



St MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES

**ASSESSMENT ON BUSINESS STRATEGY IMPLEMENTATION
OF AWASH INSURANCE COMPANY**

By:
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ADDIS ABABA ETHIOPIA

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**ASSESSMENT ON BUSINESS STRATEGY
IMPLEMENTATION OF AWASH INSURANCE
COMPANY**

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Declaration of Originality

I hereby declare that this submission is my own work towards the Masters of Business Administration prepared under the guidance of Tiruneh Legesse (Ass. Prof) and that, to the best of my knowledge, it contains no material previously published by another person nor material which has been accepted for the award of any other degree of the university, except where due Acknowledgment has been made in the text.

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Endorsement

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

Advisor

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Table of Contents

Acknowledgment	i
Table of Contents	ii
List of Acronyms	v
List of Tables and figures	vi
List of Figures	vii
Abstract	v
CHAPTER ONE	
INTRODUCTION	1
1.1 Background of the Study	1
1.2 Background of the Organization	2
1.3 Statement of the Problem	3
1.4 Research Question.....	5
1.5 Objective of the Study	6
1.5.1 General Objective of the study	6
1.5.2 Specific Objective of the Study	6
1.6 Significance of the Study.....	6
1.7 Scope of the Study.....	7
1.8 Organization of the Paper.....	7
CHAPTER TWO	
LITRATURE REVIEW	9
2.1 Theoretical Framework	9
2.1.1 The Success Factors for Strategy Implementation	9
2.1.2 Barriers of Strategy implementation.....	14
2.2 Review of Literatures	15

2.3 Empirical Litterateurs.....	20
2.4 Conceptual Framework	23
CHAPTER THREE	
RESEARCH DESIGN METHODOLOGY	24
3.1 Research Design	24
3.2 Population and Sampling Design	24
3.3 Types of Data Collected and Used.....	26
3.4 Data Collection Method.....	27
3.5 Data Collection Procedures.....	27
3.6 Data Analysis Method.....	27
3.7 Reliability Test.....	28
3.8 Validity Test.....	28
3.9 Ethical Consideration Made.....	29
CHAPTER FOUR	
RESULTS AND DISCUSSIONS.....	30
4.1 Demographic Information	30
4.2 Questionnaire Collection Status	31
4.3 Results of the Study.....	32
4.3.1 Management Competency	32
4.3.2 Resource Strength of AIC.....	34
4.3.3 Innovation Strategies of AIC	35
4.3.4 Structure of AIC	37
4.3.5 Staff Composition of AIC.....	39
4.3.6 Barriers and Challenges of the Strategy Implementation of AIC.....	41
4.4 Discussion of the Results	42

4.4.1 Management Competency	42
4.4.2 Resource Strength.....	43
4.4.3 Innovation Strategies	44
4.4.4 Structure.....	44
4.4.5 Staff Composition.....	45
4.4.6 Barriers and Challenges of the Strategy Implementation of AIC.....	46

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS	47
5.1 Summary of the Findings.....	47
5.2 Conclusions	49
5.3 Recommendation	51
5.4 Limitations of the Study.....	52

References

Appendices

List of Acronyms

AIC; AWASH INSURANCE COMPANY

SPSS; Statistical Package for Social Sciences

SME; Small and Medium Enterprises

List of Tables

Table 3.1 Reliability Test Statistics	28
Table 4.1 Demographic characteristics of the respondents	30
Table 4.2 Questionnaire Collection Status	31
Table 4.3. Employee’s responses on the role of Management Competency for successful implementation of Strategy	32
Table 4.4 The Link between resource base competency and successful strategy implementation	34
Table 4.5 The link between innovation strategies and successful implementation of strategy	35
Table 4.6 The role of Structure of the organization in the implementation process of a strategy	37
Table 4.8 Barriers and Challenges of the strategy implementation of AIC	41
Table 4.7 The role of human resource of the organization in the process of implementation process	39

List of Figures

Figure 2.1 Higgins Eight S's model10

Figure 2:2 Conceptual Frameworks: Own 23

Abstract

Currently companies are using Strategic Management to keep their profit in the market and to win challenges from their competitors. Strategic Management has four steps which are environmental scanning, formulation, implementation and monitoring and evaluation. Among this phases strategy implementation can be taken as the center and challenging phase of strategy management. This is due to the fact that formulation by itself cannot ensure the success of the strategy and changing a strategy into reality should consider many organizational factors. The objective of this study is to make assessment on business strategic implementation practice of Awash Insurance Company. To make the assessment the study used theories of strategic implementation and barrier and challenges of strategy implementation from different literatures. The variables which were included for the study were management competency, resource strength, innovation strategy, staff compositions, structure and different barriers of strategy implementation are considered from literatures. Proportional Stratified sampling technique is used to select the samples for the study and questionnaires were distributed to 175 respondent and 170 were collected. A brief interview was made with two officials of the company. So data's were collected using both primary and secondary sources of data. The collected data's were organized, coded and analyzed using SPSS version 20 software and the results which were analyzed using simple descriptive statistics like frequencies and percentage were presented by using tables. The finding majorly shows the existence of loopholes in areas of structure, innovation strategy and staff composition of Awash Insurance and main barriers of implementation were poor communication, vague strategy and misunderstanding of the employee. Periodic revision of the structure, product improvement and development, change in human resourcing strategy and effective communication session that include employee from the formulation steps up to implementation were some of the main recommendation of the study to alleviate the gaps. An in-depth investigation of the implementation strategy process as well as factor that affect it can be a future area of study.

Key words: AIC, Strategy implementation, management competency

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

In today competitive world knowing where to reach and how to reach is critical thing in business environment. To get the response for these questions it is good to refer to the concept of strategic management which is the art and science of formulating, implementing, and evaluating cross-functional decisions that empower an organization to achieve its objective. Based on this definition strategy management encompasses steps like formulation, implementation and evaluation (David, 2011). Indeed, good strategic management is a function of people actively considering strategy as they make day-to-day decisions in an ever-changing world (Rajasekar, 2014).

Not only formulating an innovative and unique strategy is critical but also ensuring that such a strategy works equally is important. In this regard executives should have to pay attention so as to avoid common pitfalls in implementation of the strategy (Rajasekar, 2014). Because, currently the decisive factor in the dynamic and competitive business environment is the amount of the goal achievement and how they should consider all aspects for reaching the desired ends (Hamid, 2013). To this end strategic management emerged as a field to make the strategic planning worthy by implementing what is planned (Čater & Pučko, 2015).

Strategic implementation is a fundamental step in turning a company's vision and objectives into reality (Bhatti, 2011). It is taking actions at the functional, business and corporate levels to execute a strategy and to change plan to reality. Strategy implementation is process or paths that an organization takes in order to be or reach where it sees itself in the future. It's the process or path that leads to where the organization sees itself in the future (Lihalo, 2013). Strategy implementation involves crafting the best structure, culture, control and leadership system to change a chosen strategy into action or achievement (Hill & Jones, 2008). Meanwhile, the number and type of human resource in terms of background and skill with the style of leadership/management when relating to employees is also critical in implementing strategy into action (Bhatti, 2011). Management /leadership doesn't end on formulation rather it should continue to make the plan real by designing the relevant structure , assigning the right person at

the right place, by matching the implementation phase with the culture of the company , by being innovative while implementing the business strategy and by installing the right controlling mechanism. Otherwise the leadership/management becomes barriers for the implementation of the strategy (Fourie & Jooste, 2009).

There are different models and theories that describe the factors that affect the effective implementation of a strategy as obstacles and success factors. The success factors listed by Higgins in his Eight “S”s models are strategy and purpose, style of leadership, staff, system and process, structure ,shared value or culture and strategic performance. The purpose of this model is to qualify management to more effectively and efficiently manage the cross functional execution of strategies. According to this model successful executives are the one who spend more time on execution on the belief that implementation is crucial as formulation (Bhatti, 2011). In addition to this, innovation have contribution to the effectiveness of implementation(Kibicho, 2015) and resource strength that can create competitive advantage helps in implementing strategic plan (Madhani, 2014)).On the other hand Charles H. Noble lists barriers of effective implementation in his reports as physical distances that hinder cross-functional collaboration in the organization, turf barrier which is difference in interest between units, communication between employees of different level, personality barrier and varied goals (Noble, 1999). In addition to Nobles obstacle of implementation inability to manage change, poor or vague strategy, lack of guidelines or a model and management planning oriented orientation are listed as a barrier and challenge for strategy implementation (Hrebiniak, 2006). Finally even if implementation process is significant, there is a lack of research in the area. This might be due to poor assumption that reflect shrewd strategy formulation is the only necessary element for strategic success or due to “formulation oriented” nurture of top management (Noble, 1999)(Hrebiniak, 2006). But there is a huge gap in between formulating and implementing and implementation can be taken as the heart of strategic management that need to be researched well (Emam, 2016).

