



ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES

**ASSESSMENT OF STRATEGY IMPLEMENTATION AND
ORGANIZATIONAL PERFORMANCE: THE CASE OF BANK OF
ABYSSINIA**

By
HAIMANOT SOLOMON

JUNE, 2017
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**A THESIS SUBMITTED TO ST. MARY'S UNIVERSITY, SCHOOL OF
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ACRONYMS

AIB: Awash International Bank

BOA: Bank of Abyssinia

BPR: Business Process Re-engineering

BSC: Balanced Scorecard

CEO: Chief Executive Officer

CRM: Customer Relationship Management

DB: Dashen Bank

KPIs: Key Performance Indicators

OCB: Oromia Cooperative Bank

OIB: Oromia International Bank

NIB: Nib Bank

UB: United Bank

WB: Wegagen Bank

ABSTRACT

The purpose of this study was to assess the effect of strategy implementation on the organization performance of Bank of Abyssinia (BOA). Secondary and Primary data was utilized in this study. Secondary data was obtained from reviewing text books, publications, financial records and internal records of BOA. Primary data was gathered with the aid of questionnaires and interview. One hundred ninty eight (197) questionnaires were sent to employees of the bank and one hundred seventy four (174) responses were obtained representing a response rate of 87.5%. The results of the administered questionnaires showed a fairly high level of agreement for the features of the various factors that relates strategy implementSation and performance of the bank. However, this study showed that structures put in place for bottom-up information flow were not known to all employees. This study also showed that the leadership approach the bank use is vague that majority of employees were uncertain for the leadership approach effectiveness at BOA. The researcher recommends that all factors of the various dimensions should be put into the right perspective so as to help the general workforce of the bank to understand the main objectives and strategic implementation in place to achieve the objectives of BOA. And lastly the bank should develop effective communication benchmark, since change bring resistance on employee communicating the change in strategy, roles and responsibility and its importance help to achieve the objective and also contribute to stay competitive in the industry.

Key words: *BOA, strategy implementation, organizational performance*

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The most critical challenge facing most organizations today is coping up with today's game of business, dynamism. For a past few decades, organizations have been facing fierce competition in their external environment in which they operate (Alkhafaji, 2003 & Ayub, Razzaq, Aslam & Iftexhar, 2013). In order to operate in a competitive environment organization needs strategic management. Strategy is a fundamental management tool in any organization and it is a multi dimensional concept that various authors have defined in different ways. According to (Thompson, 2012) It is the match between an organization's resources and skills and the environmental opportunities as well as the risks it faces and the purposes it wishes to accomplish. It is meant to provide guidance and direction for the activities of the organization. Since strategic decisions influence the way organizations respond to their environment, it is very important for a firm to make strategic decisions and define strategy in terms of its function to the environment. The purpose of strategy is to provide directional cues to the organization that permit it to achieve its objectives while responding to the opportunities and threats in the environment (Robinson and Pearce, 2011).

The word strategy comes from the Greek strategos, a general, which in turn comes from roots meaning army and lead. The Greek verb strategos means to plan the destruction of one's enemies through effective use of resources. The need for a concept of strategy related to business became greater after World War II, as business moved from a relatively stable environment in to a more rapidly changing and competitive environment. Ansoff, (1969) has attributed this change in environment to two significant factors

1. The marked acceleration in the rate of change within firms and
2. The marked accelerated application of science and technology to the process of management. The accelerated change put a premium on the ability to anticipate change, to take advantage of new opportunities, and to take timely action in avoiding treats to the firm. New technologies spurred interest in and acceptance of analytic and explicit approaches to decision making that increase management ability to deal with increasingly uncertain future.

Although formulating a consistent strategy is a difficult task for any management team, making that strategy work by implementing it throughout the organization is even more difficult (Hrebiniak, 2006). Strategy implementation or strategy execution has to do with making strategy happen or making sure that created and planned strategies work in practice (Johnson, et.al., 2008). Implementation involves transforming the chosen strategies into action and includes the methods and techniques used to execute strategy.

Similarly (Thompson & Strickland, 1993) stated strategy implementation entails converting the strategic plan into action and then into results. It is considered successful if the company achieves its strategic objectives and targeted level of financial performance. Organizational performance comprises the actual output or results of an organization as measured against its intended outputs (or goals and objectives).

1.2 Overview of Bank of Abyssinia

Bank of Abyssinia, one of the private banks in our country was established on February 15, 1996 according to the Ethiopian commercial code of 1960 and the licensing and supervision of banking business proclamation no. 84/1994. The bank started its operation with an authorized and paid-up capital of Birr 50 million, and Birr 17.8 million respectively with only 131 shareholders and 32 staff. In about 20 years, since its establishment, the bank has registered a significant growth in paid-up capital and total assets. It also attracted many professional staff, valuable shareholders and larger number of customers.

Bank of Abyssinia has 4 billion authorized capital and 1.2 billion paid-up capital with a total deposit balance of Birr 8.23 billion, a total loan and advance of Birr 5.1 billion respectively. At present the bank has 4,235 staff, 600,000 account holders, and works with known money transfer agents and 1,732 shareholders, who are successful businessmen, intellectuals, celebrities, etc.

Complying with a strong demand for better service and products from all direction on the one hand, and ground breaking development in ICT on the other, the bank had replaced its in-house developed IT system with the state of art technology called T-24. Besides, card banking, mobile banking, Internet banking services ATM and POS (point of sell) services are on operation. (Bank of Abyssinia annual report)

Over the last years the bank implement three strategy but left behind from peer competitor in its deposit, market share, and overall performance, even if the bank start its operation by offering best innovative product such as gift saving account, safe deposit boxes and saving account linked with current account /SALCA/ to enable customers to transfer funds from one’s saving account to one’s current account to write cheque when there is no sufficient balance in current account. Even if the bank is pioneer to provide such kind of service the last fifteen years performance is week when comparing with its peer competitor.

1.3 Statement of the Problem

As it has been mentioned earlier BOA’s performance for the last five years was slower in comparison with peer group private banks. Change is a must since the whole PESTL environment is changing, the game of the business is also changing, customer behavior is changing forever, banking, as well changing,

Table 1.1: BOA performance review report

Average growth (FY09 –FY14)	OIB	OCB	AIB	UB	NIB	WB	DB	BOA16
Loans and advance	95%	47%	24%	19%	21%	19%	17%	16%
Customer deposit	85%	45%	23%	20%	17%	17%	16%	15%

Source: BOA’S performance analysis report

Based on absolute value figures as shown on the table BOA has the lowest average growth in customer deposits, loans and advance out of seven private peer group banks. Competition from peer group highly affects BOA if the current trend continues and might move lower or the ranking based on deposits and loans and advance. Therefore in order to get competitive position in the banking industry, BOA considers that a change in strategy is mandatory. With this intention, BOA has formulated the 4th five-year strategic plan running for the period FY 2015/16 – FY 2019/20 which now is under implementation.

Hambrick and Cannella, (1989) stated that “Without successful implementation, a strategy is a fantasy”. In many companies the main focus in regard to strategy is put on the formulation of a new strategy. However, a good formulated strategy does not automatically mean that the company

achieves the objectives set in the strategy. To ensure achievement of organizational objectives, the formulated strategy needs to be implemented at all levels of the organization. Implementing a strategy means putting the strategy to action (Hill and Jones, 2009). Local studies have been done such as Amelework (2015), Dinberu (2015) and Timotiyos (2015) put their effort to show strategic management practice in insurance and banking industries. However, as per the researcher knowledge no study has been done to assess the relationship between strategy implementation and organizational performance in our country, however research has been done in Kenya commercial banks by Linet & Henry (2014) to show the relationship between strategy implementation and performance but the industry scenario in Kenya is completely different from the trends of banking industry in Ethiopia.

Given the important role strategy implementation plays in the organization competitiveness, the aim of this paper is assess significant problem that hinder successful strategy implementation and performance gaps at Bank of Abyssinia by using the following research questions.

1.4 Basic Research Question

1. Does the bank overall objectives goes in line with the banks mission?
2. What are the key factors you believe that affect strategy implementation in bank of Abyssinia?
3. How are the management and employee structured to ensue service excellence?
4. What HR policy and procedure are in place to facilitate the strategic mission of the bank?
5. What kind of relationship exists between strategy implementation and organizational performance?

1.5 Objective of the Study

1.5.1 General Objective

The objective of this study is to assess the strategy implementation and organizational performance of Bank of Abyssinia.

1.5.2 Specific Objective

- To assess if the bank overall objectives goes in line with the bank mission
- To assess factors that affect strategy implementation in bank of Abyssinia

- To assess the management and employee structured to ensure service excellence
- To asses HR policy and procedures in place that facilitate the strategic mission of the bank
- To determine the relationship between strategy implementation and organizational performance in Bank of Abyssinia

1.6 Significance of the Study

The research has both theoretical and empirical contributions to academics and management practices respectively.

