTERPRETATION .....		34
4.1	Response rate of respondents.....	34
4.2	The Demographic Characteristics of Respondents .....	35
4.3	The Role of Leadership in Abay Bank S.C.....	36
4.3.1	Leadership Commitment in Abay Bank S.C.....	38
4.3.2	Informed Decision Making in Abay Bank S.C. ....	39
4.3.3	Communication in Abay Bank S.C.....	40
4.3.4	Monitoring and Evaluation in Abay Bank S.C. ....	41
4.4	Strategy Formulation and Execution in Abay Bank S.C.....	43
4.5	The relationship between the Role of Leadership and Strategy Formulation & Execution in Abay Bank S.C. ....	44
4.6	Assumption Tests.....	45
4.6.1	Normality Test .....	46
4.6.2	Multi-Collinearity Test .....	47
4.6.3	The errors have zero mean ( $E(\epsilon) = 0$ ) or constant variable.....	47

4.7	The effect of the Role of Leadership on Strategy Formulation and Execution in Abay Bank S.C.	48
4.7.1	Evaluation of the Model.....	48
4.7.2	Explained Variation ( $R^2$ ).....	49
4.7.3	Evaluating the Independent Variables Based on the Regression Coefficient .....	50
4.7.4	Interpretation in Terms of Research Hypotheses .....	51
CHAPTER FIVE .....		56
FINDINGS, CONCLUSION AND RECOMMENDATIONS .....		56
5.1	Summary of Major Findings .....	56
5.2	Conclusion .....	57
5.3	Recommendations .....	58
REFERENCE MATERIALS:.....		60
APPENDICES .....		65

## **Abstract**

*This study investigated the Role of Leadership on the Formulation and Execution of Strategy. Particularly, Leadership Commitment, Informed Decision Making, Communication, and Monitoring & Evaluation, were tested empirically and their correlation with Strategy Formulation and Execution in Abay Bank S.C. was examined. The study used a quantitative research approach, an explanatory research design based on data collected through questionnaires and a simple random sampling technique on a total sampling frame of 167 employees with a sample size of 118 employees found in four branches and the Head office of Abay Bank S.C. in Addis Ababa. The study concluded that all the independent variables studied had significant and positive effect on the dependent variable. It was found 51.6% of changes in Strategy Formulation and Implementation was explained by the variables under the study; namely, Leadership Commitment, Informed Decision Making, Communication, and Monitoring and Evaluation. Role of Communication was the strongest predictor on the Strategy Formulation and Execution in Abay Bank S.C. The study recommended that the leadership of the bank should work on the four roles of leadership, in particular in Communication, in order to increase the effectiveness of the strategic management process and get closer to the vision of the bank.*

***Key Words: Leadership, Strategic Management Process, Strategy Formulation & Execution, Abay Bank S.C.***

<b>List of Figures and Tables</b>		
<b>Number</b>	<b>Content</b>	<b>Page</b>
Figure 2.1	Diagram demonstrates the relationship between Strategic Leadership and the Strategic Management Process	16
Figure 2.2	Conceptual Framework	27
Table 3.1	Reliability Test Using Cronbach's Alpha Coefficient	32
Table 4.1	Respondents' response rate	34
Table 4.2	Profile of Respondents	35
Table 4.3	Descriptive analysis of Leadership Commitment	38
Table 4.4	Descriptive analysis of Informed Decision Making	39
Table 4.5	Descriptive analysis of Communication	40
Table 4.6	Descriptive Analysis of Monitoring and Evaluation	41
Table 4.7	Descriptive Analysis of Strategy Formulation and Execution	43
Table 4.8	Pearson Correlation Information	44
Table 4.9	Descriptive Statistics of Skewness and Kurtosis	46
Table 4.10	Multicollinearity Test by Computing Tolerance Values and Variance Inflation Factor (VIF)	47
Table 4.11	Analysis of Variance (ANOVA)	48
Table 4.12	Model Summary Table	49
Table 4.13	Regression Standardized Coefficient	50

## **Acronyms**

AB: Abay Bank S.C.

HRM: Human Resource Management

SP: Strategic Leadership

SMP: Strategic Management Process

MBO: Management by Objectives

SD: Strongly Disagree

D: Disagree

N: Neutral

A: Agree

SA: Strongly Agree

Std: Standard Deviation

# **CHAPTER ONE**

## **INTRODUCTION**

This chapter deals about background of the study; statement of the problem; objectives of the study; significance of the study; scope of the study; limitations of the study; operational definition of key terms, and organization of the study.

### **1.1 Background of the study**

Leadership and its impact on strategy formulation and implementation was a point of inquiry that inspired this study. Leadership is a key ingredient and an indispensable element to envision uncharted possibilities for growth, development and in fact for transformative organizational changes. Leadership has also a critical role in formulating road maps for the realization of organizational visions; and, to materialize what is envisioned and to put in place what is designed. By leadership, we meant the highest decision making body of any business organization i.e., the Board of Directors (BoDs), Senior Executive Officers (SEO) of a particular firm, and most importantly the Chief Executive Officer (CEO) of a firm.

Daft (2008) stated that leadership is an influence relationship among leaders and followers who plan authentic changes and results that mirror their shared purposes. Basically leaders play an essential role in the decision making process to bring about the effectiveness and success of the organization. Mjaku (2020) explained that leadership requires the qualities to be strong but not rude, to be good but not weak, to be humble but not shy, to be proud but not arrogant, to have humor but without foolishness. Jabbar and Hussien (2017) also stated that a leader should be supportive of subordinates, treat everyone equally without discrimination and form strong relationships vertically and horizontally within the organization exercising power with honesty and loyalty.

Leadership is a set of behavior that put into effect the people to formulate organizational goals and then motivate them to mutually contribute for the achievement of the objectives set by the

organization. As per Azhar et al. (2012), the leadership is required to relate the strategy process with the vision as well as integrate the people with the strategic management process participating everyone in the interest of responsiveness towards change; and, it should develop a culture of learning by setting a clear set of values for the firm, which exhibit the behavior of the firm and direct the company towards right. Though implementation of the strategic plan requires the full engagement and participation of all employees and stakeholders, the chief responsibility lies in the shoulders of the CEO and the senior management team.

The business environment is quickly changing and most leaders try to implement flexible and process improvement strategies to confirm responsiveness of the organization towards change. Slađana et al. (2014) stated that organizational survival could only be sustained if leaders are ready to deal with the ever changing circumstances, plan the future of the organization they lead and implement the strategy they formulated. According to Bass (2007), the interaction between the leader and organizational environment results in organizational strategies and system thinking is necessary to create synergies to make the organization more than the sum of its individual parts.

Sami *et al.* (2011) stated that the leader should have a clear mental approach about the need to change and the organization's capabilities. Leadership integrates the strategy with vision and it develops the capability of the firm to perform according to the need. According to Mosia & Veldsman (2004), the duty to publicize organizational values or a culture relevant to the organization lies on the leadership and values fundamentally offer direction of the organization. Jabbar and Hussien (2017) argued that leadership influences the entire decision making process which is the core of the strategic management process beginning from conceptual framework for strategy formulation up until its evaluation; and particularly, strategy implementation is more reliant on an efficient decision making process.

According to Hill and Jones (2010), the main five steps of the formal Strategic Making Process are: Select the corporate mission and major goals; examine the organization's external competitive environment to identify opportunities and threats; analyze the organization's internal operating environment to identify the organization's strengths and weaknesses; select strategies that build on the organization's strengths and correct its weaknesses so as to take advantage of external opportunities and counter external threats consistent with the mission and major goals of

the organization as well as making the strategy congruent and constitute a viable business model; and lastly, implement the strategies.

The top leadership of the business organization is responsible for the strategic management process of the organization. Samimi *et al.* (2020) argued that members of Top Management Team (TMT), CEOs, Directors and General Managers exercise strategic leadership that have strategic consequences for the business organization, and in their review, identified eight functions of strategic leadership; namely: making strategic decisions; engaging with external stakeholders; performing human resource management activities; motivating and influencing; managing information; overseeing operations and administration; managing social and ethical issues; and managing conflicting demands.

With this conceptual background, the researcher embarked on studying the role of leadership in strategy formulation and execution targeting Abay Bank S.C. as the subject of the study.

## **1.2 Background of the Organization**

Abay bank S.C joined the financial market as a newly established private bank, with a subscribed capital of Birr 174.5 million, on July 14, 2010 and started operations on November 4, 2010 as per the Strategic Execution Mid-term Review (Abay Bank S.C., 2020). Owned by a mix of private and public enterprises as its main shareholders, Abay Bank entered the financial market with an abundant potential and aspiration to put its name on the forefronts of the industry.

The Bank offers the following financial services: Saving products, Loans and Advances, Guarantee Facilities, International Banking Services, and Sadiiq, a full-fledged Sharia compliant Islamic banking service /an independent interest free banking service/ (Company Profile of Abay Bank, 2020). As of 2020, the paid up capital of the bank raised to 2,171 billion birr with 4,189 registered shareholders; its branch outlets has grown to 223 with 4,000 employees along with the ever growing digital service delivery channels over the past few years such as ATM card subscribers, mobile and internet banking users; and, its customers has reached 824,800 (Company Profile of Abay Bank, 2020).

Abay Bank S.C. had introduced its first Five Years' Strategic Plan for the years 2013/14 – 2017/18. On the eve of its expiry, the Bank introduced a new Strategic Plan for the years 2017/18 – 2021/22 on the day of 27 July 2017. The new Strategic Plan evaluated its predecessor as: lacking clear articulation and cascading of objectives and initiatives; absence of clear direction on monitoring and evaluation of performances on the stated objectives; the required targets and initiatives failed to be comprehensive; and the need to meet the National Bank of Ethiopia (NBE) directions and requirements necessitated the formulation of the new strategic plan (Abay Bank S.C., 2017).

The new Strategic Plan of Abay Bank S.C. introduced a new vision of the company “To become a Premium Bank” aspiring to be the finest in all aspects and putting a mission statement as stated “We are committed to satisfy the expectation of stakeholders by providing full fledged banking service through deploying state-of-the-art technology and competent human resources” with values: customer satisfaction, integrity, teamwork, innovation and scaling up, employee satisfaction, and social responsibility (Abay Bank S.C., 2017).

### **1.3 Statement of the Problem**

Leadership and its roles is a never finished business of the leadership discipline; and particularly, the role leadership on strategy formulation and execution continues to be a point of inquiry for many scholars and researchers. Even though several researches were carried out studying the role of leadership on strategy formulation and execution focusing on foreign companies, the effect of particular roles of leadership and their impact on strategy formulation and execution do still call for more academic inquiry due to varying findings among different studies; and, only a few empirical studies are available concerning Ethiopian business organizations especially in the financial industry. The vision of an underdog bank to become the nation's premier bank and its experiment on strategy formulation and execution provided a very good ground to investigate the role of leadership and its practice on formulation and execution of strategy.

Abay Bank S.C. reviewed its strategic plan, which it had put in place in 2017, in May 2020. Based on the mid-term review of the strategic plan, even though the bank is in good shape meeting its specific goals set by its strategic plan, it has yet to go a long way to materialize its

vision of being the nation's premier bank. In particular, the achievements of the bank in terms of market share, growth and profitability indicators against the industry demonstrated the strategic plan didn't materialize a sizable shift (Abay Bank S.C., 2020).

This calls for inquiry of the leadership of the bank and investigation of its role in the strategic management process so that gaps in the formulation and execution of the strategy should be identified opening room for further improvement. Hence, this research was conducted, triggered by an interest to investigate to what extent and magnitude leadership in general and particular roles of leadership in particular affect the formulation and execution of strategy, a desire to contribute to the ongoing academic pursuit of understanding the real practice of leadership roles on the formulation and execution of strategy; and particularly, the study is sparked by the huge disparity between the vision of the leadership of the bank under the study to transform a mediocre bank in to a premier bank of the industry and the actual position the bank currently finds itself.

The research examined where the leadership of the bank had failed to materialize what it envisioned and its role in the formulation and execution of the strategic plan of which span of life is approaching to expire. In so doing, the study examined specific and measurable roles of the leadership in the strategic management process that have had significant impact in strategy formulation and execution. Consequently, Leadership Commitment, Informed Decision Making, Communication, and Monitoring & Evaluation, were tested empirically and their correlation with Strategy Formulation and Execution was examined. The four variables were selected in the interest of significance, measurability and their direct relationship with all other roles of leadership in the strategic management process.

## **1.4 Research Objectives**

### **1.4.1 General Objective**

- To explain the role of leadership on strategy formulation and implementation of business organizations.

## **1.4.2 Specific Objectives**

- i. To explain the effect of Leadership Roles on Strategy Formulation and Implementation in Abay Bank S.C.
- ii. To explain the effect of Leadership Commitment on the Formulation and Implementation of Strategy in Abay Bank S.C.
- iii. To explain the effect of Informed Decision Making on the Formulation and Implementation of Strategy in Abay Bank S.C.
- iv. To explain the effect of Communication on the Formulation and Implementation of Strategy in Abay Bank S.C.
- v. To explain the effect of Monitoring and Evaluation on the Formulation and Implementation of Strategy in Abay Bank S.C.
- vi. To asses Strategy Formulation and Implementation in Abay Bank S.C.

## **1.5 Research Hypotheses**

The student researcher has developed the following hypotheses that need to be tested. These are:

H<sub>a1</sub>: The leadership commitment significantly affects the formulation and implementation of strategy in Abay Bank S.C.

H<sub>a2</sub>: Informed decision making significantly affects the formulation and implementation of strategy in Abay Bank S.C.

H<sub>a3</sub>: Communication significantly affects the formulation and implementation of strategy in Abay Bank S.C.

H<sub>a4</sub>: Monitoring and evaluation significantly affects in the formulation and implementation of strategy in Abay Bank S.C.

## **1.6 Significance of the Study**

- i. This study will contribute its own share for the development of leadership discipline by surfing practical leadership challenges in the formulation and execution of business strategies.

- ii. The research will add value in understanding the real practice in the Ethiopian business organizations based on a case study of an operational bank.
- iii. In particular, the study is very important and helpful for the subject of the study i.e., Abay Bank S.C. in identifying the gaps of the leadership in the strategic management process of the bank.
- iv. The study will also contribute as reference material for academicians and practitioners interested to learn the role of leadership in strategy formulation and execution.

### **1.7 Scope of the Study**

- i. The scope of the study was also limited to a single business organization as a subject of its empirical investigation and a case study to the exclusion of other business organizations.
- ii. The study was confined to the head office and selected branches of Abay Bank S.C. found in Addis Ababa; namely, Main Branch; Africa Avenue branch; Bambis Branch; and Urael Branch.
- iii. The research methodology was limited to a quantitative research approach, an explanatory research design and data were collected only through a carefully designed questioner distributed to respondents.
- iv. The study was limited to the scope of the role of leadership in strategy formulation and execution, excluding other variables beyond the roles of leadership that determine effectiveness of strategy formulation and execution.
- v. Conceptually, the study was confined only to the roles of leadership on the strategic management process; namely, roles of Leadership Commitment, Informed Decision Making, Communication and Monitoring & Evaluation on Strategy Formulation and Execution.
- vi. The time frame for the research was the academic calendar of the university.