1.2 Background of the Organization

There are around 16 private insurance companies and one state owned insurance company in Ethiopia. Among these sixteen private insurance companies, Awash Insurance Company is pioneer in establishment. Awash Insurance Company S.C (AIC) is a forerunner, profitable and a

reputable private insurance company in Ethiopia. It was established in 1994 with three branch and 456 shareholder. Currently the number of shareholders reaches to 1209 and it has 41 branch with 439 professional crews. Awash Insurance provides General Insurance services (like motor, marine cargo, burglary and house-breaking, carrier's liability, inland transit risk insurance etc) and life assurances services (like term assurances, endowment assurances, whole life, medical expenses insurances etc.). As of November 2016 the paid up capital of the company reaches to 200 million ETB and continues to be one of the leading profit making insurance company with a profit of 104 million ETB before tax. Currently the market share of AIC is 8% and it makes it the leading private insurance company in Ethiopia. According to the news which are heralded recently Awash Insurance company is the leader for consecutive four years in sales (Reporter, 2016)(Capital, 2016) .The company owns 25 million birr shares in the recently formed Ethio-Reinsurance Company and 122 mill birr worth of shares in Awash Bank (Capital, 2016).

Awash Insurance Company has been using strategy to expand its business and currently it is on its third strategic period which covers time period from 2016/17 -2020/21 G.C. During the interview with Head of Planning and Research Team (Mekonen, 2016), we have understood that assessment on existing and previous strategy have been made to prepare the new. Focus group discussion with branch managers, interview with selected officials and Questionnaires were the method applied by AIC while gathering information for the newly approved strategy.

1.3 Statement of the Problem

Even if a given company is successful in formulating the strategy nothing can guarantee about the same success on its strategy implementation. This is common for all types of business organization. This is due to the fact that the two processes are different in nature and also mainly “changing theory or plan in to real practice or action” is much more difficult than planning. The difficulty may arise from structure, management, resource limitation, staff composition, corporate culture and governance, human resource etc. Even if a company is good at planning and successful at formulating if it fails to achieve what is written in the strategic document then it has only paper value and the loose may become huge in the industry just like a ship which is in the middle of an ocean but failed to reach its destination left with an option of sinking to the end. So the same or more focus and weight should be given to the strategy implementation step of a company (David, 2011).

The other fact about strategy implementation is its tendency to affect every corner of an organization. Formulating the right strategies is not enough, rather both the managers and employees must be motivated to implement those strategies. This arises from the fact that there should be acceptance, commitment and contribution from top to bottom level employee of an organization. Managers and employees throughout an organization should participate early and directly in strategy-implementation decisions. Otherwise their reluctance in implementation may affect the organization detrimentally. This is to say that a given firm can continue to survive in the environment if it is successful in getting the undivided attention of its employee during the implementation process. In relation to this, the structure and corporate culture play a big role for cascading down the plan to reality from top to bottom level.

It is also must to consider implementation as more difficult as formulation because sound plans fail or die because of a lack of execution know-how and the ability to confront difficult organizational and political obstacles that stand in the way of effective implementation (Hrebiniak, 2006). During the preliminary interview made with the Corporate Business Plan Manager and Assistant Marketing Manager of AIC it was found out that the company is facing challenges in implementation of the strategic plan due to incompatible structure, lack of enough man power, poor retention of human resources, challenging goals set by the National Bank of Ethiopia for the existing Insurance Companies, etc. These may hinder the realization of the strategy of AIC and invites for further studies (Tadesse, 2017).

Even if the competition in Ethiopian Insurance industry is not that much fast growing, keeping the exiting profit and continuing sustainable development in the sector needs strategic thinking. As compared to the peer insurance company established in the same period around 1987 G.C, Awash Insurance is one of the profitable and strong insurance company in Ethiopia. Awash Insurance Company has been using strategy to expand its business and currently it is on its third strategic period which covers time period from 2016/17 -2020/21 G.C. As mentioned above, during the pre-test short interview and observation it was discovered that there are potential factors that will impede the applicability of the strategy like structural, human resource and other related problems. So this research helps in forecasting and evaluating the factors that will contribute and hinder the strategy implementation of Awash Insurance Company. To this end, there are few researches which are made about the Strategic Management Practice of Ethiopian

Insurance Industry. Among these researches, Strategic Management Practice of Ethiopian Insurance Company (Amelework, 2015) and Strategic Management Practice of Neyala Insurance Company (Timothewos, 2016) can be quoted. Both of the researches are made to make an assessment on the whole process of strategic 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 those researches which focus on Strategy Implementation are made on banking industry and transport service industry. For example Strategic implementation practices and challenges in Anbessa City Bus Service Enterprise is one of the research which is done on strategic implementation by Zikre (Zikre, 2015) with the purpose of identifying the practice and factors which affect strategy implementation on transport service of ANBESSA City Bus. The other research, which focus on strategy implementation was done by Dinberu Girma (Dinberu, 2016), with the aim of assessing the strategic management practice and implementation of NIB International Bank. So there is lack of research in area of Strategy Implementation in insurance industry of Ethiopia. These researches can fill this gap by showing the factor affecting the strategy implementation, success factors as well as issues to be considered while implementing a strategy in the case of Awash Insurance Company.

1.4 Research Question

At the end of the study, this research will answer the following question:

1. What is the role of management competencies on business strategy implementation of AIC?
2. To what extent is the resource and business strategies are synchronized in AIC?
3. What is the relation between innovation and the success of business strategy of AIC?
4. Is the structure of AIC compatible and appropriate to implement its business strategy effectively?
5. Is AIC organized with competent Human Resource that helps to achieve its business strategy?
6. What are the major barriers or challenges of business strategy implementation of AIC

1.5 Objective of the Study

1.5.1 General Objective of the study

The General Objective of the study is to make an Assessment on the Business Strategies Implementation of Awash Insurance Company by using different theories and literatures for comparison.

1.5.2 Specific Objective of the Study

1. To explore the role of management competencies on business strategy implementation of AIC
2. To assess how resource strength influences the implementation of business strategy of AIC.
3. To assess the link between innovation and business strategy implementation of AIC
4. To describe the factors related to structure that affect business strategy implementation of AIC
5. To assess the role of Human Resource composition of AIC on business strategy implementation of AIC
6. To identify the major barriers or challenges of business strategy implementation of AIC

1.6 Significance of the Study

The study contributes largely both for the company and for other interested party who wants to make the same study in the industry. The study can help the management, strategy team and policy makers of AIC to identify the major barriers and successes factors of the company's strategy implementation. It highlights the major loopholes that needs more attention and corrective measures currently and helps to collect an input for the next period of strategy formulation. This helps them to identify the strong and weak side of the implementation process of the business strategy of the company. So it has operational advantage for the company. In addition to that, success factors can also be identified that can be further used to build competence of the company. It also provides an evaluation framework for assessing the implementation process of the strategy of AIC. In general it helps executives and decision makers to oversee the strategy implementation process, problems and challenges of the company.

As the industry is expanding from time to time any other researcher who wants to make research in the area can also use this paper as point of departure. It can be used as a springboard to make an assessment on the strategy implementation of other Insurance Companies separately as well as the industry as a whole. Besides contributing to the existing pool of knowledge, it will also contribute to the subject of strategy management in the area of implementation by identifying specific factors that needs due consideration during implementation phase of strategy.

1.7 Scope of the Study

The scope of this study is as follow:

Industry scope: this research focus only on one of the pioneer insurance company which is Awash Insurance Company. So it cannot be generalized as the features of the whole industry and other companies in the sector.

Conceptual scope: this paper assesses strategy implementation of Awash Insurance Company and as such it covered only one of the phase n strategy management which implementation.

Geographically the study covers mainly randomly selected city branches and very few outline branches. Sources of information are the employees of the insurance who are working both in managerial and non-managerial position.

1.8 Organization of the Paper

The research is organized into five chapters including this introductory chapter which covers general background, statement of the problem, research questions, objectives, significance and delimitations of the research.

In Chapter two detail discussions of literatures which are directly related to the topic is made. Also review of both theoretical and empirical literatures on the concepts of strategy implementation has been included under the theoretical review and empirical review sections of the chapter respectively.

The research design and methodology followed to answer the research questions framed previously is covered under Chapter three. The types of data to be collected and used, data collection instruments, population and sampling techniques and methods of data analysis are discussed under this chapter.

The fourth chapter of the research is devoted to the data presentation and discussion. This chapter has two sections which are presentation and analysis of the results of the study and discussion of the result.

The last chapter of the study deals with the summary of findings, conclusions and recommendations. The limitations of the study are also incorporated under this chapter.

CHAPTER TWO

LITRATURE REVIEW

There are four main steps in strategy management approach which are used to describe the practice clearly and precisely. These are Scanning, Formulation, Implementation and Evaluation. But among all these step give more weight or are up to making one of the step successful which is implementation. Implementation is a step where the plan is changed to reality through action. In course of implementing a formulated strategy in to reality there are factors that hinders and drive the implementation process. Also there are factors that need to be considered in relation to the effectiveness of the strategy to be implemented. In these chapter, the theoretical as well as the conceptual framework which are basic to describe the implementation stage of strategy will be presented. In addition to the theoretical and conceptual part, additional literature and empirical findings related with the subject to be covered will be summarized shortly.