- The findings of this research add to the knowledge of the subject of strategy implementation and organizational performance by deepening readers' understanding of the subject of strategy implementation from the perspective of banking industries. Besides contributing to the existing pool of knowledge, it will also contribute to the academy by jumpstarting future researches.
- The findings of this research will also help bank of Abyssinia in understanding how strategy implementation affect the business in terms of organizational performance to cope up with changes or to improving its strategy implementation practices.

1.7 Definitions of Key Terms

- **Strategy:** is a compressive master plan that states how the corporation will achieve its mission and objectives. It maximizes competitive advantage and minimizes competitive disadvantage as defined by Thomas and David (2012)
- **Strategy Implementation:** Preparing a strategic plan that sets out annual objectives, establishes an effective organizational structure, fixes a budget, develops a viable information system and generally devices a work plan for job execution according to Thompson, 2004)
- **Organizational Performance:** refers to the metrics relating to how a particular request is handled, or the act of performing: of doing somethingsuccessfully: using knowledge as distinguished from merely possessing it. It is the outcome of all of the organizations operations and strategies.

1.8 Scope of the Study

- The scope of the study only focuses on Bank of Abyssinia, the finding cannot be generalized to other organization. Subject wise, among the strategy management process the research is concerned only in explaining strategy implementation and its relationship with organizational performance.
- In relation to the geographical context, the study focuses on all Addis Ababa branches and head office.
- The sources of information for the research are organizational members involved directly in the strategy management process, managerial staff and also non managerial employees. The research relies on both primary and secondary sources of data.

1.9 Organization of the Study

The entire research reports have five chapters. The following are detail about the chapter and its content.

- Chapter One: Introduction

It incorporate an introduction part consist of background of the company, background of the study, statement of problem, research question, research objective, significance of the study and scope of the study.

- Chapter Two: Review of Related literature

The research contains selected relevant and related literature on the study.

- Chapter Three: Methods of the Study

The research explain the methodology used in conducting the study which incorporates type of data source and method of data analysis used in the research

- Chapter Four: Result and Discussion

This chapter contains the major result/finding of the research and interprets and discusses the finding/result.

- Chapter Five: Summary, Conclusions and Recommendations

This chapter is the final part of the research it consist of conclusion and recommendation based on the finding of the research.

CHAPTER TWO

LITERATURE REVIEW

The chapter gives a review of documented scholarly work relevant to strategy implementation and organizational performance. Saunders, Philip and Thornhill, (2009) state that a critical review of literature is necessary to help you to develop a thorough understanding of, and insight into, previous research that relates to your research question(s) and objectives.

2.1 Theoretical Review

Theoretical review on the subject of strategy implementation and organizational performance explored, under this section.

2.1.1 Strategy

A strategy is an integrated and coordinated set of commitments and actions designed to exploit core competencies and gain a competitive advantage. Thomas & David (2012) also stated that a strategy of a corporation forms a comprehensive master plan that states how the corporation will achieve its mission and objectives. It maximizes competitive advantage and minimizes competitive disadvantage.

Strategy is not simply about “competing for today”; it is also concerned with “competing for tomorrow.” This dynamic concept of strategy involves establishing objectives for the future and determining how they will be achieved. Future objectives relate to the overall purpose of the firm (*mission*), what it seeks to become (*vision*) and specific performance targets according to (Robert,)

2.1.2 Crafting strategy

The process of creating a business strategy forces an organization to thoroughly analyze and structure its business. A structured business strategy process should explore the external trends and the industry logic as well as the strengths and weaknesses in the present business. The Business Strategy should reflect the fundamental issues that determine long-term success and describe the desired development of the company (Campbell, 2002) as cited by Dinberu Girma (2016).

2.1.3 Mission, Vision, Goals and Objectives of an organization

Thompson (2004) stated that a company's strategic plan typically lays out its mission, vision and future direction, performance targets (objectives) and strategy,. For it to be effective therefore, (Drucker, 1999) emphasizes that strategic plans must be designed to support corporate mission, vision and objectives. Both Thompson (2004) and Drucker (1999) agreed that mission, vision and objectives are vital for any organization to have coordinated and purposeful business direction.

2.1.4 Mission

According to (Pitts, 2003) a firm's mission describes the organization in terms of the business it is in, the customers it serves and the skills it intends to develop to fulfill its vision. Daft (1991) agrees it is the firm's reason for existence and (Ritson, 2008) affirms its linkage with vision.

2.1.5 Vision

Vision describes the firm's aspirations of what it really wants to be. Pitts (2003) notes that vision statements are designed to capture the imagination of the public and as well galvanize the efforts of employees at all levels such that its emotional appeal challenges them to commit their full energies and minds to believe it is the best.

The conceptual distinction between mission and vision is that a mission statement describes the present scope of an organization's business and purpose (what we do, why we exist and where we are now). The vision on the other hand portrays a company's future business scope; where we are going or want to be (Thompson et al, 2004).

2.1.6 Goals and Objectives

Goals are the broad, long-term accomplishments that an organization wants to attain, achieve or where it wants to be. It provides the overall context for what the vision tries to achieve (Nickels et al 2000). They are powerful tools that break the vision statement into specific tasks and actions to attain desired results across the organization. They function as the yardstick for tracking an organization's performance or progress (Thompson et al, 2004).

They must be measurable and time specific as against having vague objectives like "maximize profit", "reduce costs", become more efficient or "increase sales". These specify neither how much (figures) nor when (time) an objective is to be achieved. They thus do not challenge employees to work hard to meet performance targets. Objectives must be realistic and achievable.

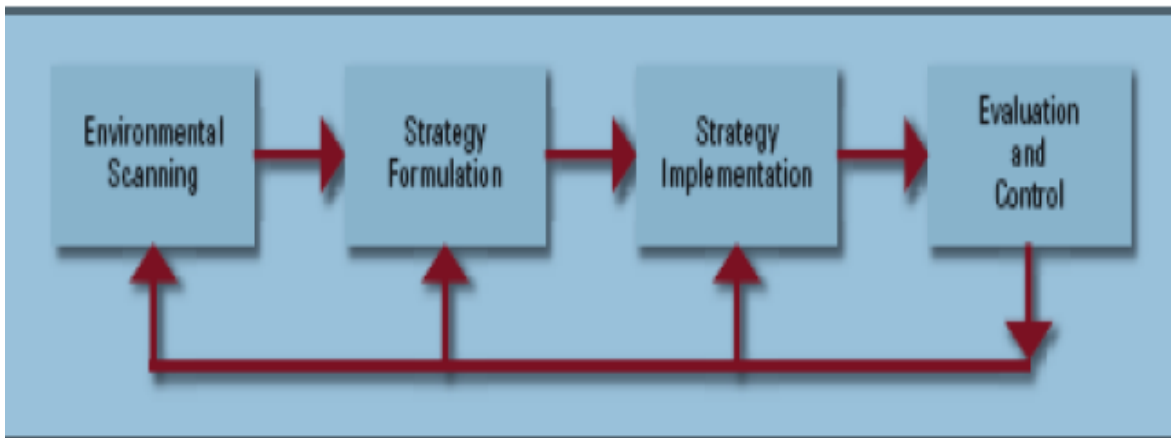
2.1.7 Basic components of Strategy

Strategic management is the domain of top level management and involves four basic components;

- ✓ Environmental scanning,
- ✓ Strategy formulation,
- ✓ Strategy implementation and
- ✓ Monitoring and control (Alkhafaji, 2003)

Ahlstrand and Lampel (1998) and Zafar, et.al, (2013) also noted that strategy passes through four stages environmental scanning, strategy formulation, strategy implementation and evaluation or monitoring. All of these four components are crucial to successful business (Baroto, Arvand & Ahmad, 2014). The figure below shows the basic elements of the strategic management process and their inter relationship.

Figure 1.1. Basic Elements of the strategic management process



Source: Wheelen and Hunger (2008)

- **Environmental Scanning** - is the monitoring, evaluating, and disseminating of information from the external and internal environments to key people within the corporation. Its purpose is to identify strategic factors – those external and internal elements that will determine the future of the corporation. For Alkhafaji (2003) success of a strategy depends on its alignment with the company's environment. This is done using environmental scanning.

- **Strategy Formulation** - Charles and Gareth (2012) defined strategy formulation as analyzing the organization's external and internal environments and then selecting appropriate strategies. Similarly, (Azhar, et.al., 2013) stated that strategy formulation is the process of developing long term plans to deal effectively with environmental opportunities and threats. It starts when a leader tries to change the thinking of people. It incorporates decision as to which business to pursue and how to allocate resources. It comprises the articulation of a mission, vision and a set of long term objectives to be achieved within the stated mission and selection of strategies.

- **Strategy Implementations** - The stage of strategic management that involves the use of managerial and organizational tools to direct resources toward achieving strategic outcomes according to (Daft, 2010). Arguably it is the most demanding and time-consuming part of the strategic management process. It requires preparing a strategic plan that sets out annual objectives, establishes an effective organizational structure, fixes a budget, develops a viable information system and generally devices a work plan for job execution. It also involves motivating employees, creating a supportive culture, allocating resources and linking employee compensation to the organization objective (Thompson, 2004).