### **1.8 Limitations of the study**

- i. In conducting this research, time constraint was the most difficult challenge the researcher faced given the research had to be finalized within the academic calendar of the university even though the research project calendar was communicated late.

- ii. The research sample population was confined to the head office of the bank under the study and randomly selected branches found in Addis Ababa excluding branch offices outside of Addis Ababa affected the generalization of the research findings to the entire population of the study.
- iii. The fact that the study was confined to specific roles of leadership: namely, Leadership Commitment, Informed Decision Making, Communication, and Monitoring & Evaluation, excluding all other roles of leadership on the strategic management process that could as well impact the strategy formulation and execution in Abay Bank S.C., also affected the generalization of the research findings.

## **1.9 Operational Definition of Key Terms**

Leadership: According to Daft (2008), “Leadership is an influence relationship among leaders and followers who intend real changes and outcomes that reflect their shared purposes”

Strategic Leadership: is defined, as per Hitt *et al.* (2016), as “the leader’s ability to anticipate, envision, and maintain flexibility and to empower others to create strategic change as necessary”.

Hill and Jones (2010) also defined the term as, “Strategic leadership is concerned with managing the strategy-making process to increase the performance of a company, thereby increasing the value of the enterprise to its owners and shareholders.”

Strategic Management Process: According to Colin White (2004), “Strategic management is any management action taken to realize a strategy, in particular to realize the vision which results from creative strategic thinking; it is action taken within the framework of the strategy.”

Dess *et al.* (2019) also defined the term as, “Strategic management consists of the analyses, decisions, and actions an organization undertakes in order to create and sustain competitive advantages.”

## **1.10 Organization of the Study**

This study is classified in to five chapters. The first chapter is an introductory part of the study that contain several parts including background of the study, statement of the problem and hypothesis of the study constituting proposal of the study. Chapter two addresses review of related literature such as issues to be addresses by literature review, theories and conceptual framework. Chapter three covers the research methodology part constituting the research paradigm, approach and method as well as research population and sampling. Chapter Four contains results and discussions of the study; whereas, Chapter five addresses summery, conclusions and recommendations.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

This chapter covers the review of relevant literature on the role of leadership on strategy formulation and execution. It also presents earlier works on related topics that provide the essential background for the purpose of this research. It additionally organizes the works into various sub-topics that are powerfully directed by the objectives of the study. Theoretical framework has been provided in the study to provide the background of the role of leadership in strategy formulation and implementation. The independent and dependent variables are briefly presented by use of conceptual frameworks.

#### **2.1 Theoretical Literature Review**

##### **2.1.1 Leadership, its Roles and Functions**

Leadership is a set of behavior that put into effect the people to formulate organizational goals and then motivate them to mutually contribute in order to achieve those organizational goals. Basically leader plays a crucial role in the decision making process to bring about the effectiveness and success of the organization. Mjaku (2020) explained that leadership requires the qualities to be strong but not rude, to be good but not weak, to be humble but not shy, to be proud but not arrogant, to have humor but without foolishness. Jabbar and Hussien (2017) also stated that a leader should be supportive of subordinates, treat everyone equally without discrimination and form strong relationships vertically and horizontally within the organization exercising power with honesty and loyalty.

According to Bass (2007), the top management introduces policies for acquisition and integration of organizational resources and strives to create a favorable public image in their pursuit to increase stability and resources as well as reduce uncertainty and competition. Slađana et al. (2014) stated that organizational survival could only be sustained if leaders are ready to deal with the ever changing circumstances, plan the future of the organization they lead and implement the strategy they formulated. Bass (2007) argued that the interaction between the

leader and organizational environment results in organizational strategies and system thinking is necessary to create synergies to make the organization more than the sum of its individual parts.

Some authors are critical of the relationship between leadership and organizational performance or organizational change. Jaleha and Machuki (2018), in their review of literature on strategic leadership and organizational performance argued that their study revealed several knowledge gaps in regard to the relationship between strategic leadership, the external environment, organizational change and performance; and according to the authors, even though evidence shows that the strategic leadership actions significantly influence performance, the processes through which they exert this influence is still limited and largely speculative. Consequently, Jaleha and Machuki (2018) concluded that strategic leadership indirectly influences performance since the external environment and organizational change could moderate and mediate the relationship between strategic leadership and performance respectively.

Strategic leadership has multiple dimensions, and it includes managing via others, and works through the ever changing world as happening as ever with the pace of time in today's global business. As it is previously provided in the definition of key terms of the study, strategic leadership is defined, according to Hitt *et al.* (2016), "the leader's ability to anticipate, envision, and maintain flexibility and to empower others to create strategic change as necessary". Strategic leadership demands the capability to work through the challenges and opportunities of the internal and external environments of business organizations and materialize the business objectives and goals of the firm.

Loren and Matthew (2008) identified nine key strategic leadership roles which are: Navigation - working through the complexity of key issues, problems and opportunities to affect actions; Strategy making - Developing a long-range course of action to align with the organization's vision; Entrepreneurship – Identifying and exploiting opportunities for new products, services, and markets; Mobilizing - Proactively building and aligning stakeholders, capabilities, and resources for getting things done timely and achieving complex objectives; Advocating talent – Attracting, developing, and retaining talent to ensure that people with the right skills and motivations are in the right place at the right time; Captivating - Building passion and commitment toward a common goal; Global Thinking – Integrating information from all sources to develop a well-informed, diverse perspective that can be used to optimize organizational

performance; Change Driving – Creating an environment that embraces change and making change happen; and Enterprise Guardian – Ensuring shareholder value through courageous decision-making that supports enterprise or unit-wide interests.

According to Bass (2007), effective strategies depend on effective decision-making; and, while snap judgments based on intuition may sometimes succeed, effective decisions normally prerequisite an orderly process, particularly: Opportunities, threats, variance from expectations or disturbances are observed; the problem is diagnosed, a search for solutions and development of innovations occurs, evaluation and choice among alternatives takes place; and , the alternative chosen is authorized and executed. Bass (2007) listed out effective strategic leadership practices which include: 1. directing attention towards outcomes and processes; 2. seeking to acquire and leverage knowledge; 3. fostering learning, and creativity; 4. improving work flows by focusing on relationships; 5. anticipating internal and external environmental changes; 6. maintaining a global mindset; 7. meeting the diversity of the interests of the multiple stakeholders; 8. building for the long-term while meeting short-term needs; and 9. developing human capital.

In strategic leadership, leaders perform several activities and the top leadership of the business organization is responsible for the strategic leadership of the organization. According to Samimi *et al.* (2020), the Top Management exercises strategic leadership, and in their review, identified eight functions of strategic leadership; namely: Providing strategic decisions: influence major allocations of resources and commitments; Engaging with external stakeholders: constitute a leader's activities in relation to influential external stakeholders; Performing human resource management activities: address the selection, evaluation, compensation and development of organization members; Motivating and influencing: inspire followers to pursue a strategic vision and shape an organizational culture; Managing information: gather, process and use available information; Overseeing operations and administration: architect organizational structures, support learning processes and put procedures in place to monitor organizational members; Managing social and ethical issues: to become more responsible social actors; and Managing conflicting demands: such as harmonizing long term and short term goals.

Mosia & Veldsman (2004) stated that providing strategic leadership requires: firstly, creating a shared vision towards which the organization is heading and defining the organizational mission;

secondly, setting organizational objectives to transform the strategic vision and directional course into specific performance outcomes; and thirdly, generating and developing a strategy that will devise a path towards achieving organizational objectives. Jabbar and Hussien (2017) stated that the common tasks in strategy making and execution process are developing a strategic vision and mission, setting goals and objectives, crafting & executing the strategy, and evaluating the performance.

Mosia & Veldsman (2004) asserted that since an organization cannot focus on everything all of the time, strategic leadership is imperative in identifying a systematic intervention which provides a competitive edge to the organization. Jabbar and Hussien (2017) summarized recognizable actions of the strategic leadership that can impact effective strategy enactment, which are: determining strategic direction; establishing balanced organizational controls; effective management of the organization's resource portfolio; sustaining an effective organizational culture; and emphasizing ethical practices and organizational controls.

### **2.1.2 Strategic Management Process**

Leadership influenced the entire decision making process and decision making is the center of the strategic management process. According to Hill and Jones (2010), the main five steps of the formal Strategic Making Process are: Select the corporate mission and major goals; examine the organization's external competitive environment to identify opportunities and threats; analyze the organization's internal operating environment to identify the organization's strengths and weaknesses; select strategies that build on the organization's strengths and correct its weaknesses so as to take advantage of external opportunities and counter external threats consistent with the mission and major goals of the organization as well as making the strategy congruent and constitute a viable business model; and lastly, implement the strategies.

Dess *et al.* (2019) listed out the four key attributes of strategic management process as: firstly, it is directed towards overall organizational goals and objectives that organizational effort must be directed towards what is best for the total organization, not just a single functional area; Secondly, it requires involving multiple stakeholders that have a "stake" in the success of the organization, including owners (shareholders in a publicly held corporation), employees,

customers, suppliers, the community at large, and others too; thirdly, it requires incorporating both short-term and long-term perspectives which is referred as “creative tension” that managers must maintain both a vision for the future of the organization and a focus on its short term operating needs; and fourthly, it involves the recognition of trade-offs between effectiveness and efficiency, which is referred as striking the balance between “doing the right thing” (effectiveness) and “doing things right” (efficiency) while directing organizational efforts towards the achievement of overall organizational objectives allocating and using organizational resources wisely.

According to Jabbar and Hussien (2017), leadership fundamentally affects the vision, the strategy and the values of an organization, of which cumulative effect create the culture of the organization. As per Azhar et al. (2012), the leadership is required to relate the strategy process with the vision as well as integrate the people with the strategic management process participating everyone in the interest of responsiveness towards change; and, it should develop a culture of learning by setting a clear set of values for the firm, which exhibit the behavior of the firm and direct the company towards right.

After setting clear vision of the organization, strategic leadership sets out to frame major objectives of the business organization along with mission statements of the firm. As per Hill and Jones (2010), Well-constructed goals have four main characteristics: they are precise and measurable providing a yardstick against which managers can evaluate their performance; they address essential issues maintaining focus on limited number of major goals in order to measure the performance of the company; they are challenging but realistic providing employees an incentive for creativity and to improve the operations of an organization; and, they provide time frame and deadlines with in which the major objectives to be materialized injecting a sense of urgency into the employees for goal accomplishment and play motivational role.

In summary, strategy making is the formulation of a road map which should be clear and focused; and, it is the responsibility of the leadership to develop the strategy of an organization (Azhar et al., 2012). Jabbar and Hussien (2017) stated that vision is the hub of a business organization and a center of the strategic management process; consequently, leaders are expected to clearly communicate the vision of the firm for all people involved that everyone should know where the organization aspires to be in the future and the vision needs to be easily

understandable. The leadership needs to make sure that it is committed, with its subordinates, for the implementation of the strategy providing the required resources and motivating the team; and, finally evaluate the entire process to identify gaps for improvement (Azhar et al., 2012).

### **2.1.3 Leadership and Strategic Management Process**

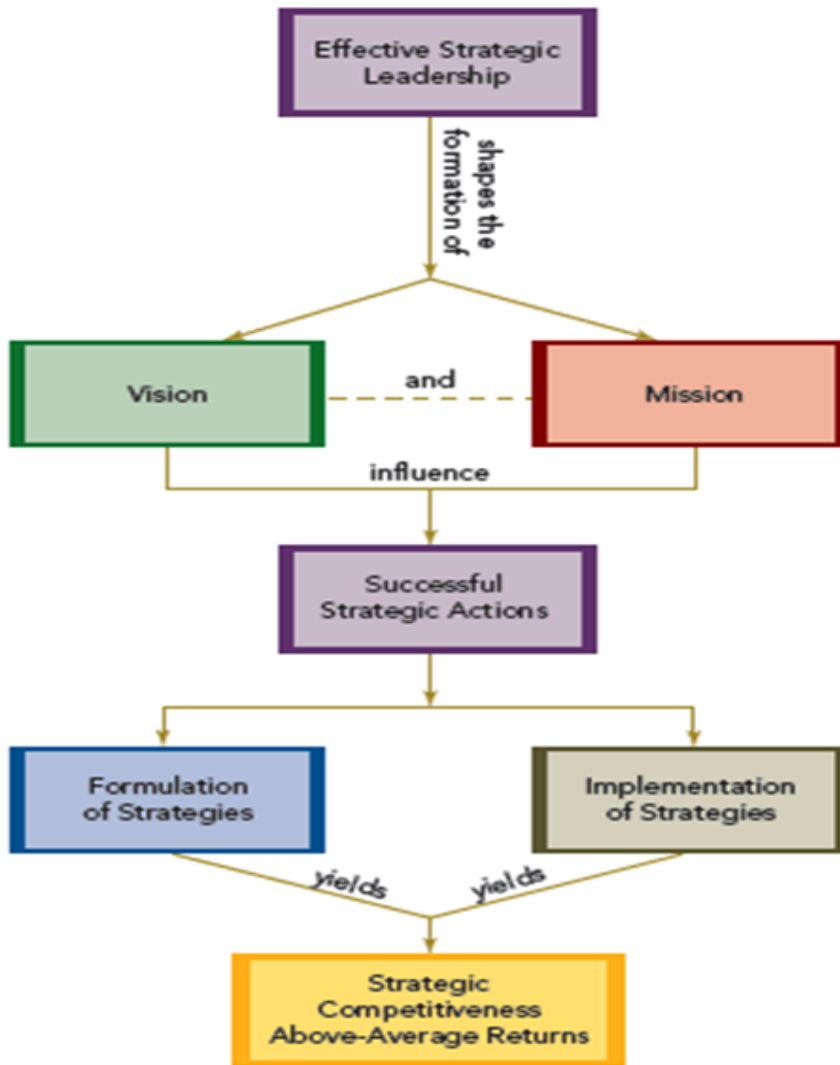
Leadership has a major role to play in the formulation and execution of strategies. It is a string that ties the strategic management process with the aim and vision of the organization. The leader begins the strategic thought by envisioning the future of the organization. According to Mosia & Veldsman (2004), the attainment of strategic business objectives, positioning a firm for sustainable growth, and competing in an international stage has posed new organizational challenges; and, a successful development of strategy formulation, implementation and evaluation demands a continues and coordinated commitment from the top leadership.

Bukhari (2017) referring to (Fairholm, 2004) stated that the leadership sets a base line for strategy formulation and makes sure the proper execution of the formulated strategy. As per Azhar et al., (2012), formulated strategies can't be implemented without the participation of all stakeholders; and, everyone should understand the need to change and should give their energy to implement the strategies efficiently. Leadership works to find out the gaps by wisely scan the environment both internal and external and develop plans to fill these gaps by implementation of plans; and, it should also motivate and influence the people to change because people always resist change (Azhar et al., 2012).