2.1 Theoretical Framework

Theoretically there are different variables or factors which are listed as a vital for making the strategy real or implementing effectively. These are mainly discussed under the Higgins's Eight "S" model (Bhatti, 2011) .On the other hand, there are factors which are considered to be barriers and challenges to successful implementation which are named as obstacle (Noble, 1999)(Hrebiniak, 2006). I will try to present all the factors below by dividing them as success factors and barriers. In fact there is some commonalities between both of the factor but the dimension by which they are presented are different.

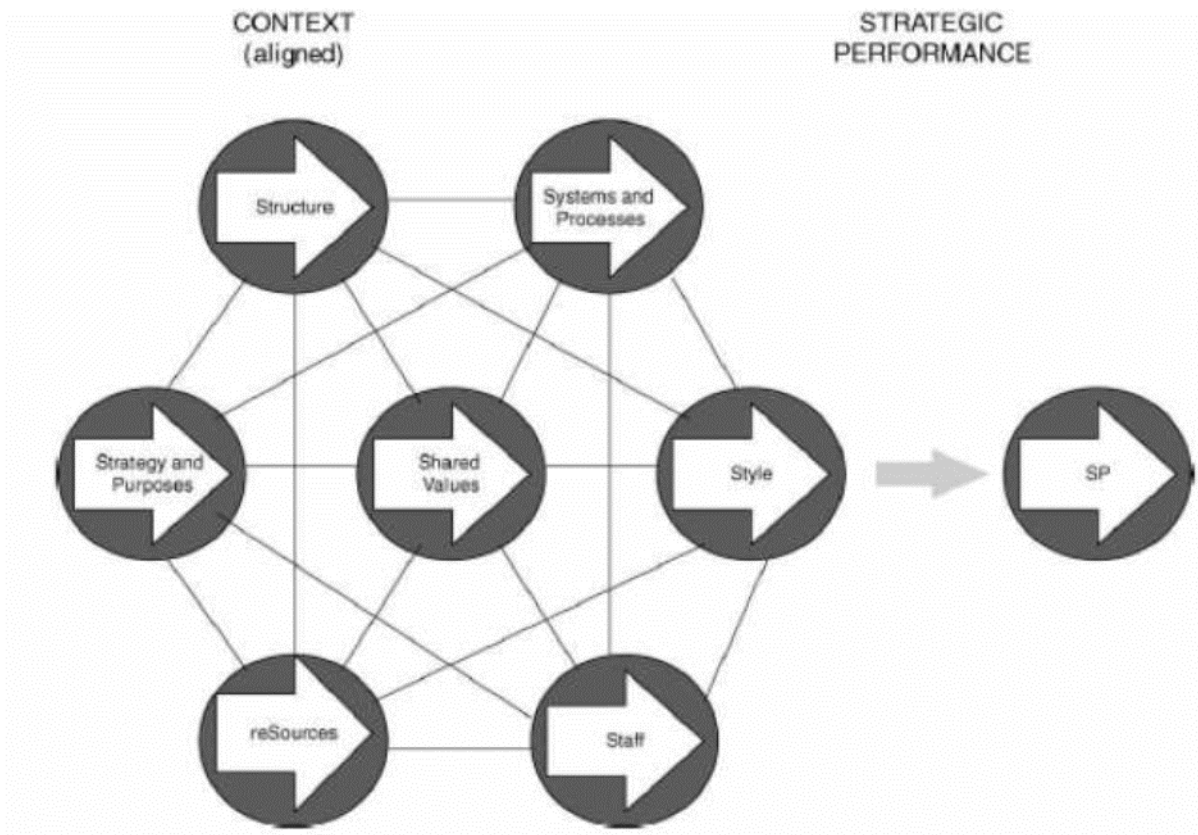
2.1.1 The Success Factors for Strategy Implementation

Based on the work of Higgins's Eight Model some researchers listed the success factor as follow (Bhatti, 2011)(Kibicho, 2015). This model, put forward by Higgins, is of the views that the executives must align the cross functional organizational factors; structure, system and processes, leadership style, staff, resources and shared values with the new strategy so that the strategy opted can succeed (Bhatti, 2011). All these factors tinted above in the Eight S model are vital for successful strategy execution.

Higgins (Bhatti, 2011) says that the key here is that all the factors falling in the Contextual Seven S's must be aligned to achieve best possible strategy performance. Importantly organization's arrows should be pointing in the same direction; that is they should be aligned with one another. The other six contextual S's should point in the similar direction as of the strategy.

For better understanding of the model it is essential to know and understand what the Eight S's Model offer.

Figure 2.1 Higgins Eight S's model



Source: Higgins (2005) 6; Journal of Change Management,

Strategy and Purpose: According to Higgins (Bhatti, 2011), strategies are formulated to achieve an organization's purpose. Change in strategy purpose leads to change in strategy. Strategy purpose includes strategy intent, vision, focus, mission, goals and strategy objectives.

There are four types of strategies named by Higgins as; corporate, business, functional, and process strategies. All the four strategies defer in their organizational level of application. A strategy that promotes success in a firm after implementation has to be a good strategy and hence it is important to ensure that the strategy is good enough and fits the purpose behind its formulation before it is implemented (Kibicho, 2015).

Structure: the shape, division of labor, job duties and responsibilities, the distribution of power and decision-making procedures within the company. Issues to be considered are (Okumus, 2003):

- The potential changes in duties, roles, decision-making and reporting relationships due to the new strategy.
- Whether the organizational structure coordination and cooperation between different levels of management and functional areas.
- The potential impact of the new strategy on informal networks, politics and key shareholders.
- The attitude of powerful groups towards this new strategy.
- The potential challenges of using the existing organizational structure when using process variables including operational planning, communication and resource allocations.

Higgins (Bhatti, 2011) allows that organizational structure consists of five parts; jobs, the authority to do those jobs, the grouping of jobs in a logical fashion, the managers span of control and mechanism of coordination. Hence when executing a business strategy, decisions are to be made regarding how an organization is structured. This incriminates decisions in terms of jobs to be completed, authority to do the jobs, grouping of jobs into departments and divisions, the span of manager's control and the mechanisms of control of such a structure. A good business structure relies heavily on a competent management and good human resources (Bhatti, 2011).

Systems and Processes: Higgins (Bhatti, 2011) has described systems and processes by stating that systems and process enable an organization to execute daily activities. Hence, this element is about the formal and informal procedures used in an organization to manage information systems, planning systems, budgeting and resource allocation systems, quality control systems

and reward systems. These are broadly classified as the innovative and entrepreneurial qualities of the firm which according to Higgins impacts on the implementation process and the successful implementation. In the present study, both innovation and corporate culture can be conceptualized as the systems and processes that aid the insurance firms execute their strategy plans on a daily basis.

Style: Style refers to leadership/ management mode exhibited by the leaders/managers when relating to subordinates and other employees. Leaders at different levels influence strategic initiatives and their implementation, how aggregate leadership influences organizational performance is not straightforward. For instance, a powerful senior leader may compensate for less effective leaders at lower levels. Alternatively, a less effective but highly aligned set of leaders across levels may successfully implement change. Or, an effective set of subordinate managers who do not support a strategic initiative may block change. Regardless of the effects of an individual leader, alignment or misalignment of leaders across hierarchical levels may enhance or detract from the successful implementation of a strategic initiative (Oreilly, 2010).

Abridging it further, Management style is about the manner in which management treats their colleagues and other employees and what and how they focus their attention on. This difference brings out the management competencies of the management team in an organization. Management competence can also be thought of as the efficacies of the styles managers among the insurance firms exhibit as they lead their subordinates and other employees in strategy execution. It also encompasses how subordinates and other employees relate to their managers throughout the strategy implementation process.

Staff: After defining company's strategy purpose, management must settle, as how many employees are needed and what are the required backgrounds and skills essential to achieve the strategy purpose. This factor also covers aspects such as staff training, career management and promotion of employees (Bhatti, 2011).

Resources: The deficiency or restrictions in the scope of resources may significantly slow down or even stop the strategy performance (Mrowka, 2011). Higgins affirms that management must ensure that an organization has access to sufficient resources toward successful strategy execution.

Resources include people, money and technology and other management systems. Resource strength therefore has some impact in the implementation process of strategies in a firm as conceptualized in the present study as one of the key determinants of the strategy implementation success (Kibicho, 2015).

Shared Values /Culture: is the shared understanding of employees about how they do things within an organization. Issues to be considered includes; The Company's culture and subcultures and their possible impact on the implementation process, the impact of organizational culture on communication, coordination and cooperation between different management and functional levels (Okumus, 2003).

Strategy performance: Higgins (Bhatti, 2011)states that strategy performance is a derivative of the other seven 'S's. Strategy performance is possessed by an organization as a total, or for profit-based parts of the whole. Performance can be measured at any level. Financial performance measurements are critical barometers of strategy performance. However an expanded balanced scorecard approach is best. In the present study, strategy performance has been conceptualized as strategy implementation success.