- **Evaluation and controlling** - Alkhafaji (2003) defines evaluation and control as the step succeeding implementation and entails monitoring the organization's performance to ensure that the chosen strategy achieves the desired objectives. This final step of the strategic management process includes analysis of the effect of internal and external factors on present strategies, measuring performance, and taking remedial or corrective steps. It is a tool to ensure effective implementation of the process (Zafar, et.al., 2013). Strategic control involves monitoring the extent to which the strategy is achieving the objectives and suggesting corrective action or a reconsideration of the objectives (Johnson, et.al., 2007).

2.1.8 Factors affects Strategy Implementation

Strategy formulation is basically entrepreneurial in nature and requires a great deal of analysis, judgment, and innovation. However, implementation requires administrative and managerial talent and ability to foresee obstacles that might arise in strategy implementation.

According to most authors strategy implementation can be affected by many internal and external factors. Among them, organizational structure, leadership style, uncertainty, organizational culture, human resources, and communication are major factors that affect strategy implementation. Although most authors agree that these factors affect strategy implementation, each factor's impact is at a different level and carries a different force.

- **Organizational Structure**

Charles and Gareth, (2008) briefly explained how organizational structure specifies the firm's formal reporting relationships, procedures, controls, and authority and decision-making processes. Developing an organizational structure that effectively supports the firm's strategy is difficult, especially because of the uncertainty (or unpredictable variation) about cause-effect relationships in the global economy's rapidly changing and dynamic competitive environments. When a structure's elements (e.g., reporting relationships, procedures, etc.) are properly aligned with one another, the structure facilitates effective use of the firm's strategies. Thus, organizational structure is a critical component of effective strategy implementation processes. Kayale (2012) defines structure as all the people, positions, procedures, processes, culture, technology and related elements that comprise the organization and how all these work together. Kayale (2012) asserts that structure must be totally integrated with strategy for the organization to achieve its mission and goals as cited by Amelework 2016.

- **Organizational culture**

Alkhafaji (2003) defines organizational culture as the collection of beliefs, expectations and values shared by organizational members and transmitted from one generation to the next. The corporate culture must support the strategic plan. Effective strategy execution needs translating the vision, communicating and linking, business planning, feedback and learning and leadership.

Organizational culture creates an environment that connects employees to the organization's mission and that makes them feel comfortable. Charles and Gareth, (2008) noted that organizational culture refers to the complex set of ideologies, symbols, and core values that are shared throughout the firm and that influence how the firm conducts business. Similarly (David, 2003) stated that strategies which are implemented within an organization should

support the culture associated with the firm, if there is going to be successful in ensuring enhanced performance in an organization. The proposed strategy should preserve, emphasize, and enhance the culture, in accordance with the culture supporting the proposed strategy. Therefore, strategies to be implemented must be consistent with organizational culture to realize the desired organizational performance results.

- **Human Resource**

Fred, (2011) mentioned that all organizations have at least four types of resources that can be used to achieve desired objectives: financial resources, physical resources, human resources, and technological resources. Allocating resources to particular divisions and departments does not mean that strategies will be successfully implemented. He also noted that A number of factors commonly prohibit effective resource allocation, including an overprotection of resources, too great an emphasis on short-run financial criteria, organizational politics, vague strategy targets, a reluctance to take risks, and a lack of sufficient knowledge.

While implementing strategy the right people with required competencies and skills that are needed to support the plan should be on board. As (Fred, 2011) recommendation the human resource department must develop performance incentives that clearly link performance and pay to strategies. The process of empowering managers and employees through their involvement in strategic-management activities yields the greatest benefits when all organizational members understand clearly how they will benefit personally if the firm does well. Linking company and personal benefits is a major new strategic responsibility of human resource managers.

- **Communication**

It is not easy to execute strategy when the strategy itself is not well understood. Poorly communicating strategy to employees has a strong impact to strategy execution (Beer and Eisenstat, 2010). Beer and Eisenstat avowed that a well-conceived strategy communicated to the organization equals a well-executed strategy. The knowledge of the strategy and understanding it are two different concepts. As such, for a strategy to be successfully executed these two concepts have to be integrated.

According to Raps (2005), one of the reasons why strategy implementation processes frequently leads to very challenging and complex problems or even fail, is the vagueness of

the assignment of responsibilities. Michlitsch (2000) asserts the need for people to know clearly what they are supposed to do if the company wants to succeed. In addition, employees have to be given clear guidance to enable them successfully executing the strategy. Wheelen and Hunger (2005) states that lack of direction in the organization makes people to do their work according to their personal view of what tasks should be done, how, and in what order. This therefore compromises the priorities of the organization.

- **Employee Empowerment**

According to Hellriegel and Slocum, (2013) employee empowerment revolves around giving employees the authority, skills, and self-control to perform their tasks. Further, Pearce and Robinson (2007) defines empowerment as the act of allowing an individual or team the right and flexibility to make decisions and initiate action. Brymer (1991) sees empowerment as a process of decentralizing decision making in an organization, where managers give more autonomy to their lower level and front line employees. In the same regard, Lincoln, Travers, Ackers & Wilkinson (2012) view empowerment as the use of certain techniques to transform those without power into equitable position. In this regard, it is clear that the concept of empowerment is the practice of giving employees the authority to make decisions that enhance the processes without referring to superiors. Employees who are competent aware of the strategy and their role to participate in its execution.

- **Leadership**

Mintzberg (2010), recognizes that management and leadership are two different things which are both required for better strategy execution. He emphasizes that people are tired of managers who are not leaders and vice versa. Contemporary management thinking suggests that managers do things right, while leaders do the right things. He contended that managers combine human and other resources to achieve goals, while leaders solve problems with creatively. A strong sense of purpose is normally the discretion of true leadership as such it plays an important role in harnessing the creative energies of all the people in the business Schultz *et al.* (2013).

An exceptional leadership is a key ingredient to making strategic change effective and lasting (Daft, 2005). According to Daft one of the enormous challenge facing leaders today is the changing business environment which demands a paradigm of leadership to evolve to a new

mindset that relies on human skills, integrity and teamwork. Schultz, *et al.* (2013) further state that the advantage and moral value of a benevolent approach to treating other employees especially the lower echelons as human beings and respecting human dignity in all its forms, research and observations show that well motivated employees are more productive and creative.

Meggison, *et al.* (2006), state that there exists a difference between management and leadership According to them leading is an essential part of managing, but not the whole of it. As such it is the innate ability of one person to influence others to strive to attain goals or objectives.

Management, while requiring the use of leadership, also includes the other functions of planning, organizing, staffing and controlling (Meggison, Byrd and Meggison, 2006). Instead of just sitting back or rather simply reacting to the changes in the business environment, it is essential for strategic leaders to examine past events and take action so as to anticipate what these might mean for the future. Harrison (2013) indicates that senior executive management has a significant impact on the strategies and performance of their organizations. This is also the case for excellent leadership which also has an enormous positive influence. The influence of leadership can take both positive and negative dimensions. It follows therefore that poor leadership can have a powerful negative influence and create dissonance amongst employees (Worley and Doolen, 2006). As such the current study seeks to examine how leadership as an aspect of an organizations operations set-up, influences the strategy execution process.

According to White (2004) the responsibility of formulating and implementing the strategy lies largely on leaders of an organization. Leaders are the ones who decide what must be done, and then actually figure out how it is going to be done. (Meyer, Botha 2010) reiterates the aspect of leaders having a skill set that allows them to analyze the opportunities and the threats that may exist, both currently and going forward, and thereafter having the ability to analyze the resources and abilities that an organization possesses to deal with those opportunities and threats (Harrison and St John, 2004).

- **System**

Banks are undertaking a variety of systems initiatives to streamline and automate components of their performance management process. These include implementing new financial planning and budgeting systems, developing new forecasting and stress testing systems, and further automating standard monthly reporting processes, such as cost allocation. The rationale for such performance management systems and automation investments vary and can include reducing operational cost, reducing cycle times, improving controls and vendor support. (John Karr, 2012).

2.1.9 Organizational Performance

Organizational performance is the measure of standard or prescribed indicators of effectiveness, efficiency, and environmental responsibility such as, cycle time, productivity, waste reduction, and regulatory compliance. Performance also refers to the metrics relating to how a particular request is handled, or the act of performing; of doing something successfully; using knowledge as distinguished from merely possessing it. It is the outcome of all of the organization's operations and strategies (Aaltonen and Ikavalko, 2002).

2.1.10 Organizational Performance Measurement

Probably the best known of the multi-dimensional performance measurement frameworks is the "balanced scorecard" Kaplan and Norton (1996) identified four components of the balanced scorecard, each of equal importance, and each having associated goals and measures.

The four components are:

- Financial perspective – it focus on financial performance of an organization. It normally covers the revenue and profit target of commercial companies as well as the budget and cost-saving targets of not profit organizations. the financial health of an organization is a critical perspectives for manager to track
- Customer perspective – the customer perspective addresses the question of how the customer viewed by its customers and how well the firm is serving its targeted customer in order to meet the financial objectives. Generally, customers view the firms in terms of time, quality, performance and cost. Most customer objectives fall into one of those four categories.