Jabbar and Hussien (2017) stated that leaders commonly dissect strategy formulation and implementation into the following five steps: Firstly, the leadership of a firm is responsible to come up with the vision that guides the future of the firm, which must also be aligned with the values of the firm; Secondly, the leadership is required to set organizational goals and objectives defining long term measurable objectives; Thirdly, the leadership is obliged to formulate strategies that can materialize organizational goals and objectives designing appropriate measures to cope with what the situation requires; Fourthly, the leadership is tasked with the most important role that is implementation of the strategies because strategies are next to nonexistent if they are not implemented; and, the leadership should construct organizational

culture for change and enhance organizational competencies for appropriate execution of formulated strategy based on continuous improvement of strategic management process.

Figure 2.1: The following Diagram demonstrates the relationship between the Strategic Leadership and the Strategic Management Process (Hitt *et al.*, (2016)).



Jabbar and Hussien (2017) summarized the role of leadership in the strategic management process in that leadership impacts the entire decision making process opening from conceptual framework for strategy formulation and till the evaluation; in particular, strategy implementation

is entirely depending upon well-organized decision making. Organization's performance depends upon the strategies that use to achieve company's vision. Leadership integrates the strategy with vision to develop the capability of the firm to perform well or according to the need. Today's business atmosphere is quickly changing and mostly leaders try to implement flexible and process improvement strategies to confirm responsiveness of the organization towards change. Consequently, as per Sami *et al.* (2011), the leader should have a clear mental approach about the need to change and the organization's capabilities.

## **2.2 Review of Empirical Studies**

Here in under, I discuss existing research findings of the studies on leadership roles and provide a summary of an empirical literature review of the role of leadership carried out across the globe as well as in Ethiopia. The first part of discussion deals with research findings in relation to the role of leadership in the strategic management process and in particular strategy formulation and implementation. The second part of the discussion deals with the four variables of the role of leadership in strategy formulation and execution, which are under investigation of this study; namely, Leadership Commitment, Informed Decision Making, Communication, and Monitoring & Evaluation.

### **2.2.1 Roles of Leadership in General**

In an empirical study carried out by Slađana *et al.* (2014) and conducted on a leader's role on defining and implementing a strategy in organizations on a random sample of 40 organizations from the territory of the Republic of Serbia at the beginning of 2014 by direct interview which included 480 workers from various organizations had shown that a leader's influence on defining and implementing strategy was significant; and, the researchers concluded that leaders were key players to accomplish a given business targets and implement organizational changes.

The study confirmed major and separate hypotheses; for instance, to the question 'How much does a leader influence an organization's strategy?' 37.08% respondents replied with a very significant influence, and 38.54% said significant; to the question, 'How much does a leader influence strategy implementation?' 38.33% respondents answered very significantly, and 37.8%

significantly; and, the main hypotheses in the paper ‘Leaders in organizations have a key role in defining and implementing organization strategy’ is confirmed by the series of positive answers. Among the questions used for checking the major hypothesis, the answers given which vary from ‘significant’ and ‘very significant’ are between 30% and 100% (Sladana et al. (2014).

According to Bass (2007), top management needs to be committed to a strategy if it has to be implemented; and, a meta-analysis of 18 studies of the impact on organizations of management by objectives (MBO) found that the increase in job satisfaction from the use of MBO produced only in the top third of the organizations with highly committed top management. Bass (2007) quoting Rodgers, et al. (1993) stated that there was little gain in job satisfaction in firms where the leadership was less committed toward executing the MBO program. And referring to Conger (1998), Bass (2007) argued that top management fail: when their strategic visions of the future direction of the firm involve too much of their personal interests and not enough of their constituents’ and organizations’ interests; when the vision blocks out important opportunities; when the vision distorts market realities; and when the vision fails to recognize a changed environment.

A case study conducted by Sila and Gichinga (2016) on the role of strategic leadership, taking organizational culture, strategic communication and strategic direction as independent variables, on strategy implementation in public universities in Kenya resulted in significant effect of the role of leadership on strategy implementation at JKUAT (Jomo Kenyatta University of Agriculture and Technology) main campus. According to the findings of the study, taking all other independent variables at zero, a unit increase in organizational culture will lead to a 0.083 increase in the scores of strategic implementation among employees of JKUAT; a unit increase in strategic communication will lead to a 0.001 increase in strategic implementation among employees of JKUAT, and a unit increase in strategic direction will lead to a 0.034 increase in the scores of strategic direction among employees of JKUAT. The study concluded all the independent variables studied have significant effect on organizational performance as indicated by the strong coefficient of correlation and a p-value which is less than 0.05.

An empirical study on the perceptions of South African Strategic Leaders on the role of strategic leadership in effective strategy implementation by Jooste and Fourie (2009) concluded that a poor understanding of the strategy by the workforce and ineffective communication of the

strategy to the workforce are the most important barriers to effective strategy implementation. According to the findings of the study, strategic leadership is perceived as the most important driver of strategy implementation from the given list of factors studied by the research and it contributed positively to the effective implementation of a strategy within an organization. The main conclusion from the study by the aforementioned researchers was that determining a strategic direction for the organization is the strategic leadership action that is perceived to play the most important role in effective strategy implementation while the development of human capital and the exploitation and maintenance of core competencies also play an important role in strategy implementation.

A case study on the influence of strategic leadership on strategy implementation in the Kenyan Motor Vehicle Industry by Njeri And Rugami (2017) presented findings that leadership competence, leadership communication, personnel involvement as well as monitoring and evaluation were found to be satisfactory variables in explaining variations in the dependent variable i.e., strategy implementation; and, the finding was supported by a coefficient of determination (R square) of 0.568, which meant the independent variables representing strategic leadership explained 56.8% of the variations in the dependent variable. The study found that: a positive relationship between leadership competence and strategy implementation, with a moderately strong correlation coefficient; a positive and significant relationship between leadership communication and strategy implementation with a marginal correlation coefficient; personnel involvement has a positive and significant influence on strategy implementation; a positive and significant relationship between monitoring and evaluation and strategy implementation with moderately strong correlation.

An empirical study conducted by Nyong'a and Maina (2019) regarding the influence of strategic leadership on strategy implementation at Kenya Revenue Authority, Southern Region in Kenya, produced findings that, while all other factors held constant: a unit improvement in management commitment as a strategic leadership practice results in 0.828 increase in strategy implementation; a unit increase in participative leadership leads to 0.849 increase in strategy implementation; a unit increase in employee motivation system translates to a 0.809 increase in strategy implementation at the KRA; and, a unit increase in delegation led to a 0.873 increase in the implementation of strategy. Generally, the study concluded that management commitment,

participative leadership, employee motivation system and delegation as strategic leadership practices have a positive and significant effect on the implementation of strategy at the KRA, Southern Region.

Abashe (2016) conducted a case study on influence of strategic leadership on strategy implementation of Kenyan Commercial Banks and found strategy implementation is highly affected by informed decision making that when informed decision making changes by a unit, strategy implementation changes by 0.530. The study concluded that there is a high significant relationship between informed decision making and strategy implementation; and, informed decision making enhances strategy implementation process. The study as well demonstrated monitoring activities also affect strategy implementation process that a unit changes in monitoring causes a change of 0.447 of change in strategy implementation. Hence, the study also showed monitoring had a positive impact on strategy implementation.

Guth and Macmillan (1986) conducted an empirical study on the role of middle management in strategy implementation and their study summarized its findings as: middle managers participated extensively in organizational coalitions due to the greater leverage a coalition offers chances of success than the individual's intervention option; and, middle managers were prepared to intervene in organizational decision processes to protect their self-interest and resisting decisions were occurred which had an organizational level impact. The study concluded that middle management self-interest motivated the degree of commitment to strategy implementation, so divergence between middle management self-interest and organizational interest as perceived by general management is likely to result in ineffective strategy implementation, unless it is anticipated and managed carefully by general management.

To simplify adaptability, leadership commitment may allow the middle managers a sense of participation in strategy in term of having something to contribute (Mantere, 2008). Middle managers are committed to encourage experimentation and autonomous development of work within their area of responsibility. Additionally, the commitment of middle manager to the facilitative adaptability has the potential to qualify strategic involvement, as it can help to generate a sense of creative freedom in implementing strategy (Mantere, 2008).

Gopal & Gosain's (2010) conduct a research in the context of 96 outsourced software projects in India studied the consequences of control mode choices on project performance, and found that formal and informal control modes have a substantial impact on software project outcomes, but need to be outstandingly tuned and directed toward suitable objectives. Similarly a study conducted by Hitt et al. (2016) on integrating appropriate autonomy with strategic control permits the various subunits gain competitive advantage in their respective markets and therefore strategic leaders need real-time application of strategic control and autonomy.

The study, conducted by MEKEDAS ALEMAYEHU (2019), on assessing the challenges of implementing strategy management in Commercial Bank of Ethiopia found that the implementing of strategies management is mainly concentrated on five major challenges in the process of implementing strategy management; potentially unachievable strategy, ineffective leadership, having wrong people in leadership position, poor alignment with administrative authority and implementing strategy management tasks were not sufficiently defined.

## **2.2.2 Leadership Roles, Strategy Formulation and Strategy Implementation**

In the above discussions, the Researcher has discussed several functions and roles of leadership in the strategic management process in particular in the strategy formulation and execution. Among the various roles of leadership in the strategy formulation and execution that have been discussed, I have singled out and discussed the following roles of leadership, where the objectives of the study are anchored, as the basis of the conceptual framework: namely, Leadership Commitment, Informed Decision Making, Communication, and Monitoring & Evaluation.

### **2.2.2.1 Effect of Leadership Commitment on Strategy Formulation and Implementation**

Top management commitment converts a vision in to a reality when the leadership of a firm wholeheartedly assumes the responsibility for an effective formulation and execution of a strategy. In the course of strategy formulation and implementation, gathering and committing all the necessary resources is one of the spheres where the commitment of the leadership is tested. Mosia & Veldsman (2004), quoting Mattis (2001), stated that resourcing is another leadership

role where the leader needs to create, identify and distribute the required resources in line with the strategies adopted. Referring to David (1999), Mosia & Veldsman (2004) also argued that the leadership needs to know how it can support the strategy to realize organizational vision when it allocates resources such as budget and people.

Loren and Matthew (2008), describing a leader's role as a mobilization agent, stated that leader is required to build and align stakeholders, capabilities, and resources for getting things done and achieving complex objectives by garnering support and resources she/he needs to accomplish organizational goals; and, the leader is as well required to anticipate and diffuse roadblocks encountered on the way towards the planned goals. Characterizing the strategic leader as enterprise guardian, Loren and Matthew (2008) also provided us with illustrations that can represent commitment of strategic leaders as: strategic leaders refuse to trade long-term interests for short-term gain; possess the courage to make difficult decisions; objectively uphold the interest of the enterprise by putting aside emotions and personal relationships; and take responsibility for unpopular decisions and their aftermath.

Samimi *et al.* (2020) stated that making strategic decisions, unlike decisions made at lower organizational levels, require major allocations of resources and commitments such as in relation to innovation, acquisitions, strategic change, or diversification that can have long term consequences for organizations. A solid sense of determination is normally the pleasure of true leadership as such it plays an imperative role in tie together the creative energies of all the people in the business Schultz et al. (2013). An exceptional leadership is a main element to making strategic change effective and lasting (Daft, 2005). According to Daft (2005), one of the massive challenges facing leaders today is the changing business environment which demands a paradigm of leadership to go forward to a new outlook that depends on human skills, integrity and teamwork.

Moreover, Noble and Mokwa (2017) suggested that the degree to which managers are involved in the determination of their implementation roles looks to have substantial influence on commitment to those roles. When selected the role of synthesizing information, Mantere (2008) suggested that the commitment to produce information is recognized by creating a sense of continuity and progress. Furthermore, when the middle managers deliver senior management's

information as foundation of strategic decision making, the responsiveness of senior managements to the synthesized information that they obtain is likely influence the commitment of middle managers in implementing strategy.

#### **2.2.2.2 Informed Decision Making on Strategy Formulation and Implementation**

According to Samimi *et al.* (2020), strategic leaders have privileged access to information and have the power to frame, distribute, and withhold it on the basis of various interests; and, gathering, processing, and distributing information can determine the fate of the organization in different ways and offers a challenging effort for strategic leaders that confront a wide variety of stimuli in typically uncertain environments. According to Abashe (2016), companies take a more incorporating approach that uses driver analytics and practices the analytics to mathematically relate business strategies with the market, competitor, operational and financial forces driving value there by exercise good decision-making.

Abashe (2016) quoting Business Case Studies (2016) stated that Strategic decisions affect and shape the direction of the entire business and are mostly made by senior managers; and, referring to Sword Active Risk Manager [SARM] (2016) argued that though strategic business decisions are often made with imperfect information about the true picture of risk and opportunity across the entire organization, traditional approaches to decision-making emphasis on ad hoc reporting and financial statement line items. Abashe (2016) again quoting to Ernst and Young (2016) asserted that these tactics typically exclude vital external and operational drivers, limiting a company's ability to make completely informed decisions.

Loren and Matthew (2008), discussing the leader's role as a navigator, stated that strategic leaders analyze huge amounts of sometimes contradicting information, understand why things happen and identify possible measures to affect events; and they know which factors make the difference in the overall equation of the problem at hand. Samimi *et al.* (2020) speculated that strategic leaders have varied tendencies in relation to how information is managed throughout the organization in terms of content, timing, and communication tactics; and, some types of information may be more noticeable, challenging to interpret, or difficult to communicate. Abashe (2016) referring to (Lyooob, 2012) argued that companies practice business intelligence to

extract vital facts from a huge amount of unstructured data and transform them into actionable information that permits companies to make informed strategic decisions, improving operational efficiency and business productivity.

In a way that explains an informed decision making qualities, Loren and Matthew (2008) identified strategic leaders as navigators as: strategic leaders can Identify root causes quickly; display a keen sense of priority, relevance, and significance; integrate information from a variety of sources and detects trends, associations, and cause-effect relationships; create relevant options for addressing problems and opportunities and achieving desired outcomes; transform complex situations into simple, meaningful explanations that others can easily understand; provide others with relevant context for work; overcome personal and organizational biases in looking at data; and, avoid “not the way we do it here” thinking.

### **2.2.2.3 Effect of Communication for Strategy Formulation and Implementation**

The success of an organization relies on a successful implementation of a competitive formulated business strategy; and, a successful strategy execution prerequisite when the formulated strategy is clearly communicated to all stakeholders, particularly to the people who execute the strategic plans i.e., the employees. Mosia & Veldsman (2004) argued that in regard to strategizing, an effective communication is a critical leadership role and inadequate linkage between strategy formulation and implementation could lead to poor implementation thereby poor results; and, leaders playing this role should have the competence to connect people and activities for the successful execution of adopted strategies.