From the above mentioned factors it is evident that almost everything an organization carries out is roofed within the Eight S's. Indubitably by applying and using this model during the formulation of strategies, the leaders as well as the managers involved can foresee changes that are to be made within the organization in order to make the strategy workable (Bhatti, 2011). Higgins pinpoint that importantly the model serves as a road map for implementation during the execution stage, helps uncovering the causes of failure during implementation.

2.1.2 Barriers of Strategy implementation

Barriers are those factors that obstruct, prevent, block or hinder in the process of strategy implementation. These factors are an impediment or stumbling block thus making it hard for the organization to achieve or to realize its goals of being where it want to be in the years to come. The barriers to strategy implementation can either be by internal or external sources within an organization (Lihalo, 2013).

Noble's Strategy Implementation Model (minimalist model): The physical distances hindering the necessary, cross-functional collaboration in the organization form physical barriers. Turf barriers are the other side of this coin, representing the differing interests of the distinct units. Interpretive barriers are formed by the different ways different units interpret and comprehend the strategy. Communication barriers need no explanation. Personality barriers reflect the personal characteristics of key personnel, as well as between different groups in the organization's hierarchy. Another important barrier is that of varied goals amidst the organization and its units. Noble's perspective, therefore, is that of the organization as consisting of different units and functional groups with different characteristics. Noble's model communicates a willingness to overcome the barriers between the content and process paradigms. It combines the strict demarcation between implementation and formulation with concepts from process orientated literature (Kibicho, 2015).

Inability to manage change effectively - The importance of managing change well is clearly important for effective strategy implementation. The inability to manage change and reduce resistance to new implementation decisions or actions and their consequences was ranked as the topmost obstacle (Hrebiniak, 2006). If the staffs are complacent where they are and will resist any strategic changes being introduced by the organization. They would rather maintain the status quo than embrace the unknown changes introduced into the organization (Lihalo, 2013).

Poor or vague strategy - It is difficult to dissociate the formulation of the strategy from its communication to the beneficiaries. Strategy is the primary driver. Implementation begins with strategy. Execution cannot occur until one has something to execute. Bad strategy begets poor execution and poor outcomes, so it's important to focus first on a sound strategy. A poor or

vague strategy severely limits implementation efforts and thus presents a major obstacle. Good execution cannot overcome the shortcomings of a bad strategy or poor strategic planning effort (Mrowka, 2011).

Lack of guideline and policies - Managers sorely need and want a logical model to guide execution decisions and actions. Without guidelines, execution becomes a labyrinth. Without guidance, individuals do the things they think are important, often resulting in uncoordinated, divergent, even conflicting decisions and actions (Hrebiniak, 2006).

Poor communication - Poor sharing of information or poor knowledge transfer and unclear responsibility and accountability also can doom strategy-execution attempts. These two items suggest that attempts at coordination or integration across organizational units can suffer if unclear responsibilities and poor sharing of vital information are the rule. This makes sense because complex strategies often demand cooperation and effective coordination and information sharing (Hrebiniak, 2006).

Working against the power structure - Successful strategy implementation indicates an ability to gain support for a particular course of action or execution plan. Trying to execute a strategy that conflicts with the prevailing power structure clearly is doomed to failure, according to the managers surveyed. Confronting those with influence at different organizational levels who disagree with an execution plan surely will have dysfunctional consequences. Working against the power structure clearly presents a major obstacle to effective implementation and making strategy work (Hrebiniak, 2006). The present study will use Noble model to consider the barriers of strategy implementation by considering the Hrebiniak barriers of implementation.

2.2 Review of Literatures

In this section review of related literatures which are directly related with the selected variables for the study are described briefly.

1. **Management Competencies:** There is a trend of categorizing the management competence into functional areas. The categorization is basically depending on the fundamental belief that managers increase the chances of success of a business's when they are competent in

core functional areas which are competent management team, strategy planning, marketing, finance, efficient operations and human resource management.(Giroux, 2007). This means the survival as well as the development of a business needs the owner to have a strategy management competences and abilities and must shift from an entrepreneur to a managerial style. In so doing however, certain entrepreneurial characteristics must be retained in order to encourage creativity and innovation. Remaining entrepreneurial while making the transition to some of the more managerial traits is vital for the successful growth of a new venture. Leadership and Management are important and critical in ensuring successful strategy execution. This is confirmed by the study made on the leadership and management of South Africa's municipalities which conclude based on empirical results that leadership and management is an area that requires attention (Leibbrandt, 2014).

2. **Structure:** Structure refers to division of tasks and coordination between interdependent parts of an organization. Structure outlines the configuration of a company showing the interactions and relationships that exist between the various parts of the company. Structure of an organization involves the division of labor, responsibilities and duties, power and authority, and also linkages and interdependencies. Therefore, matching organization strategy with the structure is a management dilemma in which most managers face (Nour, 2013). Whilst the strategy should be chosen in a way that it fits the organization structure the process of matching structure to strategy is complex. The structure that served the organization well at a certain size may no longer be appropriate for its new or planned size. The existing structure and processes in the organization support in different ways, there is likely to be problems should the existing structures be used to implement the changes. The current structures may as well distort and dilute the intended strategy to the point where no discernible change takes place. Creating that structure for managers is the selection of the organization structure and controls that will implement the chosen strategies effectively (Macharia, 2013). Organizational structure is a key factor contributing to strategy implementation success. Competitive environment changes require organizational structure change of a company (Hoang, 2017). In strategy-structure studies, Alfred D. Chandler suggests that the organizational structure has been influenced by its strategies (Structure follows Strategy). To distinguish between strategy and structure, setting long and short-term goals, finding the path to obtain goals and allocating resources are the strategy components

and the formation of these elements to implementing strategies is called structure. So structure consists of corporate hierarchy, division of labor, delegating and communications. Besides initial information and organization's current issues are included. Strategy implementing is a process in which all planning and budgeting activities, policies and procedures follows the defined strategy. It may involve some changes in organization's culture, structure and managerial system or even a wide general change in all these mentioned fields. Strategy implementation, sometimes referred to "operational planning" covers all daily decisions about allocating resources. Strategic planning and implementing could be considered as two sides of a coin. To start the implementing process, strategy should respond following three questions: Who will implement the strategic plan, what should they do and how will they perform it? .Some direct effects of primary structure of organization may have probable impact on initial operational structure. General basic policies can influence developed operational level of organization too. Similarly, a decision about a desired use of a particular design (for example divisional) will often have different outcome in another type of design (functional design). Therefore, to gain more advantages for an organization, one particular type of departmentalization is used. In order to set an adaptive and conforming relationship between structure and strategy, following points should be considered: measuring the adaptability level of structure, centralization & decentralization, strategy and structure relationship, corresponding to gain and share information all through the organization, clarifying responsibilities (Hamid, 2013).

3. **Staff:** In this paper the word "Staff" signifies human resource part of a given company. After defining company's strategy purpose, management must settle, as how many employees are needed and what are the required backgrounds and skills essential to achieve the strategy purpose. This factor also covers aspects such as staff training, career management and promotion of employees (Bhatti, 2011). Human resources are regarded as one of the most important sources of today's firms. Human resources management is more important than other competitive sources because these people use other assets in organization, create competitiveness and realize objectives. Thus primarily, organizations must understand the expectations of their workforce in order to achieve the desired performance (Cania, 2014). outcomes of a research made on the key success factors of strategy implementation of SMEs of Iran illustrates that Human resources plays a significant role in strategic management

implementation and the study suggested that SMEs in Iran should try to provide any training that is required for application of strategic management (Pournasir, 2013). Companies that achieve good implementation results can effectively focus employees attention on the tasks associated with achieving strategic objectives by giving them decision making powers and establishing a clear system for assessing the effects. This can be done through the participation of a large group of employees at the planning stage. In that case the link between their actions and the strategic development concept can be emphasized. It also brings a significant improvement in communication. A drop in employee involvement in performing operational functions is observed especially in the situations where they could not participate actively in the creative stage. That is because employee resistance is the aspect responsible for failure when executing any initiatives or changes (Radomska, 2014). In general it is good to have resourcing strategy to get trained manpower both in quality in and quantity. Resourcing strategy ensures that the organization obtains and retains the people it needs and employs them efficiently. The objective of resourcing strategy is to find the most suitable workforce the organization needs, with the appropriate qualities, knowledge, capabilities and potential for future training. The aim of this strategy is to ensure that an organization achieves competitive advantage by employing more capable people than its rivals. This strategy also seeks to retain them by providing better opportunities and rewards than others and by developing a real organizational culture. Such kind of resourcing strategy takes into account the general strategy of the company and the direction where the organization is heading to. For this purpose resourcing strategies may include factors like the number of people required to achieve the strategy, the skill and behavior required for the achievement of a strategy, the impact of structure etc. (Armstrong, 2009).

4. **Resource Strength:** It seems essential to pay attention to proper budget construction, taking resource constraints into account. The proper usage of available resources is also essential for successful implementation (Radomska, 2014). The fundamental suggestion for insurance firm actions from the resource strength view is that firms select strategies to generate rents based upon their resource, capabilities and a fit with environment opportunities (Mahoney, 1995). 'For the firm, resources and products are two sides of the same coin' indicates that firms can earn above normal returns by identifying and acquiring resources that are critical to

develop market demanded products (Wernerfelt, 2014). Therefore, firms seek to acquire and develop unique sets of resources and capabilities as a means to gain better strategy execution.