- Internal business perspective – internal business process objective address the question of which processes are most critical for satisfying customers and shareholders. These are the processes in which the firm must concentrate its efforts to excel.
- Innovation and learning perspective –innovation and learning in address the question how the firm must learn, improve, and innovate in order to merits objectives. Much of this perspective is employee-cantered.

It is also a management system that enables organizations to clarify their vision & strategy and translate them into action. As a performance management system it enables an organization to translate its vision and strategy into objectives and measurements (Lawson, et.al., 2008). Generally speaking, BSC is a communication tool, measurement system and strategic management system.

According to Niven (2006) BSC provides the framework for an organization to move from deciding to live its strategy to doing it since it is crucial in translating mission into concrete objectives that align all employees. BSC as a strategic management tool helps to measure, monitor, and communicate strategic plans and goals throughout the organization in a way that is understood by everyone (Lawson, et.al., 2008).

BSC is ideally created through a shared understanding and translation of the organization's strategy into objectives, measures, targets, and initiatives in each of the four Scorecard perspectives. Under customer perspective the focal point is identifying target customers and their expectations. It includes measures with direct impact on customers. In the Internal Process perspective of the Scorecard, key processes the firm must excel at are identified to continue adding value for customers and shareholders. It includes measures reflecting the key business processes. Learning and Growth perspective refers to the foundation upon which BSC is built. Employee skills, employee satisfaction, availability of information, and alignment could all have a place in this perspective. (Kaplan & Norton, 1996).

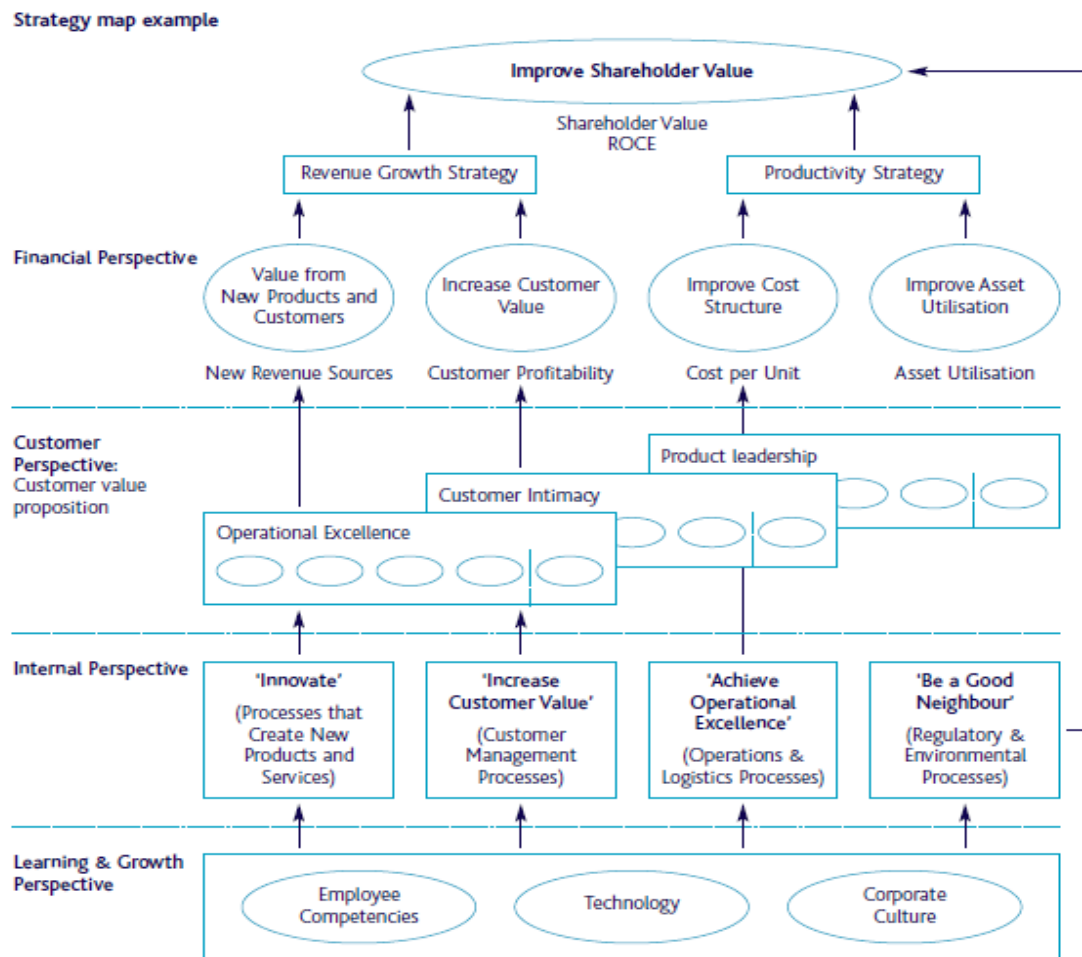
2.1.11 Strategy Implementation and Organizational Performance

According to (Pride and Ferrell, 2003) strategy implementation is an important component of the strategic management process. It has been defined as “the process that turns strategies and plans into actions to accomplish organizational objectives”. It addresses the who, where, when, and how to carry out organizational activities successfully to achieve better results (Kotler *et al.* 2001).

In addition (Fred, 2011) also noted that successful strategy formulation does not guarantee successful strategy implementation. It is always more difficult to do something (strategy implementation) than to say you are going to do it (strategy formulation)! Although inextricably linked, strategy implementation is fundamentally different from strategy formulation. Hambrick and Cannella, (1989) agrees with Fred “Without successful implementation, a strategy is but a fantasy”.

Authors relate this two as strategic management is the process and approach of specifying an organization’s objectives, developing policies and plans to achieve and attain these objectives, and allocating resources so as to implement the policies and plans (David, 2005). And from this strategic management process strategy implementation deal with making strategy happen or making sure that created and planned strategies actually work in practice (Johnson, et.al., 2008), while organizational performance is described as an organization’s ability to acquire and utilize its scarce resources and valuables or expeditiously as possible in the pursuit of its operational goals (Griffin, 2006).

Figure 2.2: Strategic Map



Source Kaplan and Norton (2000)

2.2 Empirical Review

Local studies made on the assessment of strategic management practice and strategy implementation of Nib International Bank by Dinberu (2016). Both primary and secondary data were collected using questionnaires, interview and written materials. Simple random sampling was used to collect primary information and accordingly descriptive statistics was used to analyze the data gathered. Based on this, the finding of the study revealed that NIB's practice of communicating the strategy plan is poor and thorough participation of stakeholders is not realized. In addition, the Bank's weak use of SWOT analysis results, misalignment or linking strategic plan with work unites and individual tasks are observed. When it comes to the performance measures, the strategic plan lacks comprehensive performance measurements. Work unit and individuals' performance measurements are not effective; if performance management is not linked with strategic management. The researcher recommended that the bank should work on its strategic plan communication, alleviate its weakness of utilizing its analysis, shall balance its performance measures and link those measures with work unit and individual performances.

Another thesis entitled the assessment on strategic management practice in the case of Ethiopian Insurance Corporation by Amelework (2015). The purpose of the research was assessing the strategic management practices of EIC, both primary and secondary sources of data were used for the research. The quantitative data analysis was done using descriptive statistics while the qualitative data was analyzed using narrative form. The results indicated that the strategy formulation process in EIC doesn't participate all employees on a bottom up approach. Outlining branches and districts aren't also involved in the process. The process gives less emphasis to the long term insurance aspect of the core process. The researcher recommended that as employee engagement in strategy formulation encourages a sense of ownership of the strategy and further develops organizational capabilities, EIC should make sure that all employees have a say in the process. The top management or the process council and the strategic management team shall make sure that the strategy formulation process involves districts and branches outside Addis.

A thesis entitled 'Effect of strategy implementation on performance of commercial banks in Kenya by Linet & Henry (2014), the purpose of this study was to determine the effect of strategy implementation on performance of commercial banks in Kenya. The specific objectives of the study were to determine the effect of operationalization of strategy on performance of the banks and to determine the effect of institutionalization of strategy on performance of the banks. To achieve these

objectives, the study adopted correlational research design. The target population was the forty three commercial banks in Kenya. Given the small number of commercial banks, a census study was conducted. The data gathered was analyzed using descriptive statistics such as percentages to summarize the data. Pearson's correlation coefficient was used to determine the nature and strength of the relationship between strategy implementation and organizational performance. To determine the effect of strategy implementation on organizational performance, a multiple regression model was developed. The results reveal that there is a moderately strong relationship between strategy implementation and organizational performance. The researcher recommended that for institutions to thrive and compete they must implement strategies effectively.