In their discussion of motivating and influencing as a function of strategic leadership, Samimi et al. (2020) stated that behaviors displayed by strategic leaders can unify, motivate, and encourage followers to pursue a strategic vision as well as shape organizational culture. Loren and Matthew (2008), in their identification of strategic leaders as captivators and depicting the power of communication, stated that strategic leaders build passion and commitment towards a common goal upon an established foundation of trust to instill people with feelings of excitement and belongingness, transfer the energy of their message in such a compelling way that people take ownership of the strategy or vision and are empowered to carry it out.

As per Sullivan (2016), employees become more inspired and focused when the strategic direction of the organization is communicated to them. Providing more illustrations, Loren and Matthew (2008) described communication competencies of strategic leaders as: they convey a simple, vivid picture of the organization's vision and goals; move people from compliance to Commitment; instill others with a strong sense of belongingness; generates energy and enthusiasm through personal passion and conviction; and keep the message alive and ongoing.

According to Sullivan (2016), absence of focus, a low level of "engagement" and commitment causes an unclear mission and hamper efforts to achieve a mission. This can frustrate employees and make them feel unimportant due to poor communication. This leads to wasted efforts, increased error rates and low productivity within an organization. Feedback mechanisms and communication need to be developed with the participation of employees certifying that they fit the needs of the employees and the manager. Effective communications involves providing appropriate organizational information to the right people, at the right time, and in the right form.

#### **2.2.2.4 Monitoring and Evaluation in Strategy formulation and Implementation**

The execution of any strategy never ends and there should be regular formal strategy review processes in order to ensure the plan is going as designed and identify critical shortcomings. Kabeyi (2019) stated that strategy evaluation consist an essential step in the process of guiding an organization in a strategy implementation process; and, it is impossible to formulate and adopt strategy to changing circumstances in the absence of a good or effective strategy evaluation. Kabeyi (2019), quoting David (2011), described three basic activities of strategy evaluation i.e., examining the underlying foundations of an organization's strategy; comparing expected results with actual results; and taking corrective actions to guarantee that performance conforms to plans.

According to Azhar et al. (2012), performance evaluation is the most important task of strategic management process, and to execute this task the leader carries out the role of an evaluator so as to understand how well the strategies are formulated and executed and to identify what are the remaining gaps that need the attention of the leader. Azhar et al. (2012) argued that evaluation

basically provides the basis for continues improvement in the strategic management process, facilitates to revise strategies as situation demands, and evaluates the performance of people to ensure effectiveness of rewards and punishment systems.

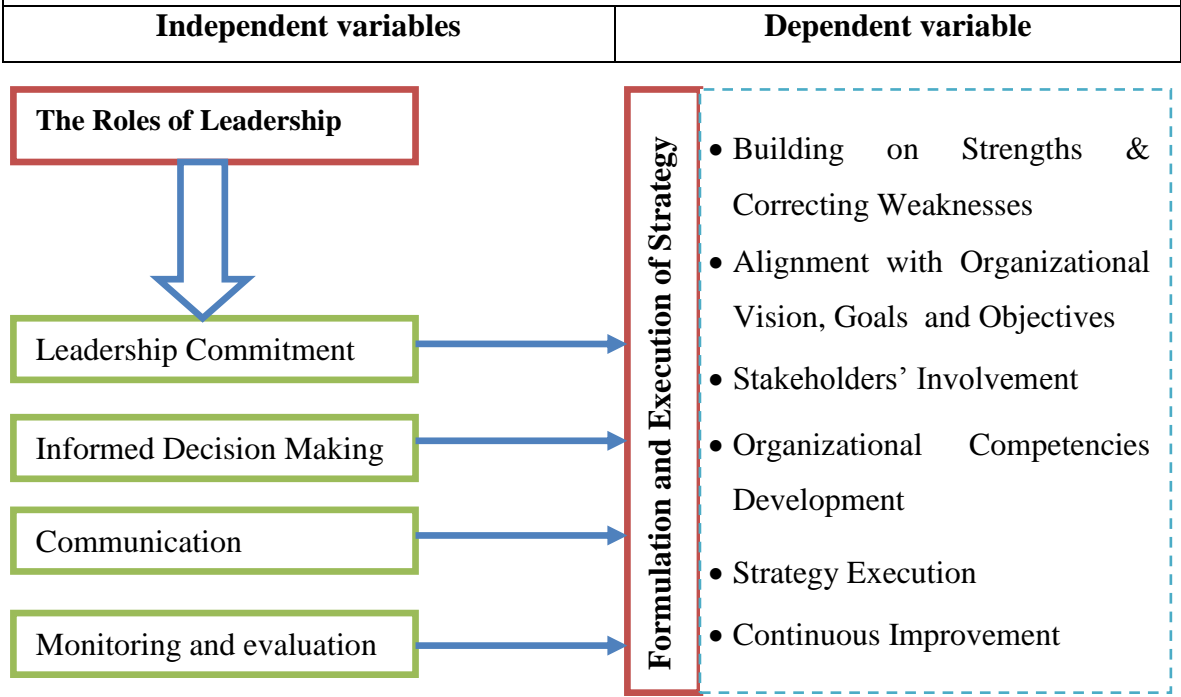
Samimi et al. (2020), in their discussion of functions of strategic leadership in the role of overseeing operations and administration, stated that strategic leaders can be the architects of the organizational structure, set conditions to support learning processes, and put procedures in place to monitor other organizational members so as to shape reporting relationships, procedures, and controls, which in turn can have substantial implications for the implementation of strategies and adaptation to changing circumstances; however, organizational performance through the involvement of strategic leaders in specific, operational decisions that are made on a day-to-day basis is unrecognized by studies conducted to this day.

A ken to monitoring and evaluation in strategy formulation and implementation, Samimi et al. (2020) stated that even though the importance of setting organization's strategic direction is unquestionable, activities essential to overseeing operations and administration functions are crucial for strategic leadership influence since they set organizational context and influence the execution of initiatives.

### **2.3 Conceptual Framework**

This study examines the roles of leadership in strategy formulation and execution in Abay bank S.C. It frames the topic under study within prior theoretical and empirical studies and explains key constructs and terms. Referring various theoretical and empirical studies the researcher reviewed, in particular the functions of strategic leaders discussed by Samimi *et al.* (2020), effective strategic leadership practices by Bass (2007) and roles of strategic leadership identified by Loren and Matthew (2008), the researcher have constructed the following conceptual framework.

**Figure 2.2: Conceptual Framework**



Source: the Researcher's own based on the literature review

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

This chapter discusses the research methodology that was used in carrying out this study. It describes the research approach, the research design, sampling technique, population, sample size, data collection instrument, analysis and presentation.

#### **3.1 Research Approach and Research Design**

##### **3.1.1 Research Approach**

According to Saunders et al. (2012) quantitative research is appropriate to analyze numerical data and statistical tests to generalize the results of the research. Hence, based on the objectives and the availability of relevant data in this study, a quantitative research approach was employed to investigate the relationship between the independent variables and the dependent variable and the hypotheses will be tested.

##### **3.1.2 Research Design**

The student researcher found it suitable to apply an explanatory research design for this study because this study can explain and finds out what factors affect strategy formulation and execution. Adams et al. (2007) states that explanatory research describes the phenomena as well as explains why behavior is the way it is. The relationship between independent variables (Leadership Commitment, Informed Decision Making, Communication, and Monitoring and Evaluation) and the dependent variable/ Strategy Formulation and Execution efficiency) were investigated and the effect part also examined. For this study, cross-sectional field survey method also used because in cross - sectional survey design, independent and dependent variables have measured at one point in time using a single questionnaire in a cost-effective way as pointed out by (Mugenda and Mugenda, 2003).

## 3.2 Research Population and Sampling

According to Cooper and Schindler (2001) the study of population denotes to the total collection of elements which one would like to study or make inferences. This study was conducted on Abay Bank S.C. and the population of interest was its employees who work in Addis Ababa in the Head Office of the Bank and the four branches selected; namely, Main Branch; Africa Avenue branch; Bambis Branch; and Urael Branch. The target population is 167 employees ranging from members of the top management of the bank, lower level managers and employees, team leaders, and department heads working at various directorate of Abay Bank, which are directly or indirectly involved in strategy formulation and execution process.

### 3.2.1 Sample Size

The sample size is the actual respondents representing the total target population. Determining sample size is very complex as it depends on other factors such as margins for errors, degree of certainty and statistical technique (Corbetta, 2003). A general rule, one can say that the sample must be of an optimum size i.e., it should neither be excessively large nor too small (Kothari, 2004). Since the population is finite population (employee of Abay Bank) the sample size of the research study is determined using the formula adopted from (Yamane, 1967). Based on the following formula 118 employees were taken as a sample.

Thus, the formula used to calculate the sample size is:

$$n = \frac{N}{(1 + (N(e)^2))}$$

Where: N = the total population n = the sample from the population e= the error term

➤ By taking sample size 5% the method will have the following sample size

$$\begin{aligned} n &= 167 / \{1+167 (0.05)^2\}, & n &= 167 / (1+0.4175) \\ n &= 167/ 1.4175, & n &= 117.81, & n &= 118 \end{aligned}$$

### **3.2.2 Sampling Technique**

The researcher used simple random sampling which is one among the types of probability sampling techniques. In simple random sampling technique, each element of the total number of population has an equal chance of being selected. All the permanent staffs in four branches including the main branch and the Head office of the Bank in Addis Ababa were the focus of the study with a total sampling frame of 167 employees.

## **3.3 Data Collection**

### **3.3.1 Source of Data**

The data sources of the study are primary data collected through questionnaires which were prepared in accordance with the four dimensions of the study and indicators of the dimensions. The leadership of the bank that constitutes senior management of the bank and employees of Abay Bank are the respondents. The reason for choosing this is because the study is based on quantitative approach. Subsequently this study explains the relationship between leadership role factors on strategy formulation and execution of Abay Bank S.C.

### **3.3.2 Data Collection Instrument**

The primary source of data collection for this study is through a questionnaire (Appendix 1). This is a research instrument that gets data and information from the respondents. It is convenient for respondents to answer, easily manageable to analyze statistically and response choices would simplify the question for respondents. The questionnaire consists of three Parts. The first part deals with the introduction of the researcher, the research topic and the purpose of the data collection. Part two deals with personal demographic data of respondents which are: age, sex, experience, division of work, position and level of education. Part three deals with structured questions on the problems of the study.

The questioner is composed of structured questions and measured by using Likert scale. The attitude measurement technique which the student researcher adopted is the Likert scale. Likert

data have their origins in the scale proposed by (Likert, 1932). In this closed form of questionnaire, the respondents will be asked to choose one of the alternatives as possible answers. The Likert scale included five scales ranging from 1 up to 5 scales. 1 represents “strongly disagree”; 2 refers to “Disagree”; 3 “neither”; 4 represents “agree”; and, 5 represents “strongly agree”. The questionnaires were directly given to the respondents in the form of handouts.

### **3.4 Validity and Scale Reliability**

Statistical validity is used to measure the validity of the research through use of accurate statistical procedure and instruments (Neuman, 2007). The Researcher reviewed an extensive literature to have complete understanding and data on the research topics and to develop questions for the survey. This complete approach helped to certify face and content validity of the survey instrument. The instrument and research method commented and reviewed by a highly acclaimed academician and an advisor with multiple years of expertise and experience in research works before setting out to data collection. Moreover, to assure the statistical validity of the study, the researcher gathered quantitative data using survey questioner and analysis the data using precise statistical instruments like descriptive statistics, inferential statistics, correlation and regression analysis to see the relationship of the variables and reach tangible conclusion.

Reliability refers to the extent to which the data collection techniques or analysis procedures will yield consistent findings (Saunders et al. 2007). This research used the most popular test of inter-item consistency reliability that is the Cronbach’s coefficient alpha, to identify the validity of items used in survey. Calculating Cronbach’s alpha ( $\alpha$ ) has become a common practice when a multiple-item measurement of a concept or construct is employed because it is easier to use in comparison to other estimate Wilson (2010). Cronbach’s alpha measure falls between range of 0 and 1. The Cronbach’s alpha value less than 0.6 are considered to be poor; it is acceptable if it is above 0.7; and, those over 0.8 are good (Sekaran, 2005). The Cronbach’s alpha value of each dimension of independent variables (factors affecting strategy formulation and implementation) and dependent variable (strategy formulation and implementation) were verified.

To meet reliability test, the questionnaire distributed to twelve respondents as pilot test who were similar to the population of the study. The Cronbach's alpha coefficient of the four roles of leadership in strategy formulation and implementation 0.777 were found for Leadership Commitment, 0.784 were for Informed Decision making, 0.749 were for Communication, and 0.781 were for Monitoring and Evaluation that indicate the internal consistency among the items in the construct and their scale. Likewise, Cronbach's Alpha values of strategy formulation and implementation were 0.754 showed the high reliability of the scale. As indicated in Table 3.2 below all the items in each construct conform that the measurement is consistent and an indication of acceptability of the scale for further analyses.

<b>Table 3.1 Reliability Test Using Cronbach's Alpha Coefficient</b>	
Variables	Cronbach's Alpha if Item Deleted
Leadership Commitment	.777
Decision Making	.784
Communication	.749
Monitoring and Evaluation	.781
Strategy Formulation and Implementation	.754
<b>Source: Survey result (2021)</b>	

### **3.5 Data Analysis**

After the field work, but before analysis, all questionnaires were adequately checked for completeness. The information was codified and entered into a spreadsheet and analyzed using SPSS (statistical package for social sciences version 21). The quantitative analysis involved generation of descriptive statistics, namely; measures of central tendency (mean and standard

deviations) to analyze the data and determine the extent of relationships between the independent and dependent variables. Inferential analysis (correlation, regression) was also used to give a measure of the relationships between two or more variables and establish if there was any relationship or there existed a cause-effect relationship between the variables.

The findings were critically examined to ensure consistency with the research objective and hypotheses. The data is presented using tables, charts, frequencies and percentages and in narrative forms (texts) to illustrate the results. To further understand the extent of the relationship between the variables, regression analysis is carried out. In addition variables are regressed using a model and all coefficients interpreted. The model took this formula (Ho, 2006):

$$Y = \beta_0 + \beta_1 \chi_1 + \beta_2 \chi_2 + \beta_3 \chi_3 + \beta_4 \chi_4 + e$$

Where: Y = Dependent Variable (Strategy formulation and execution Performance)

$\chi_{1-n}$  = Independent variable ( $\chi_1$  is leadership commitment,  $\chi_2$  is informed decision making  $\chi_3$  is communication and  $\chi_4$  is monitoring and evaluation)

$\beta_0$  = the constant

$\beta_{1-n}$  = the regression coefficient or change included in Y by each  $\chi$

e = error term

### **3.6 Ethical Considerations**

Among the major ethical issues that should be reflected in the research process include consent and confidentiality. In order to secure the consent of the designated participants, the researcher communicated important details of the study, as well as its aim and purpose. The researcher provided guarantee to the respondents that the information they give wouldn't not be used for any other purpose except for academic purpose. Respondents were also be assured that information provided wouldn't not be given to a third party without their express and written agreement and that their privacy wouldn't not be compromised. In addition, all references to published documents and journals are accurately acknowledged avoiding plagiarism and any breach of intellectual property rights.