5. **Innovation:** Enhancing the innovative ability in organizations is one of the most important levers to increasing profitability and growth in organizations (Dobni, 2010). Innovation can be radical and incremental. Radical innovations refer to path-breaking, discontinuous, revolutionary, original, pioneering, basic, or major. Incremental innovations are small improvements made to enhance and extend the established processes, products, and services. However, this contradistinction does not “necessarily [correspond] to the more fine-tuned reality” because “radicalism is a continuum”. Product innovation, as the name suggests, Reflects change in the end product or service offered by the organizations, whereas process innovation represents changes in the way firms produce end products or services (Rajasekar, 2014). Some researchers have categorized innovation into technological and administrative innovations. Technological innovation is about “the adoption of a new idea that directly influences the basic output processes, [whereas] administrative innovations include changes that affect the policies, allocation of resources, and other factors associated with the social structure of the organization”. The created innovation leads to the lower production cost of the organization, new beneficial knowledge, new products, new production process, new working technique and new working procedure which in turn would generate competitive advantage in the long run (Kibicho, 2015). There is a very strong correlation between the market orientation of employees on business performance, as well as innovation. This is because value creating opportunities are best identified by observing and understanding the relevant business cluster – the industry, competitors and customers, emerging technology, channels, and knowledge flows. The employee understanding of the market orientation and competitive analysis is also critical as they are capable of offering perspectives and define opportunity space that will drive product/service modifications and new offerings. A market orientation describes the extent to which employees understand the relevant business environment, but also in turn, convert this understanding into value. In addition to the performance outcomes innovative organizations have the following in common. First and foremost, they are value creators in that they continue to break through to the next level because they are constantly defining it. Second, they understand that it is the sum of the

people who, through the way they think and act, allow the organization to be innovative (Dobni, 2010).

2.3 Empirical Litterateurs

Among different issues in Management Field, Strategic Management holds the attention of many researchers. In this section revision of Empirical Literature will be made which are made on Strategic Management in different industries. To start from studies that are made in other Countries, Kibicho (Kibicho, 2015) studied the “Determinants of Strategy Implementation in the Insurance Industry in Kenya”. This study was meant to evaluate how competitive strategy implementation affects the performance of insurance industry in Kenya. To achieve the objective of this study, data was collected from the entire 51 registered insurance company’s managers of Kenya. The study used mixed methods research design to collect and analyze the data. Descriptive statistics such as mean, frequencies, and standard deviation were used to analyze the variables of the study. A multiple regression model was adopted to examine the effect of the variables of the performance of the firms. According to the study, in Kenya Insurance Industry choices of Strategies on promotion and advertising is the strong factor that affects strategy decision of the company followed by choices of staff composition and product development with choices of networks of branches. The study identified determinant variables in Strategy implementation of Kenya’s Insurance at the Industry level and ends by suggesting solutions.

Shahin Pournasir also made a research on “Key Success Factors of Strategic Management Implementation in SMEs in Iran”. The research was made on the manufacturing industries of Iran SMEs and the population of research has been chosen from senior managers, Chief executive and entrepreneurs of the Iran. It has used mixed methods strategy which involved questionnaire as qualitative and interview as qualitative methods. The researcher concludes that, financial resource, environmental factors, monitoring and control, staff (human resources) and motivation of employee are the key success factors (KSFs) of strategic management implementation in SMEs in Iran (Pournasir, 2013).

Other research which was made in Slovenia by taking 172 Companies for the case (ranging from micro businesses to large global players) shows that the biggest obstacle to strategy execution is poor leadership. The study was made on “Factors of Effective Strategy Implementation: Empirical Evidence from Slovenian Business Practice” by Cater & Pucko. Multiple Regressions analysis was used to process and analyze the data’s collected through 428 Questionnaires. The researchers concluded based on their findings that only the company size influences the way most strategy implementation activities are practiced, whereas the influence of sector, ownership and sales market is almost non-existent. They have also concluded that in Slovenian business environment the most important success factor for Strategy Implementation are planning and organizing activities whereas de-motivating reward system listed as the most critical obstacle for implementation (Pučko, 2015).

In Ethiopia studies on Strategic Management Practice of different Companies are studied by different researchers. Dinberu Girma (Dinberu, 2016) conducted a descriptive research on the “Strategic Management Practice and Implementation” NIB International Bank. The study articulated the existing strategic planning, formulation, implementation and monitoring and evaluation practices of the organization. Both primary and secondary data were collected using questionnaires, interview and written materials. Simple random sampling is used to collect primary information and accordingly descriptive statistics was used to analyze the data gathered. The finding of the study revealed that NIB’s drawback in the process of the Strategic Management is poor communication of the plan, lack of effective participation of the stakeholders and weak industry analysis. Since it tries to cover the whole “Phases of Strategic Management” it lacks depth on issues like implementation and data’s were collected only at the head office level which decreases the acceptability of the representation of the sample. The other assessment was made by Amelework Mekonen (Amelework, 2015) which was about the “Strategic Management Practice of Ethiopian Insurance Corporation”. The study is descriptive and uses both Quantitative as well as Qualitative data’s. The researcher tried to compare the theory of Strategic Management Process with the reality prevailing in EIC. Samples were taken by using both Purposive Sampling and Stratified Sampling Techniques. Poor communication of the plan, weak and repetitive industry analysis, failure on implementation and weak evaluation and monitoring system are listed as some of the loopholes of the Strategic Management Practice

of EIC. In terms of scope and subject, this study again tries to touch all of the phase which hinders it to give more attention to dimensions like implementation and evaluation. The same type of study, “Assessment on Strategic Management Practice of Neyala Insurance Share Company”, was made by Timotewos (Timothewos, 2016) which uses almost similar approach and concludes like the previous one.

Finally, even if the industry is transportation service Zikre has made a research on “Strategic Implementation Practices and Challenges in Anbessa City Bus Service Enterprise” (Zikre, 2015). The study is different from the previous researches in that it tries to take Strategy Implementation as a core dimension of the study. The researcher tried to make an assessment on the “strategy Implementation Challenges and Practices” of the government owned Anbessa City Bus by limiting its scope only at the Head Office level out of the three branches. Based on the data which was collected by using Questionnaires from 284 samples and processed by Descriptive Statistics method which is SPSS version 20 analysis tool, the researcher identified that even if the top managements and government bodies are involved in the implementation phase problems related to information system, structure, organizational culture, reward system, poor communication on the strategy etc had challenged the realization of the strategy. Zikre has suggested adequate resources like trained manpower, finance, technology as well as compatible organizational structure with proper reward system as the key for successful implementation of the strategy. As it can be seen from the above Empirical review of literature, most of the studies focuses on the general and whole phases of Strategic Management Practices. But in this research, attention will be given only to “Implementation” phase and assessment will be made so that it is possible to describe the issue in depth.

2.4 Conceptual Framework

To build the conceptual framework the study selected dependent and independent variable. The variables are selected on the basis of their importance to the study and the issue on concern. The Independent variables which are selected for the study are managerial Competencies or leadership style, organizational structure, human resource, resource strength and innovation. These independent together affect the dependent variable which is strategy implementation of the company. The study model is as explained in figure below:

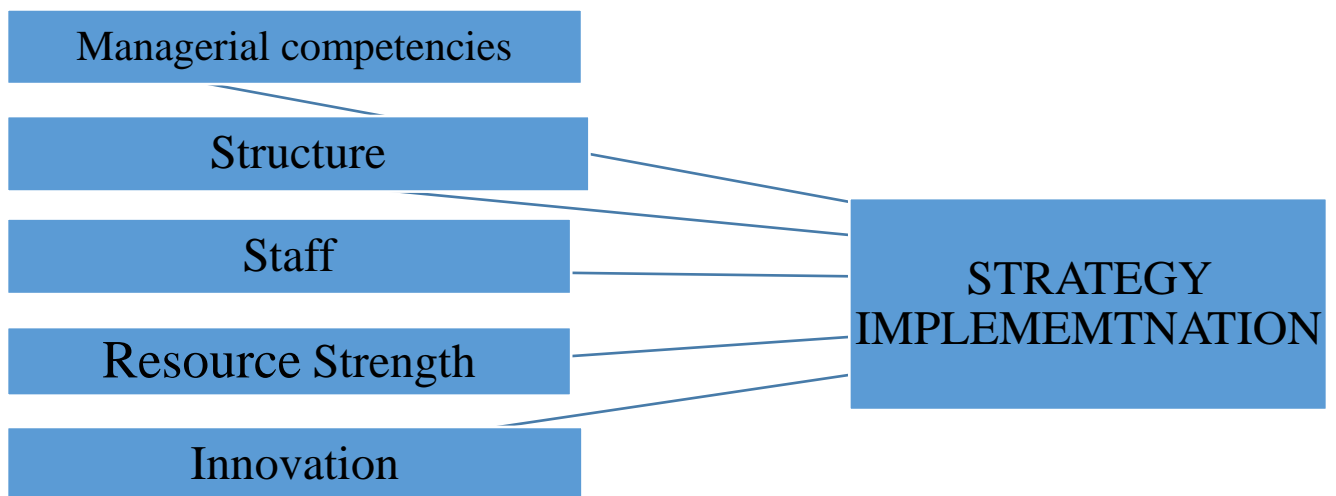


Figure 2:2 Conceptual Frameworks: Own

CHAPTER THREE

RESEARCH DESIGN METHODOLOGY

The purpose of this chapter is to explain the research design and methodology that is applied to undertake the research.