Most of this thesis usually focus on strategy management practice, which shows that they lack focus on strategy implementation as they try to cover all the four steps of strategic management process. And even if the other research which was done by Dinberu focus on strategy implementation the study did not consider organizational performance. Therefore this research contributes a lot to the literature as it assess the strategy implementation in connection with organizational performance.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 Research Design

The study used descriptive research design to determine if there is a relationship between strategy implementation and organizational performance. Qualitative and quantitative methods were used. Qualitative descriptions is necessary as the parameters uses for qualitatively measurable and require to systematize and standardize the collection of evidence on perception and experience during the interview where as quantitative methods used for the structured questionnaire.

3.2 Sampling and Sampling theqnikes

Target Population refers to the set of all elements belonging to a certain defined group to be studied or to which research results are going to be generalized to. The target population in this case comprises 392 employees of the company who are working in Addis Ababa. This constitutes managerial staff and non managerial staffs who work at least above five years of working experience in BOA. Employees outside Addis Ababa, are not involved since they are not reachable easily and the remaining segment of the population like outsourced (subcontracted Employee,), temporary employees and non-clerical employees are not involved since they didn't perform professional services and aren't considered as part of a team and the corporate scorecard is cascaded up to the level of teams.

Keeping the nature of the study, a concurrent sampling in which quantitative probability and qualitative purposeful sampling are combined in this research. Purposive or judgmental sampling is used to extract qualitative data and stratified sampling is used to draw samples for the quantitative data. A purposive sampling method enables the researcher to use personal judgment in selecting cases that will best enable to answer research question(s) and meet objectives (Saunders, 2009). Denscombe (2007) states that sample, in case of purposive sampling, is hand-picked. It is important when the researcher wishes to select cases that are particularly informative. Therefore one Executive and two employees who are working in strategic management department and result management department and are handpicked since they are able to render valuable information. A purposive non

probability sampling technique is employed to select this sample for interview to gain a comprehensive reflection on the subject matter.

A stratified sampling technique is applied to identify sample from the remaining target population. A stratified sample can be defined as one in which every member of the population has an equal chance of being selected in relation to their proportion within the total population (Denscombe, 2007:14). A stratified sampling is chosen as the target population comprises of two strata, managerial staff and non-managerial staff. If the population from which a sample is to be drawn doesn't constitute a homogeneous group, then stratified sampling technique is applied so as to obtain a representative sample (Kohtari, 20004). In this technique, the population is stratified into a number of non-overlapping subpopulations or strata and sample items are selected from each stratum. Proportional stratified sampling specifically is the one in which the number of sampling units drawn from each stratum is in proportion to the relative population size of that stratum. This sampling technique is advantageous since it assures representation of all groups in sample population needed.

The desired sample size is 197. This is calculated using the following sample size determination formula suggested by <http://www.webcitation.org>.

$$n = N / (1 + N(e)^2)$$

Where

N = Target population

n = sample size

e = level of precision=0.05

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

$$n = 392 / (1+392(0.05)^2) = \mathbf{197}$$

The total number of managerial staff working in Addis Ababa is 132 and non managerial employees are 260. The above sample size, 197, is proportionately distributed into these two strata to guarantee appropriate and equal representation. Strata one consists of the managerial staff and strata two consists of the non-managerial employees.

The applicable formula to identify the respective sample size for each strata is

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

Where, N_s = sample size for each strata

N = Total Number of population

D_1 = population size of the strata

n = sample size

The total number of sample from managerial staff, Strata one is **67**

$$N_s = (132/392) * 197$$

The total number of sample from non-managerial staff, Strata two is **130**

$$N_s = (260/392) * 197$$

3.3 Sources and Tools/Instruments of Data

The study based on the collection of both primary and secondary data. Primary data gathered through multiple data collecting techniques which are questionnaires and interview. The questionnaires designed in close ended way, while the interview used semi structured methods. It was designed for the concerned management staff whose task is directly related with strategy implementation and organization performance.

Secondary data used to gather review from different published documents, performance reports, and other related documents from the organization.

3.4 Procedures of Data collection

For the quantitative data the student researcher distributed questionnaire based on the convenience of respondents who had accepted the invitation of the participation in the study. For the qualitative data interviews with three key representatives were used as the major data collection technique, supported by an extensive use of secondary sources and observations.

3.5 Methods of Data analysis

The data analysis methods for this research were both qualitative and quantitative. To analyze the data obtained through questionnaire, descriptive analysis were employed. Regarding the data collected using qualitative approach both content and narrative analysis was used. All the analysis performed by SPSS 20 windows version (Statistical package for social Science).

3.6 Reliability Test

Reliability refers to the consistency and dependability of a measuring instrument. One of the internal consistency methods of assessing reliability, cronbach alpha coefficient, was applied to check if it is proper to rely on the outcome of the questionnaires. This coefficient measures the extent to which an instrument yields consistent results. It measures how well items in a set are related to one another. Coefficients of 0.7 or above are nearly always acceptable. In this case the result of the reliability for the questionnaires is 0.854. Therefore we can say that there is a greater internal consistency between the items and it consistently measures the intended factors.

Table 4.3. Reliability Test Statistics

Questionnaires List of items	Cronbach's Alpha
Mission, Vision Objective and Goal	0.748
Organizational Structure	0.683
Organizational Culture	0.733
Human Resource	0.805
Leadership	0.552
Communication	0.743
Organizational Performance	0.854

4.4. Validity

Validity is the most critical criterion that indicates the degree to which an instrument measures what it is supposed to measure (Kothari, 2004). Among the various forms of measuring validity, the content validity one is established in this case. Content validity is the extent to which a measuring instrument provides adequate coverage of the topic under study (Kohtari, 2004). As per the same author, content validity is good if an instrument contains a representative sample. To ensure content validity, sample represented were those of the organizational employees who know better about the issue to be represented.

CHAPTER FOUR

DATA ANALYSES AND DISCUSSION OF RESULTS

In this chapter, the demographic nature of the respondents and reliability and validity of the measuring instrument is dealt with. The data collected from the different sources are also presented, analyzed and interpreted by using frequency and percentage.

4.1. Demographic Information of the Respondents

The first part of the questionnaires distributed to both managerial staff and non managerial staff consist of demographic information of the respondents. Limited information pertaining to position held, total number of years of experience and number of years served in the current position was posed to respondents and is summarized in the following table.

Table 4.1. Demographic characteristics of the respondents

Details		Frequency	percent
Position of respondent	Managerial staff	58	33.3
	Non-managerial staff	116	66.7
Work experience of respondent in BOA	5-10 Years	125	71.8
	More than 10 Years	49	28.2

Source: Questionnaire May 2017

As it can be seen from the above table, the respondents addressed are from two strata. This segregation of the respondents is important to obtain valid results from employees of the organization at different positions. The other issue depicted in the above table is the overall years of experience in BOA. Based on the findings, the number of employees who served BOA for less than ten years are 125 or 71.8% of the total while the total number of employees who served in the corporation for more than ten years is 49 or 28.2% of the total.

From the data presented above, it is plausible to conclude the workforce compositions of the respondents are qualified to explain about the strategy implementation practice in BOA.

4.2. Questionnaire Collection Status

Table 4.2. Questionnaire collection status

Questionnaires	Number			Percentage		
	Managerial	Non-Managerial	Total	Managerial	Non-Managerial	Total
Returned	58	116	174	86.5	89	88
Not Returned	8	10	18	12	.8	.9
Returned but not filled in right manner	1	4	5	1.5	.3	.3
Total	67	130	197	100	100	100

Source: Questionnaire May 2017

As depicted in Table 4.2, 87% of the questionnaires distributed to the managerial staff and 89% of the questionnaires distributed to the non managerial are collected. This implies that the sample addressed is representative of the targeted population.

Measurement for the Study

A five point Likert scale was used for measurements, which assigns a weighted value to the extent of agreement or disagreement for a factor as shown below

1- Strongly Disagree, 2 – Disagree, 3 –Neutral, 4 - Agree, 5 – Strongly Agree

4.5. Results or findings of the Study

The basic findings of the study based on the data from the questionnaires, interview and document review are presented for the major factors considered related to strategy implementation and organizational performance.

4.5.1 Mission, vision and values

The findings from the document review, interview and questionnaires concerning mission, vision and values are presented under this section.

Table 4.4: Descriptive Statistics on Mission vision and values of the Bank

Details						
	BOA has a clearly articulated and agreed up on purpose /mission/		There is a clear agreed upon vision of what the bank is trying to accomplish to make the vision happen		There are shared values and beliefs that guide the bank and its staff	
	Frequency	percent	Frequency	percent	Frequency	percent
Strongly Disagree	10	5.7	4	2.3	1	.6
Disagree	2	1.1	7	4.0	6	3.4
Neutral	24	13.8	19	10.9	21	12.1
Agree	86	49.4	68	39.1	72	41.4
Strongly Agree	52	29.9	76	43.7	74	42.5
Total	174	100	174	100	174	100
Mean	3.97		4.19		4.22	

Source: Questionnaire May 2017

The researcher aimed to investigate mission, vision and values of BOA the mission of the bank had a higher mean for all factors assessed; the study reveals a definite agreement on all details of the bank's mission. As it has been shown in table 4.2 three factors had been assessed and as per 79% of respondents BOA has a clearly articulated purpose/mission. Majority 82% of the respondents believe that there is a clear agreed upon vision of what the bank is trying to accomplish to make the vision happen. Around 84 % of respondents believe that there are shared values and beliefs that guide the bank and its staff. This indicate that there is a high acceptance of the mission by the staff and management which shows the mission of BOA is part of the strategic implementation to help achieve the needed performance and operations of the company. Moreover, these outcomes indicate that, BOA has a clear articulated mission which thrives on consensus primary business including shared values and beliefs of the bank which is mandated for all employees to fulfill.