## CHAPTER FOUR

### DATA PRESENTATION, ANALYSIS AND INTERPRETATION

This chapter deals with the discussion part of the study. It discusses response rate and demographic characteristics of respondents, describes the relationship between independent and dependent variables of the study as well as the effect of independent variables on the dependent variable. It also discusses interpretation of findings in terms of hypothesis of the study.

#### 4.1 Response rate of respondents

<b>Table 4.1 Respondents' response rate</b>			
<b>Questionnaires Distributed</b>	<b>Questionnaires Returned</b>	<b>Deleted Questionnaires</b>	<b>Percentage</b>
118	110	7	87.3%
<b>Source: Own survey, 2021</b>			

As shown in table 4.1 above, 118 questionnaires were distributed to respondents, 10 questionnaires were not returned, and 7 questionnaires were deleted because they were either with many missing values or wrongly reported. Therefore, 103 questionnaires were useable for analysis yielding 87.3 percent response rate.

## 4.2 The Demographic Characteristics of Respondents

Items	Variables	Categories	Respondents	
			Amount	Percentage
1.	Sex	Male	80	77.7
		Female	23	22.3
		Total	103	100
2.	Age group	26-35	36	35.0
		36-45	52	50.5
		46-55	11	10.7
		>55	4	3.9
		Total	103	100
3.	Educational Background	First degree	50	48.5
		Master	52	50.5
		PhD	1	1.0
		Total	103	100
4.	Experience	< 3 years	7	6.8
		3-7 years	53	53.5
		>7 years	43	41.7
		Total	103	100
5.	Status	Non-managerial level	72	69.9
		Supervisor level	19	18.4
		Managerial level	12	11.7
		Total	103	100

**Source: Survey Study (2021)**

As shown in Table 4.2, 80 respondents (77.7 %) were male and 23 respondents (22.3 %) were females. This means that both males and females were represented in the sample. However, men were the dominant group in filling up the questionnaires.

Age category is shown in item No. 2 of the same Table above. The number of respondents whose age group found between 26 to 35 years was 36 respondents (35.0 %). The number of respondents whose age range found between 36 to 45 years was 52 respondents (50.5 %), which

was the largest age group. The number of respondents whose age group found within age group of 46 to 55 was 11 (10.7 %) and only four respondents (3.9%) belonged to the age group of above 55. Consequently, the majority 50.5 % of respondents were found within the age group of 36 to 45. This showed that most of the respondents were well matured to understand the subject matter.

The level of education of the respondents is also shown in Table 4.2. Accordingly, 50 respondents (48.5%) were first degree holders, while 52 respondents (50.5%) were second degree holders, and 1 respondent (1.0) was PhD holder. This shows that the respondents were well educated, could understand and respond to the questionnaires.

In regard to the experience of the respondents as shown in Table 4.2, 7 respondents (6.8%) had below three year of work experience. The majority, 53 respondents (51.5%), had three to seven years' work experience; and, 43 respondents (41.7%) had above seven years work experience. This shows the majority of the respondents had more than 3 years work experience in the field where on the study was conducted. The figure indicates the information obtained from the respondents was reliable or dependable since they had good know-how and experience about the concept of strategy formulation and implementation.

As shown in the same Table above, the respondents were asked to state their status. The majority, 72 respondents (69.9%), of them said that they were non-managers, 19 respondents (18.4%) were supervisors in their status, and the rest 12 respondents (11.7%) were managerial level in the area. The figure indicates that majority of respondents were at expert position.

### **4.3 The Role of Leadership in Abay Bank S.C.**

Descriptive analysis using mean and standard deviation is conducted on the independent variables i.e., the four roles of leadership (Leadership Commitment, Informed Decision Making, Communication, and Monitoring & Evaluation) to identify which role of leadership is more dominant in Abay Bank S.C.

Investigation factor questions, which are the scale questions about Leadership commitment, Informed Decision Making, Communication; and, Monitoring and Evaluation, were analyzed by

using mean and standard deviation (S.D). According to Mugenda & Mugenda (2003) descriptive analysis is showing what happened for a particular sample at a particular time, which provides a clear picture of observed behavior.

Respondents were asked to indicate their level of agreement with the questions relating to the four types of roles of leadership using Likert scale which ranged from strongly disagree to strongly agree. The scale used in the constructs was 1- Strongly Disagree; 2- Disagree; 3- Neutral; 4 – Agree; 5 - Strongly Agree.

When analyzing the mean and standard deviations of variables, it is important to take note that a significantly large value of standard deviation means that the data tested is far away from the mean whereas a smaller value means that the tested variable is much closer to the mean. The tables below present the findings of descriptive statistics on the independent variables.

### 4.3.1 Leadership Commitment in Abay Bank S.C.

<i>Table 4.3 Descriptive analysis of Leadership Commitment</i>								
<i>Items</i>	<i>Rating Scales</i>						<i>Mean</i>	<i>St. Dev</i>
	<i>%</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>		
The leadership of the bank wholeheartedly assumes the responsibility for the formulation and execution of the strategy.	%		8.7	17.5	64.1	9.7	3.75	0.75
The leadership makes available all the resources required for the formulation and implementation of the strategy.	%	3.9	12.6	15.5	56.3	11.7	3.59	0.98
The leadership provides major allocations of resources and commitments in relation to innovation, acquisitions, strategic change, or diversification that can have long term consequences for the bank.	%	4.9	4.9	34	41.7	14.6	3.56	0.96
Creative working environment is established to support the formulation and implementation of the strategy.	%	3.9	10.7	30.1	45.6	9.7	3.47	0.94
The leadership anticipates and diffuse roadblocks encountered on the way towards the planned goals.	%	5.8	9.7	35.9	39.8	8.7	3.36	0.97
The leadership refuses to trade long-term interests for short-term gain and have the courage to make difficult decisions.	%	4.9	7.8	30.1	47.6	9.7	3.50	0.94
The leadership objectively upholds the interest of the bank by putting aside emotions and personal relationships and takes responsibility for unpopular decisions.	%	7.1	19.2	22.2	40.4	11.1	3.29	1.11
<i>Aggregate score</i>							<b>3.5062</b>	<b>0.7571</b>
<b>Source: Survey data (2021)</b>								

**Key: 1 = Strongly Disagree; 2 = Disagree; 3 = Neutral; 4 = Agree; and, 5 = Strongly Agree**

As it is shown in the above table 4.3, the mean score of Leadership commitment is 3.5062. It is the dominant leadership role, with the highest mean score of 3.5062, currently exhibited in Abay Bank S.C. Being represented with seven constructs including making available all required resources, upholding the interests of the bank objectively, and refusing to trade long-term

interests for short term interests, respondents' responses with a mean score of 3.5062 had shown a moderate and positive outlook for the leadership commitment of Abay Bank S.C.

#### 4.3.2 Informed Decision Making in Abay Bank S.C.

<i>Items</i>	<i>%</i>	<i>Rating Scales</i>					<i>Mean</i>	<i>St. Dev</i>
		<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>		
The leadership practice business intelligence to extract vital facts from unstructured data and transform them into actionable information.	%	9.7	10.7	20.4	45.6	13.6	3.43	1.15
The leadership practices business intelligence to make strategic decisions, improve operational efficiency and business productivity.	%	5.8	24.3	18.4	37.9	13.9	3.29	1.15
The leadership uses traditional approaches to decision-making emphasizing on an ad hoc reporting and financial statement line items.	%	5.8	27.2	9.7	56.3	1	3.19	1.03
The leadership implements driver analytics and practices the analytics to mathematically tie business strategies with the market, competitor, operational and financial forces.	%	6.8	19.4	15.5	49.5	8.7	3.34	1.09
The leadership integrates information from a variety of sources and detects trends, associations, and cause-effect relationships; displays a keen sense of priority, relevance, and significance.	%	5	6	15	57	17	3.75	0.97
The leadership gathers, processes, and distributes information in the course of its decision making to positively influence the strategic management process.	%	4.9	2.9	18.4	49.5	24.3	3.85	0.98
The leadership analyzes information, identifies possible measures to affect events; and, knows which factors make the difference in the overall equation of the problem at hand.	%	3.9	13.6	18.4	49.5	14.6	3.57	1.02
<b>Aggregate score</b>							<b>3.4931</b>	<b>0.8439</b>
<b>Source: Survey data (2021)</b>								

Informed Decision Making scored mean value of 3.4931. It was presented with seven constructs including business intelligence practices, information integration, and driver analytics. Respondents' response with a mean score of 3.4931 had also shown a moderate and positive outlook for Informed Decision Making role of leadership in Abay Bank S.C. as seen in Table 4.4, which is very close to the mean score of Monitoring and Evaluation and slightly lower than the mean score of Leadership Commitment.

### 4.3.3 Communication in Abay Bank S.C.

<i>Items</i>	<i>%</i>	<i>Rating Scales</i>					<i>Mean</i>	<i>St. Dev</i>
		<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>		
The leadership provides an effective communication plan and feedback mechanisms with the participation of employees.	%	4	9	16	58	13	3.67	0.95
The leadership clearly communicates the formulated strategies and conveys a simple, vivid picture of the organization's vision and goals to the employees.	%	3.9	19.6	23.5	45.1	7.8	3.33	1.00
The leadership communicates a clear purpose that is convincing and makes employees sense vital.	%		16	14	50	20	3.74	0.96
The behaviors displayed by the leadership unify, motivate, and encourage employees.	%		9.7	18.4	54.4	17.5	3.80	0.84
The leadership provides appropriate organizational information to the right people, at the right time, and in the right form.	%		35.3	14.7	33.3	16.7	3.31	1.12
The leadership instills a strong sense of belongingness, generates energy and enthusiasm and keeps the message alive and ongoing.	%	9.2	49	12.2	21.4	8.2	2.70	1.15
The leadership uses communication tactics in a way that positively influences strategy formulation and execution.	%	5.1	40.4	21.2	25.3	8.1	2.91	1.08
<i>Aggregate score</i>							<b>3.3666</b>	<b>0.629</b>
<b>Source: Survey data (2021)</b>								

Communication scored mean value of 3.3666 as seen in Table 4.5. It was represented with constructs such as effective communication plan and feedback mechanisms, provision of appropriate organizational information, and usage of communication tactics. Respondents' response with a mean score of 3.3666 had still shown a moderate and positive outlook for Communication role of the leadership of the bank even if the mean score is lower than the mean scores registered by the other independent variables.

#### 4.3.4 Monitoring and Evaluation in Abay Bank S.C.

<i>Items</i>	<i>%</i>	<i>Rating Scales</i>					<i>Mean</i>	<i>St. Dev</i>
		<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>		
The leadership put in place a regular formal strategy review processes to ensure the plan is going as designed and identify critical shortcomings.	%	4.9	29.1	28.2	28.2	9.7	3.09	1.07
The leadership evaluates the underlying basis of the strategy, compares expected results with actual results and takes corrective actions to guarantee performance.	%		7.8	20.4	55.3	16.5	3.81	0.80
The leadership evaluates effectiveness of rewards and punishment systems.	%		17.5	22.3	40.8	19.4	3.62	0.99
The leadership put procedures in place to monitor employees, to shape reporting relationships, procedures, and control systems.	%	3.9	3.9	27.2	54.4	10.7	3.64	0.87
The leadership is adopting the strategy management process to changing circumstances based on evaluation results.	%	3.9	13.6	31.1	47.6	3.9	3.34	0.90
The evaluation outcomes are providing the basis for continues improvement of the strategic management process and facilitating strategy revision as situation demands.	%		10.7	41.7	35.9	11.7	3.49	0.83
<b>Aggregate score</b>							<b>3.4968</b>	<b>0.5498</b>
<b>Source: Survey data (2021)</b>								

Monitoring and Evaluation scored mean value of 3.4968. Its constructs included a regular formal strategy review process, evaluation of reward and punishment system, and continues

improvement of the strategy management process. Respondents' response with a mean score of 3.4968 had shown a moderate and positive outlook for Monitoring and Evaluation role of the leadership in Abay Bank S.C. as seen in Table 4.6, which is slightly higher than the mean score of Informed Decision Making and lower than the mean score of Leadership Commitment.

In summary, Leadership Commitment exhibited the dominant role with the highest mean score of 3.5062 as seen in Table 4.3. All other variables had shown similar tendencies. The variable with the second highest mean score is Monitoring and Evaluation with a mean score of 3.4968 as shown in table 4.6. The variable with third highest mean score is Informed Decision Making with mean score of 3.4931 as shown in table 4.4. The variable with the lowest mean score but not far from other variables, among all variables studied, is Communication with mean score of 3.3666 as displayed in table 4.5.

Leadership Commitment has a standard deviation of 0.7571, Informed Decision Making has a standard deviation of 0.8439, Communication has a standard deviation of 0.6290, and Monitoring and Evaluation has a standard deviation of 0.5498. This means while Informed Decision Making and Leadership Commitment had shown a significantly large value of standard deviation far from the mean, Monitoring & Evaluation and Communication had shown a moderate value of standard deviation closer to the mean representing the responses of the sample respondents to the mean value.

#### 4.4 Strategy Formulation and Execution in Abay Bank S.C.

<i>Items</i>	<i>%</i>	<i>Rating Scales</i>					<i>Mean</i>	<i>St. Dev</i>
		<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>		
The strategy put in place builds on the bank's strengths and corrects its weaknesses in a way that take advantage of external opportunities and counter external threats.	%	11.7	36.9	26.2	21.4	3.9	2.69	1.05
The strategic management process is directed towards overall organizational goals and objectives of the bank.	%	1.9	11.7	29.1	35.9	21.4	3.63	1.01
The strategy management process involves all stakeholders that have a stake in the success of the bank such as shareholders, employees, customers, and suppliers.	%		13.6	26.2	34	26.2	3.73	1.00
The strategy management process is adequately related with the vision of the Bank.	%	4.9	8.7	8.7	41.7	35.9	3.95	1.11
The bank develops organizational competencies.	%	9.7	18.4	14.6	45.6	11.7	3.31	1.18
The bank enforces appropriate execution of formulated strategy.	%	5.1	15.3	10.2	50	19.4	3.63	1.11
The bank practices continuous improvement of strategic management process.	%	4.9	9.7	19.4	53.4	12.6	3.59	0.99
<b>Aggregate score</b>							<b>3.5067</b>	<b>0.7339</b>
<b>Source: Survey data (2021)</b>								

Descriptive analysis using mean and standard deviation was also conducted on the dependent variable. Strategy Formulation and Execution was captured with seven constructs such as building on strengths, correcting weakness, developing organizational competencies and continuous improvement of strategic management process. As shown in the above Table 4.7, the mean score of the dependent variable is 3.5067 with a Standard Deviation of 0.7339. This means employees of Abay Bank S.C. have a positive outlook for the strategy formulation and implementation of Abay Bank S.C.; whereas, the dependent variable have shown a large value of standard deviation far from the mean.