3.1 Research Design

Research design is the blueprint for fulfilling research objectives and answering research questions. In other words, it is a master plan specifying the methods and procedures for collecting and analyzing the needed information. In addition, it must ensure that the information collected is appropriate for solving a problem (Adams, 2007).

Since the research give response to question of like what, how it is descriptive research. The major purpose of descriptive research is description of the state of affairs as it exists at present (Kothari, 2004). And the main purpose of this research is to make an assessment on the strategy implementation of AIC so as to describe the existing relation and role of management competencies, resource strength, innovation, human resources and structure on the implementation phase of strategic management process. The study is also mixed research which is both qualitative as it tries to collect data through interview with concerned bodies for their opinion and quantitative research as it tries to collect data using questionnaire so as to reach on quantifiable result.

3.2 Population and Sampling Design

The sample is the group of participants whom the researcher actually examines in an empirical investigation and the population is the group of people whom the study is about. The target population of a study consists of all the people to whom the survey's findings are to be applied or generalized (Dornyei, 2007).

The total populations of the study which are the employees of AIC are 463. But these numbers include managerial, non-managerial, temporary and permanent staffs. The study didn't include those non-clerical staffs as their understanding about strategic issues is limited. The total populations of the study which are the employees of AIC are 463 of which 232 are male and 231

are female. There are 56 managerial staffs which are responsible for the position of branch manager (42) to CEO level (12). The professional crew of AIC are 320 and the non-professionals are 143. In terms of education level, there are 21 MA holder, 266 BA degree holders and the rest are below bachelor of art degree. The senior staffs of AIC, which are working for more than 6 years according to the definition of AIC HR, are only 20. Other staffs which are in between the seniors and the juniors are 118 and the numbers of junior staffs are 185. The total number of branches at the end of December 31, 2016 was 42. Out of 42 branches it has, 14 of them are out of Addis Ababa and two of them are contact office. Based on their performance the branches are rated from grade 1 up to grade 3. Grade 3 branches are top performers and there are 9 branches under this category. There are 4 main branches, nine (9) grade 2 branches and 21 grade one branch.

From the total population of 463 which comprises of both professionals and non-professionals, only the professionals are selected as a target population. This constitutes managerial staff and non-managerial employees. It was not found necessary to include the remaining segment of the population which are non-professionals as they are employees who are undertaking Janitorial, Messenger and Security Services and Office Assistants which doesn't have direct and significant relation with the subject to be studied. Then a stratified sampling technique is used to divide the target population into two strata of non-managerial and managerial which comprises sample size of 264 and 56 respectively. To make the number of sampling units drawn from each stratum in proportion to the relative population size of that stratum, Proportional Stratified Sampling is applied.

This sampling technique is advantageous since it assures representation of all groups in the Sample Population needed. By making the confidence level 95 % and magnitude error less than 2 % then it is possible to get standard deviation of 13.304. And based on the information from common sample size determination table or by using the following formula (<http://www.webcitation.org>.) for the target population of 320 the sample size (n) will be approximately 175.

$n = N / (1 + N(e)^2)$	Where N = Target population
	n = sample size
	e = level of precision=0.05
$n = 320 / (1 + 320(0.05)^2) = 175$	

The calculation of sample selection from each strata is as follow:

N_1 (Managerial Strata) = 56

N_2 (Non-Managerial Strata) = 264

$N = 320$

$N_1/N * n = \text{Sample from } N_1 \dots\dots\dots 56/320 * 175 = 31$

$N_2/N * n = \text{Sample from } N_2 \dots\dots\dots 264/320 * 175 = 144$

Concerning the top management CEO's, purposive sampling will be used in order to communicate and interview important or key informants in the process of the strategy formulation and implementation. These informants are selected because they can give important and critical information on the selected issues as they were major players in the process of formulating and also in evaluation of the previous and current strategies of AIC. The "Strategic Team Leader" and the "Corporate Business Strategy and Plan Manager" of AIC are selected based on the Purposive Sampling for interview to get critical and important information about "Strategy Implementation" of the company.

3.3 Types of Data Collected and Used

The study used both primary and secondary sources of data to reach the research with the necessary information and resource. The primary data that was preferred to be applied were interviews and Questionnaires. The type of the interview was semi structured interview with

selected officials and key informants which makes them to respond flexibility on the issue raised. The other data collection method is Questionnaire that is distributed to managerial and non-managerial staffs of AIC. In addition to the primary sources of data which are explained above, secondary sources of data are used based on their accessibility and importance. The secondary type of data which is used for the study is mainly the current strategy of AIC together with periodic magazines of the company. So the main secondary source of data used in this study is the current strategy document with the interview and the data collected through the questionnaires.

3.4 Data Collection Method

The data collection method for this study is of both qualitative and quantitative. The qualitative method which is the interview helped to get highlight information and understanding about the subject raised. Quantitative method like questionnaire helped to get information which can be generalized based on the statics obtained.

3.5 Data Collection Procedures

The semi structured interview and questionnaire were prepared by considering the study subject and different theories so as to elicit relevant information. Then these questionnaires were distributed to the respondent and the interview was made only with the head of Corporate and Business Plan department and the planning and research department.

3.6 Data Analysis Method

The collected data were analyzed using different methods. But before analyzing the collected data's, the task of editing, coding and classifying is accomplished. Editing is done to assure that the data are accurate, consistent with other facts gathered, uniformly entered, as completed as possible and have been well arranged to facilitate coding and tabulation(Kothari, 2004).The collected data from Questionnaire were encoded, cleaned and analyzed using SPSS version 20, which stands for Statistical Product and Service Solution and other important and supporting tools. Simple Descriptive Statistic Techniques which is percentage is used to put the result in

number. The result from the analysis is illustrated using frequency tables that indicate the frequency counts and percentages for each of the variables. The result of the analysis is summarized and presented by using tables. On the other hand, the interview was transcribed into a word processed format and is used with the response from the questionnaires. Based on the analyzed data summary and conclusion is made which is followed by recommendation as well as limitation of the study.

3.7 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. As the level of the Cronbach's Alpha test is greater than 0.7 the reliability test is to the acceptable standard.

Table 3.1 Reliability Test Statistics

Cronbach's Alpha	Number of Items
0.958	30

3.8 Validity Test

Validity is the most critical criterion and indicates the degree to which an instrument measures what it is supposed to measure (Kothari, 2004). Among different mechanism of testing validity, this study applied only Content Validity test. Content validity is the extent to which a measuring instrument provides adequate coverage of the topic under study. If the instrument contains a representative sample of the universe, the content Validity is good. Its determination is primarily judgmental and intuitive. It can also be determined by using a panel of persons who shall judge how well the measuring instrument meets the standards, but there is no numerical way to express it. To ensure the content validity of the study the sample represented were those of the organizational employees who know better about the issue to be studied.

3.9 Ethical Consideration Made

Two main ethical considerations are made in the studies which were informed consent and issues of confidentiality. The first one was that respondents were informed regarding the background of the study including the importance of the data that was collected from them. Secondly respondents were ensured about the confidentiality of the information they gave would solely used for academic purposes only.

CHAPTER FOUR

RESULTS AND DISCUSSIONS

This chapter includes the presentation and analysis of data's which are collected by using Questionnaires. Reliability and validity test is done and results are presented, analyzed and interpreted using tables and simple descriptive statistics.

4.1 Demographic Information

Table 4.1 Demographic characteristics of the respondents

Current Job position			Years of Experience in AIC			Number of Years in the Current Position		
	Count	%		Count	%		Count	%
Top Management	5	2.94	< a year	65	38.23	< a year	87	51.17
Middle Management	20	11.76	2– 4 yrs.	51	30	1-2 yrs.	63	37.06
Senior	15	8.83	5-7 yrs.	29	17.05	3-5 yrs.	15	8.83
Junior	130	76.47	> 7 yrs.	25	14.72	> 5 yrs.	5	2.94
Total	170			170	100 %		170	100 %

Source: Own Survey May 2017

The above table shows that the study included different participants from different strata ranging from top management to junior employee. Of the total population considered the junior level staff accounts for 76.47 % which implies that most of them know at least about the current strategies of the company. Next to the junior employee, there are 8 % middle level managers which are serving the company. Again majority of the employees which accounts for 38.23 % have an experience of less than a year , followed by employees which stayed for less than two and five years consecutively. Majority of the employee spent less than a year in the same position and 37 % of the respondents said they have been in the same position up to two years. It is possible also to see that the number of the staff who spent more than three or five years in the same position is few as compared to the previous one. In general, most of the targeted population are in a position to reflect their idea about the current strategies and few of the population can even compare it with the past strategies which the companies undergone through.