Responses from the interviewees indicated that BOA play by the mission, vision and values of the organization. It's also mentioned that the bank created a session on awareness creation on the change of the grand strategy. This helps the mission, vision and values to be clear among employees throughout the organization.

The executive mentioned that the mission of the bank is “To provide customer-focused financial services through competent, motivated employees and modern technology in order to maximize value to all stakeholders” while its vision is “to be a bank of choice for customers, employees and share holders. And the general and long term value the bank wants to achieve, it comprises the primary business and services it wants to offer to its esteemed customers and to the general public and the role it wants to play in the industry. According to the interviewees’ the mission vision and values of the bank is clear and precise and that has been effectively communicated.

4.5.2 Organizational Structure

Organizational structure is a system that consists of explicit and implicit institutional rules and policies designed to outline how various work roles and responsibilities are delegate, controlled and coordinated. It also determines how information flows from level to level within the company. The description of structure implicitly offers an account of what a system is made of: a configuration of items, a collection of inter-related components or services. A structure is a hierarchy (a cascade of one-to-many relationships), a network featuring many-to-many links, or a pattern featuring connections between components that are neighbors in space.

Four questions were posed to respondent to examine the extent to which the organization stricture of BOA implanted in the day to day activity of the organization. The findings are summarized in Table 4.5 below.

Table 4.5: Descriptive Statistics on Structure of the Bank

Details								
	There is a well defined organizational structure		There is a decision making process and structure that supports decision being implemented		Lines of communication encourage and support the flow of information and feedback between staff		There are clear lines of authority and responsibility	
	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent
Strongly Disagree	16	9.2	16	9.2	9	5.2	15	8.6
Disagree	21	12.1	14	8.0	15	8.6	20	11.5
Neutral	23	13.2	43	24.7	75	43.1	14	8.0
Agree	59	33.9	74	42.5	39	22.4	72	41.4
Strongly Agree	55	31.6	27	15.5	36	20.7	53	30.5
Total	174	100	174	100	174	100	174	100
Mean	3.67		3.47		3.66		3.97	

Source: Questionnaire May 2017

With reference to table 4.4, all had a mean above 3.5 showing agreement for the factors. Majority 65% of respondent were highly agreed upon on the raised idea that there is a well-defined organizational structure, and there are clear lines of authority and responsibility. According to the above table 58% of respondent believe the decision making process and structure supports decision being implemented. On the other hand, “lines of communication encourage and support the flow of information and feedback between managerial and non-managerial staff” had about 43% of the respondents being uncertain on it. This indicated that structures put in place for bottom-up information flow were not known to all employees. However, the general assessment of BOA’s structure was well organized that helps the strategy being implemented.

Response from the interview dictated that changes in strategy often require changes in the way an organization is structured, because structure largely dictates how objectives and policies will be established. Therefore the new strategy BOA brings has a clear chain of authority. According to the

response the very essence of formulating a world class strategy is to bring ownership and belongingness among all staffs and with this everyone in the bank has a decision role or saying.

4.5.3 Organizational Culture

Three questions were raised to the respondent to examine the organizational culture in line with BOA’s strategy. The findings are summarized as follows.

Table 4.6: Descriptive Statistics on Culture of the Bank

Details						
	The bank new strategy support the culture associated with the firm		Changes in responsibilities of employees were clearly defined		employees are ready to accept and implement changes	
	Frequency	Percent	Frequency	Percent	Frequency	Percent
Strongly Disagree	11	6.3	6	3.4	15	8.6
Disagree	2	1.1	18	10.3	10	5.7
Neutral	96	55.2	29	16.7	28	16.1
Agree	36	20.7	85	48.9	93	53.4
Strongly Agree	29	16.7	36	20.7	28	16.1
Total	174	100	174	100	174	100
Mean	3.78		3.75		3.66	

Source: Questionnaire May 2017

From the above table 4.6, each factor recorded a mean 3.6 and above its clear changes in responsibilities of employees were clearly defined since 72% of respondent agreed with the raised question. Similarly 69% of respondent agreed that employees are ready to accept and implement changes. However 55% of respondent are in doubt to the question raised to answer whether the bank new strategy support the culture associated with the firm or not. This implicitly tells that even if changes in responsibility of employees were defined and communicated effectively to bring employee ready for change it has to go in line with to support or cultivate the organization culture.

Responses from the interviewees indicated that shared assumptions, values and beliefs, governs how people behave in organizations. Hence this shared assumption and values are deep rooted matter, the

bank gave a great emphasis to bring employees ready for changes. According to the interviewees a course of action will eventually mold the shape to the required form.

4.5.4 Human Resource

Human resources are people who make up the workforce of an organization. People contribute labor and expertise to an endeavor of an employer and are usually hired to perform specific duties which are packaged into a job.

Three questions were posed to respondents to examine human resource involvement in strategy implementation. The findings are summarized as follows.

Table 4.7: Descriptive Statistics on Human Resource of the Bank

Details						
	The bank is sufficiently and appropriately staffed with well paid personnel who are able to meet the needs of the organization		The organization is able to attract and retain qualified competent, and committed employees		There are training opportunities to enhance current skills and learn new skills to build the capacity of employees	
	Frequency	Percent	Frequency	Percent	Frequency	Percent
Strongly Disagree	1	.6	14	8.0	7	4.0
Disagree	17	9.8	15	8.6	12	6.9
Neutral	26	14.9	21	12.1	23	13.2
Agree	84	48.3	81	46.6	94	54.0
Strongly Agree	46	26.4	43	24.7	38	21.8
Total	174	100.0	174	100.0	174	100.0
Mean	3.90		3.78		3.82	

Source: Questionnaire May 2017

According to table 4.7, response was found to be strong agreement among management and staff by scoring a mean above 3.8, 75% of employee believes that BOA sufficiently and appropriately staffed with well paid personnel who are able to meet the needs of the organization. Among the respondent 71% and 76 % of respondent respectively agree with the contention that BOA able to attract and retain qualified competent and committed employees and there are training opportunities

to enhance current skills and learn new skills to build the capacity of employees. From this it can be concluded that the bank strategy implementation well focused on human resource concern.

Responses from the interviewees insure that the bank new strategy gave more emphasis to human resource and accommodate interesting package for employees. According to the executive, BOA has the first leading employment benefit packages currently among other banks. This enables the bank to attract and retain qualified, competent and committed employees.

4.5.5 Leadership

Leadership has been described as “a process of social influence in which one person can enlist the aid and support of others in the accomplishment of a common task”, it represents the bank’s general management style and the team’s responsibilities of taking actions with regards to the operations of the company.

Three questions were raised to respondents to asses the leadership style used by BOA helps to achieve organization goal. The findings are summarized as follows.

Table 4.8: Descriptive Statistics on Leadership of the Bank

Details						
	The bank’s management is a model for effective leadership including inspiring and leading by example		The management team takes responsibility for creating an environment in which all personnel feel supported and motivated to produce quality results		The management inspires and empowers employees to achieve organizational goals	
	Frequency	Percent	Frequency	Percent	Frequency	Percent
Strongly Disagree	5	2.9	7	4.0	6	3.4
Disagree	18	10.3	16	9.2	11	6.3
Neutral	62	35.6	57	32.8	55	31.6
Agree	57	32.8	78	44.8	68	39.1
Strongly Agree	32	18.4	16	9.2	34	19.5
Total	174	100	174	100	174	100
Mean	3.53		3.45		3.64	

Source: Questionnaire May 2017

From table 4.8, Leadership, supervisors and management play a decisive role in ensuring a better management and planning and efficiently using the organization resources to meet the company's objective. The above assessed factors had a mean 3.4 and above which means 51%, 54% and 58% of respondent agreed to the question raised above, however the response gathered reveals that, none of the above factors indicate a comprehensive agreement from the respondent. Indeed the cumulative disagreement frequency was less than that of agreement frequency as shown in the table. But respondent answer goes more to the neutral score that indicate their uncertainty about the leadership approach.

On the other hand, response gained from the interviewee shows a little bit different perspectives about the leadership approach the bank follows. As per the interview with the executive, the leadership approach the bank follow make sure that, resources are available for staff to use to achieve the purposes and the mission of the company. Again, the responds reveal that the CEO shows a personal responsibility of making sure that, certain vital equipment is provided effectively and periodically for the comfort of the staff as well as to help the various departments to function well. In addition, leadership of the company is not personified in one person but a collective approach to help the management to deliver the essential materials for the workers. Even though, data gathered from the interview approve the leadership approach accommodate the required mandate, the overall assessment shows there exists a gap in the leadership style of BOA.