#### 4.5 The relationship between the Role of Leadership and Strategy Formulation & Execution in Abay Bank S.C.

<b>Table 4.8 Pearson Correlation Information</b>						
Correlations						
		Leadership Commitment	Decision Making	Communication	Monitoring and Evaluation	Strategy Formulation and Implementation
Leadership Commitment	Pearson Correlation	1	.729**	.216*	.094	.573**
	Sig. (2-tailed)		.000	.028	.344	.000
	N	103	103	103	103	103
Decision Making	Pearson Correlation	.729**	1	.214*	.088	.580**
	Sig. (2-tailed)	.000		.030	.375	.000
	N	103	103	103	103	103
Communication	Pearson Correlation	.216*	.214*	1	.416**	.454**
	Sig. (2-tailed)	.028	.030		.000	.000
	N	103	103	103	103	103
Monitoring and Evaluation	Pearson Correlation	.094	.088	.416**	1	.345**
	Sig. (2-tailed)	.344	.375	.000		.000
	N	103	103	103	103	103
Strategy Formulation and Implementation	Pearson Correlation	.573**	.580**	.454**	.345**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	103	103	103	103	103
**. Correlation is significant at the 0.01 level (2-tailed).						
*. Correlation is significant at the 0.05 level (2-tailed).						
Source: Survey result (2021)						

The correlation of the variable is measured by Pearson correlation coefficient. The result of the Pearson correlation is presented in the above Table 4.8 and interpreted by the guide line suggested by Field (2006) who stated that the Pearson correlation coefficient shows the

relationship and direction between the predictor and outcome variable. Accordingly, it is a weak relationship if the relationship is measured in the range of 0.1 to 0.29. It is a moderate one if it is measured in the range of 0.30 to 0.49. It is a strong relationship if it shows above 0.50. The positive and negative sign tell us the direction of the relationship.

The correlation Table 4.8 above showed that the correlation relationship between predictor variables (i.e. Leadership Commitment, Informed Decision Making, Communication, Monitoring and Evaluation) and the dependent variable (Strategy Formulation and Implementation). Accordingly, the result revealed that Strategy Formulation and Implementation has strong and positive correlation with Leadership Commitment with ( $r=0.580$ ,  $p=0.000$ ). It has also strong and positive correlation with Decision Making with ( $r= 0.580$ ,  $p=0.000$ ). The results further indicated that Communication with ( $r= 0.454$ ,  $p=0.000$ ) have a moderate and positive relationship with Strategy Formulation and Implementation with. Monitoring & Evaluation with ( $r= 0.345$ ,  $p=0.000$ ) leadership roles have also a moderate and positive relationship with Strategy Formulation and Implementation with significant value of  $P<0.5$ .

#### **4.6 Assumption Tests**

The examination is called Fundamental Assumption Test that consists of mainly three tests; namely, normality test, multicollinearity test, and constant variable test (Lind et al., 2012). The test is important in that it avoids biased findings. According to Lind et al., (2012), if the data does not pass classic assumption tests, then the result after the data got processed might be biased.

#### 4.6.1 Normality Test

	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
Leadership Commitment	103	-1.156	.238	.917	.472
Decision Making	103	-1.032	.238	1.023	.472
Communication	103	.223	.238	-.292	.472
Monitoring and Evaluation	103	-.323	.238	1.081	.472
Strategy Formulation and Implementation	103	-.450	.238	-.170	.472
Valid N (list wise)	103				

Source: Survey data (2021)

Normality test examines whether the data is normally distributed in normal distribution curve or not. There are two ways of testing the normality, by graphical method and statistical method. A common rule to thumb test for normality is to run descriptive statistics so as to get skewness and kurtosis. The criteria is that kurtosis should be within the mean +2 to -2 range when the data are normally distributed (Field, 2006). As shown in the above Table 4.9, all the absolute values of skewness and the kurtosis are between -2 and +2. Hence, it confirmed that all the variables fulfilled the assumption of normality.

#### 4.6.2 Multi-Collinearity Test

<b>Table 4.10: Multicollinearity Test by Computing Tolerance Values and Variance Inflation Factor (VIF) Coefficients<sup>a</sup></b>			
Model		Collinearity Statistics	
		Tolerance	VIF
1	Leadership Commitment	.464	2.155
	Decision Making	.465	2.152
	Communication	.791	1.265
	Monitoring and Evaluation	.827	1.209
a. Dependent Variable: Strategy Formulation and Implementation			
<b>Source: Survey data (2021)</b>			

Multicollinearity occurs when there is a strong correlation between two or more predictors in a regression model (Saunders, 2007). There should be no perfect linear relationship between two or more of the predictors. So the predictor variables should not correlate too highly. If there is perfect collinearity between predictors, it becomes impossible to find unique approximations of the regression coefficients because there are an infinite number of groupings of coefficients that would work similarly well. Perfect collinearity is rare in real-life data, but less than perfect collinearity is nearly unavoidable (Field, 2006).

If there is a high degree of correlation between independent variables, we have a problem of what is usually designated as the ‘problem of multicollinearity (Kothari, 2004). Data multicollinearity assumption is checked by collinearity diagnostics in statistics. If the Tolerance column value below 0.02 and VIF value above 10, it poses a multicollinearity problem. In this study, the Tolerance Values of all variables are above 0.20 and likewise, the VIFs are under 10 as shown in Table 4.10. Therefore, the predictors do not highly correlate with each other; hence, the student researcher assumed that Multicollinearity was not a problem for the current study.

#### 4.6.3 The errors have zero mean ( $E(\epsilon) = 0$ ) or constant variable

This assumption states that the average value of the errors should be zero. If the regression equation contains a constant term, this presumption will never be broken. Therefore, since from

the regression result table the constant term (i.e.  $\beta_0$ ) was included in the regression equation; this assumption holds good for the model.

To summarize, the independent and dependent variables met all the assumptions indicated that the model that the researcher got for a sample could accurately be applied to the population of interest. That means the coefficients and parameters of regression said to be unbiased as stated in (Field, 2006).

**Significance Level:** Significance level illustrates how likely a result is to be due to chance (Kothari, 2004). The most common significance level is 0.95, meaning that the finding has a 95% chance of being true. Therefore, for this study, a significance level of 0.95 was set. The figure 0.05 is called the p value, indicating the 95 % probability that any selected samples from the study population would give the same results. Therefore, any statistical results obtained from the study having p values greater than 0.05 considered as statistically insignificant.

#### **4.7 The effect of the Role of Leadership on Strategy Formulation and Execution in Abay Bank S.C.**

This part of the paper answered the objectives of this research, which was about the effects of the independent variables on the dependent variable.

##### **4.7.1 Evaluation of the Model**

<b>Table 4.11 Analysis of Variance (ANOVA)</b>						
ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	28.343	4	7.086	26.103	.000 <sup>b</sup>
	Residual	26.602	98	.271		
	Total	54.945	102			
a. Dependent Variable: Strategy Formulation and Implementation						
b. Predictors: (Constant), Monitoring and Evaluation, Decision Making, Communication, Leadership Commitment						
<b>Source; survey result (2021)</b>						

As shown in the above, Table 4.11 provides the overall significance of the model with a p-value of 0.000 which is less than 0.01. The results indicated that the regression model considered as fit or sufficient model. Further, the results implied that the four independent variables are good predictors of strategy formulation and implementation.

#### 4.7.2 Explained Variation ( $R^2$ )

<b>Table 4.12 Model Summary Table</b>				
Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.718 <sup>a</sup>	.516	.496	.52101
a. Predictors: (Constant), Monitoring and Evaluation, Decision Making, communication, Leadership Commitment				
<b>Source: Survey result (2021)</b>				

The results presented in the above Table 4.12 show the fitness of the regression model used in explaining the study phenomena. The independent variables namely, Leadership Commitment, Informed Decision Making, Communication, and Monitoring and Evaluation were found to be satisfactory variables in explaining variations in the dependent variable, Strategy Formulation and Implementation. This was supported by a coefficient of determination ( $R^2$ ) of 0.516. This means that all the predictor variables which represented strategic leadership role explained 51.6% of the variations in the dependent variable i.e., Strategy Formulation and Implementation. The remaining variation in the dependent variable (48.4%) is explained by other dimensions that were not included in this study.

### 4.7.3 Evaluating the Independent Variables Based on the Regression Coefficient

<b>Table 4.13 Regression Standardized Coefficient</b>						
Model		Unstandardized Coefficients		Standardized Coefficients	Sig.	Level of Influence
		B	Std. Error	Beta		
1	(Constant)	-.228	.411		.020	
	Leadership Commitment	.268	.100	.276	.009	Second
	Decision Making	.268	.090	.309	.003	Second
	Communication	.293	.092	.251	.002	First
	Monitoring and Evaluation	.250	.103	.187	.017	Third

**Source: Survey result (2021)**

In this research, multiple regression analysis was conducted to test the effect of independent variables or leadership roles (i.e. Leadership Commitment, Informed Decision Making, Communication, and Monitoring and Evaluation) on the dependent variable i.e., Strategy Formulation and Implementation. The reason for using this multiple regression analysis was to examine the direct effect of factors that affect Strategy Formulation and Implementation in Abay Bank S.C. The regression coefficient (Beta) is the estimated coefficient indicating the strength of relationship between an independent variable and dependent variable expressed on a standardized scale where higher absolute values indicate stronger relationships (range is from -1 to 1).

The larger value of Beta coefficient that an independent variable has, it brings the more support to the dependent variable as the more important determinant in predicting the dependent variable. As shown in the above Table 4.13, all of the four independent variables shown significance values of less than 0.05 indicating that they are all making a significant unique contribution to Strategy Formulation and Implementation. Hence, the four independent variables; namely, Leadership Commitment, Informed Decision Making, Communication, and Monitoring and Evaluation made unique contributions with the beta values 0.268, 0.268, 0.293 and 0.250 respectively. Consequently, all the measures are statistically significant.

This indicated that the biggest unique contribution to Strategy Formulation and Implementation was made by Communication followed by Leadership Commitment, and Informed Decision

Making. The result obtained from the regression analysis showed that Communication role of the leadership of the bank ( $\beta=0.293$ ) was more significant and statistically meaningful when compared with the other variables in terms of enhancing Strategy Formulation and Implementation in Abay Bank S.C. while the least influential factor was Monitoring and Evaluation ( $\beta =0.250$ ). Based on this analysis, the regression equation for the Strategy Formulation and Implementation of Abay Bank S.C. is algebraically formulated as the multiple regression equation (Ho, 2006):

$$\text{SFI} = -0.228 + 0.268 \cdot \text{LD} + 0.268 \cdot \text{DM} + 0.293 \cdot \text{Com} + 0.250 \cdot \text{ME}$$

Where:

SFI= Strategy Formulation and Implementation

LD= Leadership Commitment

DM= Informed Decision Making

Com= Communication

ME= Monitoring and Evaluation

By examining the unstandardized regression coefficient ( $\beta$ ) for each of the predictor variables, the result found that Leadership Commitment ( $\beta = 0.268$ ,  $p < 0.01$ ), Informed Decision Making ( $\beta = 0.268$ ,  $p < 0.01$ ), Communication ( $\beta = 0.293$ ,  $p < 0.01$ ), and Monitoring and Evaluation ( $\beta = 0.250$ ,  $p < 0.01$ ) shown significant positive relationship with Strategy Formulation and Implementation. So, there is a positive relationship between the predictors (Leadership Commitment, Informed Decision Making, Communication, and Monitoring and Evaluation) and the effect (Strategy Formulation and Implementation) since the value of beta coefficient is positive.

#### **4.7.4 Interpretation in Terms of Research Hypotheses**

The researcher verified the research hypotheses as the following. The above equation established that taking all factors i.e., Leadership Commitment, Informed Decision Making, Communication, and Monitoring and Evaluation constant at zero, Strategy Formulation and Implementation would be -0.228.

### **H<sub>1</sub>: The Leadership Commitment Significantly affects the Formulation and Implementation of Strategy in Abay Bank S.C.**

This is supported at  $\beta = 0.268$ , and p value of 0.009 at  $p < 0.05$ . The result shows that taking all other independent variables constant, a one-unit change in Commitment Roles of the Leadership would bring a 0.268 unit change on Strategy Formulation and Implementation. Therefore, it is proved that hypothesis H<sub>1</sub> is supported.

The findings of the research aligns with an empirical study conducted by Nyong'a and Maina (2019) regarding the influence of strategic leadership on strategy implementation at Kenya Revenue Authority, Southern Region in Kenya, which produced findings that, while all other factors held constant, a unit improvement in management commitment as a strategic leadership practice results in 0.828 increase in strategy implementation; and, management commitment as strategic leadership practices have a positive and significant effect on the implementation of strategy at the KRA, Southern Region.

The result was also similar to the findings in the research work done by Bass (2007). According to Bass (2007), top management needs to be committed to a strategy if it has to be implemented; and, a meta-analysis of 18 studies of the impact on organizations of management by objectives (MBO) found that the increase in job satisfaction from the use of MBO produced only in the top third of the organizations with highly committed top management.

In line with the findings of the study, a case study on the influence of strategic leadership on strategy implementation in the Kenyan Motor Vehicle Industry by Njeri And Rugami (2017) presented findings that there is a positive relationship between leadership competence and strategy implementation, with a moderately strong correlation coefficient; and, personnel involvement has a positive and significant influence on strategy implementation.

### **H<sub>2</sub>: Informed Decision Making significantly affects the Formulation and Implementation of Strategy in Abay Bank S.C.**

Informed Decision Making at  $\beta = 0.268$ , and p-value of 0.003 was less than the significance level; hence, the study supported the hypothesis at  $p=0.01$ . It means Informed Decision Making

significantly affects the Strategy Formulation and Implementation. The result shows that taking all other independent variables constant, a unit change in Informed Decision Making roles of leadership would bring a 0.268 unit change in Strategy Formulation and Implementation. So, Hypothesis 2 is supported.

The result was congruent with Abashe's (2016) case study on influence of strategic leadership on strategy implementation of Kenyan Commercial Banks and the study found strategy implementation was highly affected by informed decision making that when informed decision making changes by a unit, strategy implementation changes by 0.530. The study concluded that there is a high significant relationship between informed decision making and strategy implementation; and, informed decision making enhances strategy implementation process.

**H<sub>3</sub>: Communication significantly affects the formulation and implementation of strategy in Abay Bank S.C.**

This is supported at  $\beta = 0.293$  and p value of 0.002 at  $p < 0.01$ . The results pointed out that taking all other independent variables constant, a unit change in the activities of Communication would produce a 0.293 unit change in Strategy Formulation and Implementation. Hence, Hypothesis 3 is supported.