4.2 Questionnaire Collection Status

The total numbers of Questionnaire which are distributed and collected are summarized in the following table:

Table 4.2 Questionnaire Collection Status

Questionnaires	Counts			Percent		
	Managerial	Non Managerial	Total	Managerial	Non Managerial	Total
Returned	27	143	170	87.10	99.3	97.14
Not returned	4	1	5	12.9	0.7	2.86
Total	31	144	175	100	100	100

Source: Own Survey May 2017

Table 4.2 indicated that majority of the distributed questionnaire are collected both from the managerial and non-managerial employees which shows that the addressed samples are representative of the population under the study.

4.3 Results of the Study

In this section the response of the respondent which is collected by using Questionnaires, interview and secondary sources will be presented and discussed using tables and percentage extracted from SPSS version 20.

4.3.1 Management Competency

Table 4.3. Employee's responses on the role of Management Competency for successful implementation of Strategy

Description		1	2	3	4	5	Total
Competent management team	Counts	0	0	30	55	85	170
	Percent	0	0	17.6	32.4	50	100
Effective planning	Counts	0	0	35	45	90	170
	Percent	0	0	20.6	26.5	52.9	100
Ease in evaluation of implemented strategies within the firm	Counts	0	0	15	60	95	170
	Percent	0	0	8.8	35.3	55.9	100
Effective resource management	Counts	0	0	0	20	150	170
	Percent	0	0	0	11.8	88.2	100
Efficient performance management	Counts	0	0	15	10	145	170
	Percent	0	0	8.8	5.9	85.3	100
Enhanced communication and Information systems	Counts	0	0	34	49	87	170
	Percent	0	0	20	28.8	51.2	100
Efficient operating systems	Counts	0	0	0	40	130	170
	Percent	0	0	0	23.5	76.5	100
To what extent does the above points affects the overall success of AIC?	Counts	0	0	0	10	160	170
	Percent	0	0	0	5.9	94.1	100

Note that: 1= No extent 2 = Less Extent 3= Moderate 4= Great Extent 5=Very Great Extent

Source: Own Survey May 2017

From the summary of the above table which describes the role of management competency, 90% of the employees agreed that the easiness of evaluation of implemented strategies, effective resource management and efficient performance management is a key for successful implementation. On the other hand, 80 % employee believes that competent management team, effective planning and enhanced communication and information system plays great role for the successful implementation of strategies. Efficient operating system is the last point that gets the support of 76% of the respondent saying it has a role for the successful implementation of a strategy to a great extent. The entire respondent confirmed that management competency affects the overall success of the AIC Strategies. The interview made with the Corporate Business and Planning Manager and deputy marketing manager of AIC agrees with the above reflection of the respondent to some extent. The management believes that the necessary support for the implementation of the strategy is always hand in hand with the day today operation of AIC. The board members and executive are believed to be competent team and have enough experience in the area of leadership and governance. But they lack being strategic according to the review of the previous strategy and the necessary reshuffle had been made as of the interview. Among the factors which are listed as a management competency, the company gives more weight for competent team and enhancement of information system. This is supported by the response from the interview that AIC has already made an agreement with Indian IT Company so as to make its data system networked and modern. Also the executive responded that one of the factors for the continuous profitability of the company is the strong and competent team sprite that continued up to now. Therefore, it can be said that management competency plays a great role in implementation of business strategy of AIC and among the management competency of AIC that plays greater role in implementation of the strategy the easiness of evaluation of implemented strategies, effective resource management and efficient performance management are the major factors.

4.3.2 Resource Strength of AIC

Table 4.4 The Link between resource base competency and successful strategy implementation

Description		1	2	3	4	5	Total
Adequate resource base matching firm's needs	Counts	0	24	5	60	81	170
	Percent	0	14.1	2.9	35.3	47.6	100
Efficient resource allocation	Counts	0	0	18	58	94	170
	Percent	0	0	10.6	34.1	55.3	100
Reliable resource sourcing mechanism	Counts	0	0	18	58	94	170
	Percent	0	0	10.6	34.1	55.3	100
Operation never delayed or halted due to resource unavailability	Counts	0	0	43	50	77	170
	Percent	0	0	25.3	29.4	45.3	100
To what extent does the above points affects the overall success of AIC?	Counts	0	8	92	53	17	170
	Percent	0	4.7	54.1	31.2	10	100

Note that: 1= No extent 2 = Less Extent 3= Moderate 4= Great Extent 5=Very Great Extent

Source Own Survey May 2017

On the extent to which how resource strength affects the implementation of a strategy table 4.2 shows the existence of “adequate resource base matching firm's needs” influences implementation to a great extent which is proofed by 80 % of the respondents. Also 25 % of the respondent reflected that resource unavailability affects implementation of a strategy to a moderate extent which is against 79 % respondents who believe that resource unavailability is linked to a great extent with implementation of a strategy. Majority of the respondents which accounts near to 90 % responded that reliable resource sourcing mechanism and efficient resource allocation is highly linked with successful implementation of a strategy to a great extent. Finally, 54 % of the respondent commented the link between or the extent of influence of resource strength on successful implementation of AIC strategy as a moderate as opposed to 40 % respondents that says resource strength influence the overall success of AIC strategy implementation to a great extent. The implication is that even if factors like reliable resource mechanism, existence of resources that match with AIC needs and efficient resource allocation

are important but their influence on the overall success of implementation of the strategy of AIC is moderate.

4.3.3 Innovation Strategies of AIC

Table 4.5 The link between innovation strategies and successful implementation of strategy

Innovation Description		1	2	3	4	5	Total
There is a perfect understanding of our consumer needs	Counts	5	8	38	32	87	170
	Percent	2.90	4.70	22.4	18.8	51.2	100
There is perfect understanding of the market	Counts	0	0	20	40	110	170
	Percent	0	0	11.8	23.5	64.7	100
Constant improvement on existing product to meet the market demand and the consumer needs	Counts	57	60	13	27	13	170
	Percent	33.5	35.3	7.6	15.9	7.6	100
Frequent development of new product to meet the consumer and market demand	Counts	0	65	55	35	15	170
	Percent	0	38.4	32.2	20.6	8.8	100
Efficient distribution channels	Counts	17	32	13	58	50	170
	Percent	10	18.8	7.6	34.1	29.4	100
Increased customer retention	Counts	31	3	10	43	83	170
	Percent	18.2	1.8	5.9	25.3	48.8	100
To what extent does the above points affects the overall success of AIC?	Counts	68	36	40	6	20	170
	Percent	40	21.2	23.5	3.5	11.8	100

Note that: 1= No extent 2 = Less Extent 3= Moderate 4= Great Extent 5=Very Great Extent

Source: Own Survey May 2017

On table 4.3, it is depicted that 70 % of the respondent believe that the existence of perfect understanding of once customer need has a link with successful implementation of strategy of AIC to a great extent. Cloth to 30 % of respondents doesn't accept this idea rather perfect understanding of once customer need has a moderate or less effect on the implementation of

strategy. Majority (64%) of the respondent believe that AIC understood the insurance market perfectly which has a link to an implementation to a great extent. On the other hand 69% of the respondent believes that the extent of “constant improvement on existing product to meet the market demand and consumer needs” is less or no totally. The link between “Frequent development of new product to meet the consumer and market demand” and success of implementation strategy of AIC is rated as less or moderate by 68 % of the respondents. Majority, 63 % and 73 %, of the employee agree on the idea that efficient distribution channels and increasing the retention of customers respectively is highly linked with the implementation of successful strategies to a greater extent. To conclude on the issue of the link between innovation and successful implementation of strategy, almost 85 % of the employees put the extent of innovation for the success of AIC strategy in the market as no or less extent as opposed to the response about which they have reflected previously. Which shows that the company is doesn't give enough attention for innovation strategy and the success of the company doesn't have any relation with innovation rather.