4.5.6 Communication

Four questions were raised to respondents to examine if changes in strategy had been effectively communicated or not. The findings are summarized as follows.

Table 4.9: Descriptive Statistics on Communication of the Bank

Details								
	The corporate strategy has been effectively communicated		BOA uses proper tools for monitoring the implementation of strategies		Roles and responsibilities for members of staff are clearly established		There are accurate and up-to-date written job descriptions for all staff	
	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent
Strongly Disagree	2	1.1	4	2.3	5	2.9	5	2.9
Disagree	6	3.4	6	3.4	7	4.0	8	4.6
Neutral	39	22.4	101	58.0	35	20.1	35	20.1
Agree	78	44.8	31	17.8	105	60.3	95	54.6
Strongly Agree	49	28.2	32	18.4	22	12.6	31	17.8
Total	174	100	174	100	174	100	174	100
Mean	3.95		3.87		3.76		3.80	

Source: Questionnaire May 2017

The above table 4.9 described that factors scored a high mean which is 3.95, above 73% of respondent agreed that the corporate strategy has been effectively communicated and similarly it shows there is accurate and up to date written job description to cope up employees with their roles and responsibility. Majority 58% of respondent are uncertain to the question raised to answer whether BOA uses proper tools for monitoring the implementation of strategies. They neither disagree nor agree, therefore for this specific question the researcher drawn a conclusion from the interview. The rest three question discussed above clearly assures that employees are well communicated about the corporate strategy.

According to the interviewee the bank uses proper tools for monitoring the implementation of strategy

4.5.7 Strategy Implementation and organizational performance

Six questions were raised to analyze the strategy implementation outcome to the organization. The findings are summarized as follows.

Table 4.10: Descriptive Statistics on Strategy Implementation Outcome

Strategy implementation has lead to increase/improved												
	number of employee		opening of new branch		new product and service dev't		customer base		Employee's pay		Employee's satisfaction	
	Freq.	Perc.	Freq.	Perc	Freq.	Perc	Freq.	Perc	Freq	Perc.	Freq.	Perc.
Strongly Disagree	0	0	1	.6	2	1.1	1	.6	0	0	5	2.9
Disagree	6	3.4	15	8.6	6	3.4	7	4.0	16	9.2	2	1.1
Neutral	65	37.4	14	8.0	32	18.4	25	14.4	31	17.8	46	26.4
Agree	70	40.2	101	58.0	92	52.9	104	59.8	86	49.4	103	59.2
Strongly Agree	33	19.0	43	24.7	42	24.1	37	21.3	41	23.6	18	10.3
Total	174	100	174	100	174	100	174	100	174	100	174	100
Mean	3.77		4.18		4.01		4.00		3.90		3.76	

Source: Questionnaire May 2017

According to the table presented which addressed strategy implementation three factors had a mean above 4.00 and the rest three factors assessed score above 3.8 this implies that strategy implementation had lead to increase the above mentioned factors. 59% of respondents agree that strategy implementation has lead to increase number of employee, while 82%, 76 % and 81% of respondent respectively believe that strategy implementation has lead to increase opening of new branch, increase new product and service development and increase customer base. Therefore one can conclude that strategy implementation has improved the above mentioned factor since this factors are related to each other that the improvement in employees pay increase employees satisfaction. Improving new product and service development also increase number of employee and opening of new branch.

Three questions were raised to examine the strategy concern about performance measurement. The findings are summarized as follows.

Table 4.11: Descriptive Statistics on Performance Measurement

	BOA set key performance indicator to track success of strategy implementation		BOA set quantifiable/ measurable goal		BOA's goal include quality of service to customer satisfaction	
	Frequency	Percent	Frequency	percent	Frequency	Percent
Strongly Disagree	0	0	0	0	0	0
Disagree	17	9.8	15	8.6	7	4.0
Neutral	20	11.5	25	14.4	20	11.5
Agree	109	62.6	72	41.4	105	60.3
Strongly Agree	28	16.1	62	35.6	42	24.1
Total	174	100.0	174	100.0	174	100.0
Mean	3.87		3.64		4.06	

Source: Questionnaire May 2017

The bank performance measurement had a higher mean for all factors assessed, among the respondents 79 % believe that the bank set key performance indicator to track success of the proposed strategy. As it is shown in the above table 77% of respondent also believe that the bank set quantifiable or measureable goal. 84% of respondent support the idea that BOA's goal included delivering quality service to customer satisfaction. This leads to the conclusion that the goal setted by the bank can track the success or failure of the proposed strategy are being implemented in right manner or not.

Response from interviewee ascertains that the corporate strategic objective follows the four BSC perspectives to measure the performance. These perspectives are namely mentioned as financial, customer, internal process and learning and innovation as the theories goes. According to the concerned executive this can be achieved by using the right internal capabilities through effective, reliable and efficient business process to acquire loyal and satisfied customers in order to bring sustained increase in share holder values. The respondent also mentioned that the bank set eight milestone strategic themes, this themes are namely indicated as growth, customer centricity, capacity building, risk, efficiency, innovation and technology, brand building and leveraging and

also agility and responsiveness, to concentrate among those customer centricity is the one that the bank give more concern.

Concerning to the question raised about the existence of quantifiable and measureable goal, the executive ascertain that the bank set a clear quantifiable or measurable goal to meet by classifying in financial and non financial terms such as by the end of the fiscal year the bank projected its revenue, market share and profit and there is also a target to increase customer base. Each the above mentioned goal measured at the end of each month and take appropriate action to encourage or take corrective action if needed.

Question posed to evaluate the overall success of strategy implementation effort shows that the bank archived the projected yearly outcome within six month and adjust its budget accordingly. Surprisingly most respondent agreed in this particular question that BOA achieved the intended outcome and the strategy implementation was carried out within the resource initially budgeted.

According to the interviewee the whole effectiveness of the strategy implementation is observable that it's addressing the goal and the objective in remarkable way. The result management executive said that even if we are not yet reached on the edge of the articulated perspectives within the season of the new strategy implementation the bank achieve high increment in deposit and market share.

The reviews of performance of the Bank during the quarter ended September 30, 2016 with respect to three main areas; namely, performance against scorecards, financial performance, and the Bank's position vis-à-vis private banks are mentioned below.

Total deposits reached Birr 15.09 billion as at end of FY 2016/17, which was higher by Birr 658.3 million or 4.56% from the target (Birr 14.43 billion). The deposit balance also exceeded that of the preceding fiscal year of similar period by Birr 3.5 billion or 30.15%. Outstanding loans and advances of the Bank reached Birr 9.17 billion, which was higher by Birr 219.5 million or 2.5% compared to the target, Birr 8.95 billion. The balance also exceeded that of last year's same period by Birr 2.4 billion or 35.7%. The Bank's Management has been closely monitoring, following up, and supporting branches on weekly and bi-weekly basis to address any difficulties in servicing customers so as to improve the customer service quality. It has also revisited the existing service delivery system and controlling mechanisms in order to devise workable approaches that could bring customer satisfaction. Marketing activities that focused on business development, product development, branch network expansion, pricing, promotional and advertisement tasks, etc were carried out during the period under review.

As to human power, the Bank recruited 30 new employees during the FY 2016 to scale up the total work force to 4,235. Moreover, it has competed assigning of the human resources to fill in the positions required to carry on the business strategy.

In addition, various relevant trainings were conducted to 16% of customer facing staff; corporate governance training was offered to 10 Executive Management members and 2 Board members during the reviewed quarter.

The Bank's position in the industry with regard to major measurements and in comparison to the preceding quarters is remarkable at most level.

An open ended question was forwarded to respondents, to uncover further factors that success or hinder the strategic implementation process other than the aforementioned ones. According to the response beside the above mentioned factors, uncertainty and information availability and accuracy also plays a big role in strategy implementation. Technological advancement in terms of speedy processes and procedures, as well as design, will also make a positive contribution to the successful implementation of strategies. Therefore these factors also should be considered for a better performance in a strategy implementation process.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

This chapter presents the summary of findings of the analysis, the conclusion drawn from the study and the needed recommendations for further study and enhancement of strategy implementation.

5.1 Summary of Findings

The study reveals that, strategy implementation relates with organizational performance in BOA, the various factors used to assess the strategy implementation show a consistency and directly related with the organizational performance of the bank, respondents were highly in agreement with most of the factors mentioned. In various factors individual scores show a more agreement or neutrality but with less insignificant disagreement by the respondents who are staff and management of the bank.

5.1.1 Main factors that Affect Strategic implementation at BOA

Various factors within the dimensions were found to be affecting the strategy implementation at BOA. This study shows that, all factors under the mission, organizational structure, organizational culture, human resource and communication were consistent and cumulatively contribute positively to the strategy implementation in overall terms with the exception of the dimension of “leadership” whose agreement was not so consistent and did not enjoy a comprehensive and strong agreement among all members. This is very vital due to the fact that, leadership steers the affairs of the entire corporate body and hence a less comprehensive support may derail the effectiveness of the process of strategy implementation which could ultimately affect the performance of the organization.