The study is congruent with a case study conducted by Sila and Gichinga (2016) on the role of strategic leadership, taking organizational culture, strategic communication and strategic direction as independent variables, on strategy implementation in public universities in Kenya at JKUAT (Jomo Kenyatta University of Agriculture and Technology) main campus. According to the findings of the Kenyan study, taking all other independent variables at zero, a unit increase in strategic communication will lead to a 0.001 increase in strategic implementation among employees of JKUAT.

The finding of the study also aligns with findings of an empirical study on the perceptions of South African Strategic Leaders on the role of strategic leadership in effective strategy implementation by Jooste and Fourie (2009), who concluded that a poor understanding of the strategy by the workforce and ineffective communication of the strategy to the workforce are the most important barriers to effective strategy implementation.

The result of the study is also consistent with findings of a case study regarding the influence of strategic leadership on strategy implementation in the Kenyan Motor Vehicle Industry by Njeri And Rugami (2017). The study conducted in the Kenyan motor vehicle industry, indicated that leadership communication and strategy implementation were positively and significantly related.

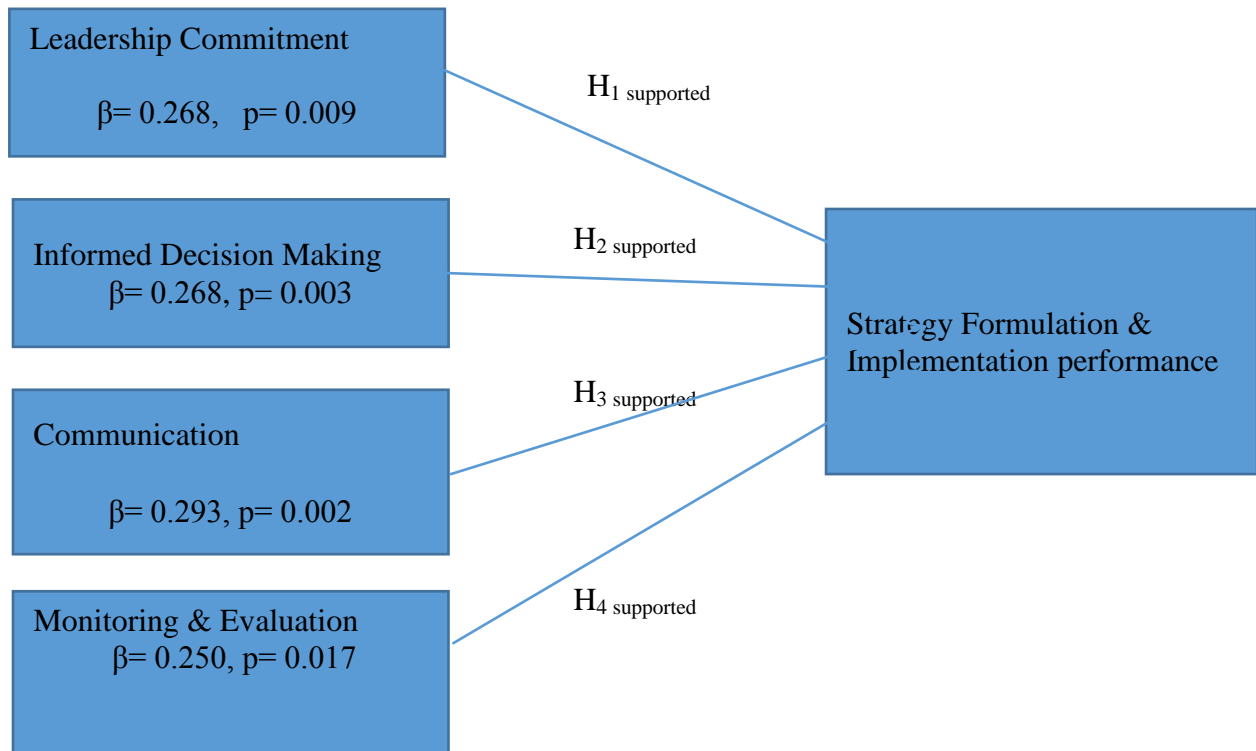
**H<sub>4</sub>: Monitoring and Evaluation significantly affects in the Formulation and Implementation of Strategy in Abay Bank S.C.**

The correlation coefficient ( $\beta$ ) in Monitoring and Evaluation is 0.250 and p value (Sig.) of 0.017, which is statistically significant at the 0.01 level. Even though it has significant effect, the study found that Monitoring and Evaluation is least determinant factor compared to other variables in the study for the Formulation and Implementation of Strategy in Abay Bank S.C. The findings indicated that assumed all other independent variables constant, a unit change in the activities of Monitoring and Evaluation of the leadership role would cause a 0.250 unit change in Strategy Formulation and Implementation. Hence, Hypothesis 4 is supported too.

The result was similar to a case study on the influence of strategic leadership on strategy implementation in the Kenyan Motor Vehicle Industry by Njeri And Rugami (2017). The study presented findings that a positive and significant relationship between monitoring and evaluation and strategy implementation with moderately strong correlation.

The findings of the study was also congruent with Abashe's (2016) case study on influence of strategic leadership on strategy implementation of Kenyan Commercial Banks and the study demonstrated monitoring activities affect strategy implementation process that a unit changes in monitoring causes a change of 0.447 of change in strategy implementation. Hence, the study concluded monitoring had a positive impact on strategy implementation.

In general, this indicates that each of the independent variables in the regression model is significantly affecting strategy formulation and implementation in Abay Bank S.C. Hence, all of the predictor variables correlated with strategy formulation and implementation in Abay Bank S.C whereby the entire hypotheses (H<sub>1</sub>, H<sub>2</sub>, H<sub>3</sub>, and H<sub>4</sub>) were supported by the research model as shown below.



Source: Survey result (2021)

## CHAPTER FIVE

### FINDINGS, CONCLUSION AND RECOMMENDATIONS

#### 5.1 Summary of Major Findings

All independent variables; namely, Leadership Commitment, Informed Decision Making, Communication, and Monitoring and Evaluation were found to be satisfactory variables in explaining variations in the dependent variable i.e., Strategy Formulation and Implementation.

The value of  $R^2 = 0.516$  showed that 51.6% of changes in Strategy Formulation and Implementation was explained by the four independent variables studied.

The remaining change (48.4%) in Strategy Formulation and Implementation may be accounted for variables other than the variables included in this study.

Leadership Commitment, Informed Decision Making, Communication, and Monitoring and Evaluation made unique contributions with the beta values of 0.268, 0.268, 0.293 and 0.250 respectively. Consequently, all the measures were statistically significant.

The biggest unique contribution to Strategy Formulation and Implementation was made by Communication with beta value of 0.293 followed by Leadership Commitment ( $\beta=0.268$ ), and Informed Decision Making ( $\beta=0.268$ ), while the least influential factor was Monitoring and Evaluation ( $\beta = 0.250$ ).

All predictor variables i.e., Leadership Commitment ( $\beta = 0.268$ ,  $p < 0.01$ ), Informed Decision Making ( $\beta = 0.268$ ,  $p < 0.01$ ), Communication ( $\beta = 0.293$ ,  $p < 0.01$ ), and Monitoring and Evaluation ( $\beta = 0.250$ ,  $p < 0.01$ ) showed significant positive relationship with Strategy Formulation and Implementation.

A unit change in Commitment Roles of the Leadership would bring a 0.268 unit change on Strategy Formulation and Implementation.

A unit change in Informed Decision Making roles of leadership would bring a 0.268 unit change in Strategy Formulation and Implementation.

A unit change in the activities of Communication would bring a 0.293 unit change in Strategy Formulation and Implementation.

A unit change in Monitoring and Evaluation of the leadership role would bring a 0.250 unit change in Strategy Formulation and Implementation.

Therefore, all the formulated hypotheses ( $H_1$ ,  $H_2$ ,  $H_3$ , and  $H_4$ ) were tested and all of the hypotheses were supported.

## **5.2 Conclusion**

This study has provided empirical justification for a framework that identified four leadership roles effect on Strategy Formulation and Implementation within the context of Abay Bank S.C in Ethiopia.

The study has established that all independent variables; namely, Leadership Commitment, Informed Decision Making, Communication, and Monitoring and Evaluation have satisfactorily explained variations in the dependent variable i.e., Strategy Formulation and Implementation.

It is established that 51.6% of changes in Strategy Formulation and Implementation in Abay Bank S.C. is caused by the four independent variables studied; whereas, the balance (48.4%) changes may be accounted for variables other than the variables included in the study.

The study has established that all independent variables made unique contributions and were statistically significant in the course of Strategy Formulation and Execution in Abay Bank S.C.

However, all leadership roles were not equally vital. That means they differ in the degree to which they enforce Strategy Formulation and Implementation in Abay Bank S.C.

Consequently, Communication has strongest predictor or the most important factor and Monitoring and Evaluation was the least influential factor as established by the study.

The study has shown that there is a significant and positive relationship between the independent variables (Leadership Commitment, Informed Decision Making, Communication, and Monitoring and Evaluation) and the dependent variable (Strategy Formulation and Implementation).

To sum up, the research hypotheses are completely supported by the analysis and the research objectives are achieved.

### **5.3 Recommendations**

In order to improve the Role of Leadership on Strategy Formulation and Implementation in general and in particular in Abay Bank S.C, the following suggestions should be adhered to:

The study recommends that Abay Bank S.C should work on the roles its leaders so that the leadership of the bank could enhance its contribution on the Formulation and Implementation of Strategies.

Given the study showed that 51.6% of changes in Strategy Formulation and Implementation in Abay Bank S.C. are explained by the roles of Leadership Commitment, Informed Decision Making, Communication, and Monitoring and Evaluation, the leadership of the bank should give due emphasis on those roles of leadership in order to narrow the gap between the reality and the vision of the bank.

Most importantly, the bank should work on its Communication roles of the leadership as it is found to be the strongest predictor or the most important factor in the Strategy Formulation and Execution of the Bank.

Consequently, the bank should put in place an effective communication plan and feedback mechanisms with the participation of employees and the leadership should display behaviors that unify, motivate, and encourage employees.

#### **Suggestions for further studies:**

The subject of this study is one bank only and limited number of leadership roles. Future studies should consider a broader scope of study i.e., a comparative study of multiple banks with several other leadership roles, which would produce a better understanding of Roles of Leadership on Strategy Formulation and Execution.

This study based its findings on a quantitative data only. Future studies should use a multi methods approach including interview and focus group discussions in order to improve the

quality of the findings and produce a better understanding of Role of Leadership on Strategy Formulation and Execution.

This study focused on the Role of Leadership on Strategy Formulation and Implementation only from the perspective of employee's and did not measure the perceptions from stake holders' side. Hence, future studies need to consider both ways and identify differences from the stakeholders' perspectives.

## REFERENCE MATERIALS:

- Abay Bank S.C., Strategic Plan 2017/18-2021/22, page IV, 27 July 2017, Addis Ababa, Ethiopia.
- Abay Bank S.C., Strategy Execution Mid-Term Review, page 10 & 11, May 2020, Addis Ababa, Ethiopia.
- Abay Bank S.C., Company Profile, 2020, Addis Ababa, Ethiopia.
- Abashe, A. (2016), “Influence of Strategic Leadership in Strategy Implementation in Commercial Banks: A Case Study of Kenya Commercial Bank” available at <https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&cad=rja&uact=8&ved=2ahUKEwj6dmwvrfyAhXb6eAKHYveBGkQFnoECAIQAAQ&url=http%3A%2F%2Fepo.usiu.ac.ke%2Fbitstream%2Fhandle%2F11732%2F2731%2FABBA%2520.pdf%3Fsequence%3D1%26isAllowed%3Dy&usg=AOvVaw09vufIMlqW2eDxcuL8pLPP> accessed 8/17/2021
- Adams, J., Khan, H. T., Raeside, R. and White, D. (2007), “*Research Methods for Graduate Business and Social Science Students*”, available at <http://www.doi.org/10.4135/9788132108498> accessed 20/08/2021
- Arooj Azhar, Sumera Ikram, Sajjad Rashid, and Shahnawaz Saqib (2012), “The Role of Leadership in Strategy Formulation and Implementation”, available at [https://www.researchgate.net/publication/284601403\\_The\\_Role\\_of\\_Leadership\\_in\\_Strategy\\_Formulation\\_and\\_Implementation](https://www.researchgate.net/publication/284601403_The_Role_of_Leadership_in_Strategy_Formulation_and_Implementation) accessed 7/5/2021
- Bass, M. (2007), “Executive and Strategic Leadership” available at <https://www.semanticscholar.org/paper/Executive-and-Strategic-Leadership-Bass/2ad16eeb74dbf529c5ae1ae1625b3f13e046719c> accessed 8/15/2021
- Bukhari A. Wajahat (2017), “Strategy Formulation And Role Of Leadership” available at [https://www.academia.edu/34002335/STRATEGY\\_FORMULATION\\_AND\\_ROLE\\_OF\\_LEADERSHIP](https://www.academia.edu/34002335/STRATEGY_FORMULATION_AND_ROLE_OF_LEADERSHIP) accessed 7/18/2021
- Colin White (2004), “Strategic Management” available at <http://dr-ama.com/wp-content/uploads/2013/10/Strategic-Management.pdf> accessed 7/7/2021
- Cooper, D. R. & Schindler, P. S. (2014), “Business research methods”, 8th Ed. New York: Mcgraw Hill

- Corbetta, P. (2003), “Social Research: Theory, Method and Techniques”, London: SAGE Publication Inc.
- Daft, R. (2008), “The Leadership Experience”, available at <https://pengalamanpangayoman.files.wordpress.com/2018/10/leadership-experience-2008.pdf> accessed 6/1/2021
- Dess, G.G., McNamara, G., Eisner, A.B., Lee, S.H., “Strategic management: Text and Cases” available at [https://www.academia.edu/42918542/Strategic\\_Management\\_Text\\_and\\_Cases\\_9th\\_Edition\\_1\\_email\\_work\\_card=view-paper](https://www.academia.edu/42918542/Strategic_Management_Text_and_Cases_9th_Edition_1_email_work_card=view-paper) accessed 7/10/2021
- Field, A. (2009), “Discovering Statistics using SPSS”, London, Sage Publication Inc
- Gentiana Mjaku (2020), “Strategic Management and Strategic Leadership” available at [https://www.researchgate.net/publication/344732638\\_Strategic\\_Management\\_and\\_Strategic\\_Leadership](https://www.researchgate.net/publication/344732638_Strategic_Management_and_Strategic_Leadership) accessed 6/23/21
- Gopal, A., & Gosain, S. (2010). The Role of Organizational Controls and Boundary Spanning in Software Development Outsourcing: Implications for Project Performance. *Information Systems Research*, 21(4), 960-982.
- Guth, W. and Macmillan, I. (1986) “Strategy Implementation versus Middle Management Self-interest” available at <https://onlinelibrary.wiley.com/doi/epdf/10.1002/smj.4250070403> accessed 8/17/2021
- Hill, C. and Jones, G. (2010), “Strategic Management Theory: An Integrated Approach”, available at <http://www.microlinkcolleges.net/elib/files/postgraduate/Master%20of%20Business%20Administration/Charles%20W.L.Hill,%20Strategic%20Management.pdf> accessed 6/17/2021
- Hitt, Ireland, & Hoskisson (2016), “Strategic Management: Competitiveness & Globalization: Concepts and Cases, 12e” available at <https://bawar.net/data0/books/5ea6b715e53cf/pdf/strategic.pdf> accessed 6/23/2021
- Ho, R. (2006), “Handbook of Univariate and Multivariate Data Analysis and Interpretation with SPSS”, USA: Chapman & Hall/CRC
- Jabbar and Hussien, 2017, ‘The Role of Leadership in Strategic Management’, *International Journal of Research –GRANTHAALAYAH*, Vol.5 (Iss.5), page 100, available at: [http://granthaalayah.com/Articles/Vol5Iss5/10\\_IJRG17\\_A05\\_279.pdf](http://granthaalayah.com/Articles/Vol5Iss5/10_IJRG17_A05_279.pdf) accessed 5/31/2021

- Jaleha, A. and Machuki, V. (2018), “Strategic Leadership and Organizational Performance: A Critical Review of Literature” available at [https://www.researchgate.net/publication/330435551\\_Strategic\\_Leadership\\_and\\_Organizational\\_Performance\\_A\\_Critical\\_Review\\_of\\_Literature](https://www.researchgate.net/publication/330435551_Strategic_Leadership_and_Organizational_Performance_A_Critical_Review_of_Literature) accessed 8/16/2021
- Jooste, C. & Fourie, B. (2009), “The role of strategic leadership in effective strategy implementation: Perceptions of South African strategic leaders” available at <https://www.ajol.info/index.php/sabr/article/view/76341> accessed 8/16/2021
- Kabeyi, M. (2019), “Organizational strategic planning, implementation and evaluation with analysis of challenges and benefits for profit and nonprofit organizations” available at [https://www.researchgate.net/publication/333641646\\_Organizational\\_strategic\\_planning\\_implementation\\_and\\_evaluation\\_with\\_analysis\\_of\\_challenges\\_and\\_benefits\\_for\\_profit\\_and\\_nonprofit\\_organizations](https://www.researchgate.net/publication/333641646_Organizational_strategic_planning_implementation_and_evaluation_with_analysis_of_challenges_and_benefits_for_profit_and_nonprofit_organizations) accessed 7/31/2021
- Likert, R. (1932), “A technique for the measurement of attitudes”, NY: Archives of Psychology
- Kothari, C.R. (2004), “Research Methodology: Methods and Techniques”, New Delhi: Kings Mill
- Lind, D., Marchal, W., & Wathen, S. (2012), “Statistical Technique in Business and Economics”, (15th ed), New York: McGraw-Hill
- Loren and Matthew (2008), “What Senior Leaders Do: The Nine Roles of Strategic Leadership” available at <https://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.368.106&rep=rep1&type=pdf> accessed 7/28/2021
- Mantere, S. (2008), “Role Expectations and Middle Manager Strategic Agency” available at [https://www.researchgate.net/publication/4993099\\_Role\\_Expectations\\_and\\_Middle\\_Manager\\_Strategic\\_Agency](https://www.researchgate.net/publication/4993099_Role_Expectations_and_Middle_Manager_Strategic_Agency) accessed 8/19/2021
- Mekedas Alemayehu (2019), “The Challenges Of Implementing Strategic Management In Commercial Bank Of Ethiopia” available at <http://etd.aau.edu.et/bitstream/handle/123456789/19653/Mekedas%20Alemayehu.pdf?sequence=1&isAllowed=y> accessed 7/31/2021
- Mosia, M. S., & Veldsman, T. H. (2004), “The Importance of Different Leadership Roles in the Strategic Management Process” SA Journal of Human Resource Management, 2(1),

available at [https://www.researchgate.net/publication/47727779\\_The\\_Importance\\_Of\\_Different\\_Leadership\\_Roles\\_In\\_The\\_Strategic\\_Management\\_Process](https://www.researchgate.net/publication/47727779_The_Importance_Of_Different_Leadership_Roles_In_The_Strategic_Management_Process) accessed 7/18/2021

- Mugenda, O., and Mugenda, A. (2003), “Research Methods: Quantitative and qualitative approaches”, Nairobi: African Centre for Technology Studies
- Neuman, W. L. (2000), “Social Research Methods: Quantitative and Qualitative Approaches”, Boston: Allyn & Bacon.
- Njeri, B. And Rugami, M. (2017), “Influence of Strategic Leadership on Strategy Implementation in the Kenyan Motor Vehicle Industry” available at <https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&cad=rja&uact=8&ved=2ahUKEwj85-rLsrbyAhXBy4UKHdKFBIgQFnoECAMQAAQ&url=https%3A%2F%2Fwww.iprjb.org%2Fjournals%2Findex.php%2FEJBSM%2Farticle%2Fdownload%2F552%2F684%2F2291&usg=AOvVaw0OjgZ4AfNdd7ovvBY9218q> accessed 8/16/2021
- Northouse, P. (2019), “Leadership: Theory and Practice.”, available at [https://studydaddy.com/attachment/146554/Peter\\_G.\\_Northouse\\_Leadership\\_Theory\\_and\\_Practiz-lib.org.pdf](https://studydaddy.com/attachment/146554/Peter_G._Northouse_Leadership_Theory_and_Practiz-lib.org.pdf) accessed 6/1/21
- Nyong’a, T. And Maina, R., (2019), “Influence of Strategic Leadership on Strategy Implementation at Kenya Revenue Authority, Southern Region in Kenya” available at [https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&cad=rja&uact=8&ved=2ahUKEwiL9Mqrz7fyAhWIA2MBHZZhAYQQFnoECAMQAAQ&url=https%3A%2F%2Fiajournals.org%2Farticles%2Fiajhrba\\_v3\\_i5\\_128\\_159.pdf&usg=AOvVaw3waa-1YRc8bQEHH6al3x4i](https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&cad=rja&uact=8&ved=2ahUKEwiL9Mqrz7fyAhWIA2MBHZZhAYQQFnoECAMQAAQ&url=https%3A%2F%2Fiajournals.org%2Farticles%2Fiajhrba_v3_i5_128_159.pdf&usg=AOvVaw3waa-1YRc8bQEHH6al3x4i) accessed 8/17/21
- Sami, qamar & Khalid (2011), “Exploring the Leadership Terrain: Reflections from Literature” available at [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2012960](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2012960) accessed 6/23/2021
- Samimi M., Cortes A.F., Anderson M.H., and Hermann P. (2020), “What is Strategic Leadership? Developing a Framework for Future Research” available at [https://www.researchgate.net/publication/338661614\\_What\\_is\\_strategic\\_leadership\\_Developing\\_a\\_framework\\_for\\_future\\_research](https://www.researchgate.net/publication/338661614_What_is_strategic_leadership_Developing_a_framework_for_future_research) accessed 6/23/2021

- Saunders, M., Lewis, P. and Thornhill, A. (2012), “Research methods for business students”, 6<sup>th</sup>ed. London: Prentice Hall
- Sekaran, U. (2003), “Research Methods for Business: A Skill-Building Approach”, 4th Edition, John Wiley & Sons, New York
- Sila, H. and Gichinga, L. (2016) “Role of Strategic Leadership on Strategy Implementation in Public Universities in Kenya- A Case Study of JKUAT Main Campus” available at [https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&cad=rja&uact=8&ved=2ahUKEwi\\_uOCtk7byAhXjDWMBHUSpA9oQFnoECAQQAQ&url=http%3A%2F%2F52.172.159.94%2Findex.php%2Fjird%2Farticle%2Fdownload%2F94310%2F69638&usg=AOvVaw0y2UlnJyZ83yYGckPnV-d](https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&cad=rja&uact=8&ved=2ahUKEwi_uOCtk7byAhXjDWMBHUSpA9oQFnoECAQQAQ&url=http%3A%2F%2F52.172.159.94%2Findex.php%2Fjird%2Farticle%2Fdownload%2F94310%2F69638&usg=AOvVaw0y2UlnJyZ83yYGckPnV-d) accessed 8/16/2021
- Slađana, V., Mirjana, R.M., Dragan, I., and Zorana, N. (2014) “A Leader’s Influence on the Definition and Implementation of Strategy in Organizations” available at [https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&cad=rja&uact=8&ved=2ahUKEwiGiKbJ67PyAhUK-aQKHWp5BHUQFnoECA0QAQ&url=http%3A%2F%2Fbooks.iien.bg.ac.rs%2F360%2F1%2F2014\\_3-47.pdf&usg=AOvVaw1JgtOU-Ayg7u3Ri3rEErYu](https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&cad=rja&uact=8&ved=2ahUKEwiGiKbJ67PyAhUK-aQKHWp5BHUQFnoECA0QAQ&url=http%3A%2F%2Fbooks.iien.bg.ac.rs%2F360%2F1%2F2014_3-47.pdf&usg=AOvVaw1JgtOU-Ayg7u3Ri3rEErYu) accessed 8/15/2021
- Sullivan (2016), “Leadership in Social Work: Where Are We?” available at [https://www.researchgate.net/publication/305157440\\_Leadership\\_in\\_Social\\_Work\\_Where\\_Are\\_We](https://www.researchgate.net/publication/305157440_Leadership_in_Social_Work_Where_Are_We) accessed 7/31/2021
- Wilson, J. (2010), “Essentials of Business Research: A Guide to Doing Your Research Project” SAGE Publications
- Yamane, T. (1967), “A Simplified Formula to Calculate Sample Size”, available at [https://www.researchgate.net/figure/A-simplified-formula-to-calculate-sample-size-Yamane-1967\\_fig4\\_281629128](https://www.researchgate.net/figure/A-simplified-formula-to-calculate-sample-size-Yamane-1967_fig4_281629128) accessed 8/20/2021



1: Less than 25 [ ]    2: 26-35 [ ]    3: 36-45 [ ]    4: 46-55 [ ]    5: Above 55 [ ]

3. Current level of education:    1: BA/BSC degree [ ]    2: Masters [ ]    3: PhD [ ]

4. The relevant work experience in years:

1: less than 3 years [ ]    2: 3-7 years [ ]    3: Above 7 years [ ]

5. Category of Job position:

1: Non-manager [ ]    2: Supervisory level [ ]    3: Managerial level [ ]

## II. Questionnaire on Role of Leadership in strategy formulation and implementation in Abay Bank S.C.

Please read the following sentences and indicate the degree to which you agree or disagree by putting a tick mark (✓) against the appropriate number on the following scale:

**1: Strongly Disagree (SD)    2: Disagree (D)    3: Neutral (N)    4: Agree (A)**

**5: Strongly Agree (SA)**

S.No.	Questions Related to Leadership Commitment	1 (SD)	2 (D)	3 (N)	4 (A)	5 (SA)
1	The leadership of the bank wholeheartedly assumes the responsibility for the formulation and execution of the strategy.					
2	The leadership makes available all the resources required for the formulation and implementation of the strategy.					
3	The leadership provides major allocations of resources and commitments in relation to innovation, acquisitions, strategic change, or diversification that can have long term consequences for the bank.					
4	Creative working environment is established to support the formulation and implementation of the strategy.					
5	The leadership anticipates and diffuse roadblocks encountered on the way towards the planned goals.					
6	The leadership refuses to trade long-term interests for short-term gain and have the courage to make difficult decisions.					
7	The leadership objectively upholds the interest of the bank by					

	putting aside emotions and personal relationships and takes responsibility for unpopular decisions.					
	<b>Questions Related to Informed Decisions Making</b>	<b>1 (SD)</b>	<b>2 (D)</b>	<b>3 (N)</b>	<b>4 (A)</b>	<b>5 (SA)</b>
8	The leadership practice business intelligence to extract vital facts from unstructured data and transform them into actionable information.					
9	The leadership practices business intelligence to make strategic decisions, improve operational efficiency and business productivity.					
10	The leadership uses traditional approaches to decision-making emphasizing on an ad hoc reporting and financial statement line items.					
11	The leadership implements driver analytics and practices the analytics to mathematically tie business strategies with the market, competitor, operational and financial forces.					
12	The leadership integrates information from a variety of sources and detects trends, associations, and cause-effect relationships; displays a keen sense of priority, relevance, and significance.					
13	The leadership gathers, processes, and distributes information in the course of its decision making to positively influence the strategic management process.					
14	The leadership analyzes information, identifies possible measures to affect events; and, knows which factors make the difference in the overall equation of the problem at hand.					
	<b>Questions Related to Communication</b>	<b>1 (SD)</b>	<b>2 (D)</b>	<b>3 (N)</b>	<b>4 (A)</b>	<b>5 (SA)</b>
15	The leadership provides an effective communication plan and feedback mechanisms with the participation of employees.					
16	The leadership clearly communicates the formulated strategies and conveys a simple, vivid picture of the organization's vision and goals to the employees.					

17	The leadership communicates a clear purpose that is convincing and makes employees sense vital.					
18	The behaviors displayed by the leadership unify, motivate, and encourage employees.					
19	The leadership provides appropriate organizational information to the right people, at the right time, and in the right form.					
20	The leadership instills a strong sense of belongingness, generates energy and enthusiasm and keeps the message alive and ongoing.					
21	The leadership uses communication tactics in a way that positively influences strategy formulation and execution.					
	<b>Questions Related to Monitoring and Evaluation</b>	<b>1 (SD)</b>	<b>2 (D)</b>	<b>3 (N)</b>	<b>4 (A)</b>	<b>5 (SA)</b>
22	The leadership put in place a regular formal strategy review processes to ensure the plan is going as designed and identify critical shortcomings.					
23	The leadership evaluates the underlying basis of the strategy, compares expected results with actual results and takes corrective actions to guarantee performance.					
24	The leadership evaluates effectiveness of rewards and punishment systems.					
25	The leadership put procedures in place to monitor employees, to shape reporting relationships, procedures, and control systems.					
26	The leadership is adopting the strategy management process to changing circumstances based on evaluation results.					
27	The evaluation outcomes are providing the basis for continues improvement of the strategic management process and facilitating strategy revision as situation demands.					
	<b>Questions Related Strategy Formulation and Implementation</b>	<b>1 (SD)</b>	<b>2 (D)</b>	<b>3 (N)</b>	<b>4 (A)</b>	<b>5 (SA)</b>
28	The strategy put in place builds on the bank's strengths and corrects its weaknesses in a way that take advantage of external opportunities and counter external threats.					

29	The strategic management process is directed towards overall organizational goals and objectives of the bank.					
30	The strategy management process involves all stakeholders that have a stake in the success of the bank such as shareholders, employees, customers, and suppliers.					
31	The strategy management process is adequately related with the vision of the Bank.					
32	The bank develops organizational competencies.					
33	The bank enforces appropriate execution of formulated strategy.					
34	The bank practices continuous improvement of strategic management process.					

**Source: the Researcher's own based on the literature review**

THANK YOU FOR YOUR TIME!