5.1.2 Effect of Strategy implementation on the Performance of BOA

The study reveals that, a comprehensive support of strategy implementation leads to greater performance within the industry. Hence strategy implementation found to affect corporate performance. This study shows that, BOA’S strategy implementation gave due emphasis to human capital to enhancing the skill and commitment of the bank’s staff in recognition of the fact that human capital is the most valuable asset of the company. This in fact is affecting the performance of the bank positively and puts it in a unique position in the industry.

5.2 Conclusion

From the summary or the finding it can be concluded that, BOA as a corporate body has a clear strategic plan which is articulated to all of its employees at various levels and departments within the bank. And there is a clear agreed up on vision of what the bank is trying to make the vision happen.

Giving due concern or attention to human capital accelerate its growth by giving training opportunity to enhance current skills and learn new skills in order to build the capacity of employees that enable to attract and retain qualified, competent and committed employees.

BOA uses proper tools for monitoring the implementation of strategies that the corporate strategy has been effectively communicated. Communicating changes in strategy, roles and responsibility helps to avoid resistance of changes.

The disagreement and uncertainty on the leadership approach reveals that the existence of a gap in the implementation that must gate due attention to resolve issues stated in this regard. This is very vital due to the fact that, leadership steers the affairs of the entire corporate body and hence a less comprehensive support may derail the effectiveness of the process of strategy implementation which could ultimately affect the performance of the organization.

The strong agreement on various factors of strategy implementation indicates the effectiveness and efficiency of such implementation adopted by employees of the bank and hence affects the bank's performance positively.

5.3 Recommendations

Based on the analysis discussed, the following recommendations are made so as to help the bank to enhance its operations.

- All factors of various dimensions should be put into the right perspective, so as to help the general workforce of the bank to understand the main objectives and the strategic implementation in place to achieve the objectives of the bank per each fiscal year of BOA. This will enlighten the employees of the bank to jeer towards delivering services to enhance the general strategy of the bank and to raise its performance.

- BOA should continue to exert unreserved efforts to enhance the skill and commitment of the Bank's staff in recognition of the fact that human capital is the most valuable asset of the company.
- Again, communicating changes helps the company to easily cope up with it. Therefore by using this trend as a benchmarks change in strategies, roles and responsibility should be redefined, well communicated to staff and corrected where mistakes are committed so as to bring it back on board to achieve organizational objectives.
- Moreover, factors relative to leadership should be well articulated to management and staff of the bank. Coordination of activities, streamlining of processes, aligning the organizational structure, and keeping employees motivated and committed to strategy implementation are key responsibilities of the leadership. This will help the employees to know and understand the style of leadership adopted for the operations and governance of the bank to keep them focus in working towards achieving the objectives of the bank.
- It is also recommended that lines of communication between managerial and non-managerial staff should be improved in order to encourage and support the flow of information and feedback mechanisms.

5.4 Limitations of the Study

There were some limitations in the process of data collection. Though most respondents were kind enough to fill and return questionnaires on time, there was a mild level of noncooperation on behalf of some to return questionnaires on time or feel in a right manner. Regarding the research context the research is undertaken on Bank of Abyssinia. Therefore, caution about generalizing the results of this thesis should be taken.

5.5 Direction of future research

The researcher believes that deeper assessment on uncertainty, technology advancement, information availability and accuracy impact on strategy implementation and organizational performance. Therefore it's recommended that researchers asses this factors impact on strategy implementation and organizational performance.

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Appendix I: Survey Questions

Dear Respondents

The purpose of this study is to conduct research entitled “AN ASSESMENT OF STRATEGY IMPLIMENTATION AND ORGANIZATIONAL PERFORMANCE IN THE CASE OF BANK OF ABYSSINA”. You are assured that any information you provide is solely meant for the purpose of this academic purpose; and the output of the study will not be used for other purpose. Your response to the questions would be kept confidential.

Kindly answer with a tick () the extent to which you agree or disagree with the following statements where applicable to you and finally provide additional views and opinions on the overall strategic implementation practice in BOA. I convey my thanks for your diligence, objectivity and concern while responding to the questions. For more information at any time needed through my address; Haimanot Solomon Tel: + 251911360450 E-mail shaiminat@gmail.com

Part I

Please specify your position?

Managerial Staff: Non-Managerial Staff:

How long have you been working in Bank of Abyssinia?

5 – 10 years More than 10 Years

Part II

Indicate the level of your agreement with each of the following statements of your choice.

1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, and 5= Strongly Agree

	1	2	3	4	5
1. Mission, vision and Values					
1.1 The bank has a clearly articulated and agreed upon purpose /mission/					
1.2 There is a clear agreed upon vision of what the bank is trying to accomplish to make the vision happen.					
1.3 There are shared values and beliefs that guide the bank and its staff.					

	1	2	3	4	5
2. Organizational Structure					
2.1 There is a well-defined organizational structure (work gets delegated and thus accomplished in an efficient and effective way,					
2.2 There is a decision-making process and structure that supports decisions being implemented					
2.3 Lines of communication encourage and support the flow of information and feedback between managerial and non-managerial staff.					
2.4 There are clear lines of authority and responsibility including reporting relationships).					
3. Organizational Culture					
3.1 The bank new strategy support the culture associated with the firm					
3.2 Changes in responsibilities of employees were clearly defined					
3.3 Employees are ready to accept and implement change					
4. Human Resource					
4.1 The bank is sufficiently and appropriately staffed with well paid personnel who are able to meet the needs of the organization.					
4.2 The organization is able to attract and retain qualified, competent, and committed employees.					
4.3 There are training opportunities to enhance current skills and learn new skills in order to build the capacity of employees.					
5. Leadership					
5.1 The bank's management is a model for effective leadership including inspiring and leading by example.					
5.2 The management team takes responsibility for creating an environment in which all personnel feel supported and motivated to produce quality results.					
5.3 The management inspires and empowers employees to achieve organizational goals.					

	1	2	3	4	5
6. Communication					
6.1 The corporate strategy has been effectively communicated					
6.2 BOA uses proper tools for monitoring the implementation of strategies					
6.3 Roles and responsibilities for members of staff are clearly established;					
6.4 There are accurate and up- to-date written job descriptions for all staff.					

Part III. Organizational performance on Strategy implementation and organizations mission

	1	2	3	4	5
1. BOA set key performance indicator to track success of strategic implementation					
2. The organization set quantifiable or measureable goal					
3. The organization goal include quality of service to customer satisfaction					
4. The organization information system provide relatively easy access to provide quality service					
5. There is a staff evaluation process that includes established performance expectations, periodic work review sessions, and an annual evaluation.					
6. Strategy implementation has led to reduce employee turnover					
7. Strategic implementation has improved employees' pay					
8. Strategy implementation has lead to employees satisfaction and hence better performance					
9. Strategy implementation has lead to increase number of employee					
10. Strategy implementation has lead to increase opening of new branch					
11. Strategy implementation has lead to increase new product and service development					
12. Strategy implementation has lead to growth in customer base					

Part IV

Evaluate the overall success of the strategy implementation effort

	1	2	3	4	5
Achieved the intended outcome					
Achieved the financial budgets expected					
Was carried out within the resources initially budgeted					

Part V Concluding Questions

Do you have any additional points, remarks, suggestions other than mentioned above on the overall strategy implementation practice and organizational performance of BOA? Please mention

Thank You!

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Appendix II - Interview

1. What current position do you hold in the organization?
2. Do you think that BOA play it's the mission, vision and value of the organization?
3. Would you say that vision, mission and values are clear among employees throughout the organization?
4. Does this influence the way strategies are implemented?
5. Is there clear chain of authority in the organization? Do you think that organizational structure in place allows employee to participate in decision making? Explain.
6. In your own opinion, does the organization culture influence strategy implementation? Explain
7. In your own opinion, is the bank's management teams a model for effective leadership (including inspiring shared values and a shared vision, and leading by example)?
8. Do you think that employees are well motivated to turn processes into individual actions, necessary to produce a great success in strategy implementation? Explain.
9. Do you think BOA strategy implementation give efficient consideration to customer in service delivery?
10. Do you think that the management constructs organizational processes and capabilities necessary to ensure successful strategy implementation through people delivering results? Explain.
11. Do you think the bank set clear objective or goal that can be measured? Explain
12. Is there performance evaluation measurement in the formulated strategy?
13. Comment on the whole effectiveness of strategy implementation?

Declaration of Originality

I hereby declare that this submission is my own work towards the Masters of Business Administration prepared under the guidance of Teklegiorgis Assefa (Asst. Prof). All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

.....
Name

.....
Signature

St. Mary's University, Addis Ababa

June, 2017

ENDORSEMENT

This thesis has been submitted to St. Mary's University, School of Graduate Studies for examination with my approval as a university advisor.

.....

.....

Advisor

Signature

St. Mary's University, Addis Ababa

June, 2017