4.3.4 Structure of AIC

Table 4.6 The role of Structure of the organization in the implementation process of a strategy

Description		1	2	3	4	5	Total
The existing structure is enough in realizing the strategies of AIC	Counts	93	20	17	10	30	170
	Percent	54.7	11.8	10	5.9	17.6	100
Duties, roles, decision-making and reporting relationships between different position is clear	Counts	0	0	47	55	68	170
	Percent	0	0	27.6	32.4	40	100
The administrative system of AIC facilitates strategy execution	Counts	25	34	57	28	26	170
	Percent	14.7	20	33.5	16.5	15.3	100
There is coordination and cooperation between different levels of management and functional areas	Counts	0	10	48	51	61	170
	Percent	0	5.9	28.2	30	35.9	100
Employees are entitled with full authority to do the job they are assigned for.	Counts	10	15	45	33	67	170
	Percent	5.9	8.8	26.5	19.4	39.4	100
There is a clear policy, manual and guideline which help to realize the strategies of AIC.	Counts	50	61	11	20	28	170
	Percent	29.4	35.9	6.5	11.7	16.5	100
To what extent does the above points affects the overall success of AIC?	Counts	22	5	25	40	78	170
	Percent	12.9	2.9	14.7	23.5	45.9	100

1= No extent 2 = Less Extent 3= Moderate 4= Great Extent 5=Very Great Extent

Source: Own Survey May 2017

Table 4.4 clearly summarized that 76 % of the employee doesn't believe that the existing structure is not enough or not the right match so as to realize the current strategy of AIC which is was also similar to the response that was reflected during the interview with the higher officials. According to the information obtained from the Corporate Business Manager of AIC the

company has finished the study of new structure which can enhance the successful implementation of the strategy. The remaining 24 % respondents believe that the current structure is helpful and capable to accomplish the strategy of AIC. Seventy two percent of the employees believe on the existence of clear reporting and decision-making with different positions. Meanwhile 66% of the employee expressed the coordination and cooperation between different levels of management or functional areas roles for implementation process as to a great extent. The role of the administrative system in facilitating the execution of the strategies is rated to a great extent with the percentage of 48 %. On the other hand 59% of the respondents believe that employees are entitled with full authority to do the job they are assigned for and this has a role in the process of implementation of the strategy to a great extent. Concerning the clarity of manuals, policies and guidelines the strategy document pointed as critical factor which needs amendment and this is further supported by 65 % of the respondent as no or less extent. On general cloth to 70% employees believe that structure plays critical role in implementing the strategy of AIC in to reality and from the interview it is confirmed that further amendment of the existing structure is necessary for the future. The response of the respondent on the issue of structure in general shows that even if majority of the respondent believe on the importance of structure but the existing structure is not enough to realize the current strategy of the company and this may hinder the implementation of AIC's Strategy.

4.3.5 Staff Composition of AIC

Table 4.7 The role of human resource of the organization in the process of implementation process

Description		1	2	3	4	5	Total
There is a lack of competent and trained manpower in quality and quantity.	Counts	6	16	26	56	66	170
	Percent	3.5	9.4	15.3	32.9	38.8	100
The employees are not motivated enough.	Counts	0	2	25	66	77	170
	Percent	0	1.2	14.7	38.8	45.3	100
There is a capacity development and training program for the employees	Counts	10	15	20	90	35	170
	Percent	5.9	8.8	11.8	52.9	20.6	100
Employees have the necessary skills needed to accomplish their task	Counts	66	10	53	17	24	170
	Percent	38.8	5.9	31.2	10	14.1	100
Employees have access to information and empowered to make decision by themselves.	Counts	10	4	20	63	73	170
	Percent	5.9	2.4	11.8	37.1	42.9	100
Employees understand their roles in the company strategy and how their daily job contributes to it	Counts	73	62	20	4	11	170
	Percent	42.9	36.5	11.8	2.4	6.5	100
The Company assigns the right person to the right position	Counts	60	40	35	10	25	170
	Percent	35.3	23.5	20.6	5.9	14.7	100
To what extent does the above points affects the overall success of AIC?	Counts	5	5	22	60	78	170
	Percent	2.9	2.9	12.9	35.3	45.9	100

Note that: 1= No extent 2 = Less Extent 3= Moderate 4= Great Extent 5=Very Great Extent

Source: Own Survey May 2017

Based on the result from table 4.5 among the factors of human resource which are related with the implementation of strategy of AIC, 71% and 72 % of the employee reflected the role of lack of trained man power and capacity development and training program to a great extent. According to the table above, 44% of the respondent believe that the role of “Employees that possess necessary skills needed to accomplish their task” for the success of the implementation

of the strategy as no or less extent and 31 % rate this role as moderate. On the extent of access to information and empowerment 80 % of the employee responded that it has a role for implementation of a strategy to a great extent. Seventy nine percent of the employees said that employee's understanding about their role in the implementation of a strategy has no effect on the overall success of the company. Majority (81 %) of the respondent confirmed the role of human resource for the successful implementation of a strategy to a great extent in AIC case. As of the interview (Tadesse, 2017)and the current strategy document(AIC, 2016/2017-2020/2021) the main problem in relation to the staff composition of AIC which is challenging the company implementation process is lack of trained man power both in quality and in quantity. Also there is lack of motivation from the employee due to low entry level salary and the company has taken as one of the strategic theme to be improved in this strategic period. This is further supported by 84% of the respondents who believe the impact of "lack of motivation of employees" on the implementation of the strategy to a great extent. More than half (59) of the respondent also believe that the company the role of assigning the right person to the right position has no or less extent for the implementation phase. Finally 81 % of the respondent put the extent of staff composition for the successful implementation of the strategy of AIC as great and the company also takes the issue as one of the strategic issue to be improved. From the above result it is possible to say that lack of trained manpower, lack of capacity development and training program as well as lack of motivated employees are the major problem areas that need attention and as such AIC is not organized with the competent and skilled man power which enables it to achieve its strategy.

4.3.6 Barriers and Challenges of the Strategy Implementation of AIC

Table 4.8 Barriers and Challenges of the strategy implementation of AIC

Challenges and Barriers		1	2	3	4	5	Total
Lack of acceptance by and support from the top management	Count	49	26	20	30	45	170
	Percent	28.8	15.3	11.8	17.6	26.5	100
Inappropriate organizational structure	Count	10	15	75	20	50	170
	Percent	5.9	8.8	44.1	11.8	29.4	100
Poor communication strategy	Count	1	5	20	62	82	170
	Percent	0.6	2.9	11.8	36.5	48.2	100
Key personnel leaving the organization	Count	53	20	73	10	14	170
	Percent	31.2	11.8	42.9	5.9	8.2	100
Overall goals weren't well understood by employees	Count	10	4	63	73	20	170
	Percent	5.9	2.4	37.1	42.9	11.8	100
Misunderstanding of the strategy / awareness problem	Count	41	11	19	30	69	170
	Percent	24.1	6.5	11.2	17.6	40.6	100
Uncontrollable environmental factors since the strategy is formulated based on assumptions	Count	4	16	20	57	73	170
	Percent	2.4	9.4	11.8	33.5	42.9	100
The inability to manage change and reduce resistance to new implementation decisions	Count	53	63	41	10	3	170
	Percent	31.2	37.1	24.1	5.9	1.8	100
The strategy is vague to most	Count	2	5	33	73	57	170
	Percent	1.2	2.9	19.4	42.9	33.5	100
Lack of uniqueness and competitive advantage	Count	53	63	12	22	20	170
	Percent	31.2	37.1	7.1	12.9	11.8	100

Note that: 1= No extent 2 = Less Extent 3= Moderate 4= Great Extent 5=Very Great Extent

Source: Questionnaire May 2017

Based on table 4.6 the major barriers and challenges of implementation of AIC strategy ranges from no or less extent to great extent. Among the factors which are listed as a barriers and challenges for implementation poor communication strategy (84 %), misunderstanding of the strategy or lack of awareness about the overall goals (57%), uncontrollable environmental factors (75%) since the strategy is formulated based on assumptions and the ambiguity of the strategy (76%) are the major challenges which are affecting the implementation of the strategy to a greater extent. On the other hand inappropriate organizational structure (44%) and key personnel leaving the organization (43%) are suggested as a moderate barriers and challenges for implementation of a strategy. The rest of the factors like lack of acceptance and support from the top management, the inability to manage change and reduce resistance to new implementation decision and lack of uniqueness and competitive advantage are believed to affect the implementation process to no or less extent. From the interview made with the officials and the document review of the current strategy, it is possible to divide the challenges and barriers of AIC strategy implantation in to internal and external. Internally -periodic review of structure inadequate research and development activities, inadequate employee's empowerment, Weak product customization, less attractive entry level salary and weak benefits packages, employee turnover, absence of proactive engagement of HR, inadequate number of manpower with required skills and competencies are listed as a company specific main challenges for implementation of strategy. The external challenges of AIC's strategy is more of related with the country situation which are like political and economic. Political instability and challenging economical goals set by the government like doubling the number of branches, increasing number of agents up to 4000 and higher rate of growth are taken as a challenge for the company as whole(Tadesse, 2017)(AIC, 2016/2017-2020/2021).

4. 4 Discussion of the Results

In this part comparison and discussion of the result is made by referring to different literatures and different findings so as to make the finding or the results of the study clear and plausible.

4.4.1 Management Competency

All of the respondent confirmed that management competency affects the overall success of the AIC Strategies. This is because to implement strategy as a process effectively, people including managers and employees in organization with different role based on their position need to have

the competencies and skills (Mapetere, 2012). The response from the interview session is also supportive for this that the executive reflected the success of AIC until now is due to its strong management team (Tadesse, 2017). The response of the employee agrees with the Higgins's Eight "S" model that state style of leadership/management mode together with skill can plays critical role for the success of the study (Bhatti, 2011). Findings from the health centers of Canada agree with this idea of management which state the survival as well as the development of a business needs the owner to have a strategy management competences and abilities (Giroux, 2007). The study made on Kenyan's insurance is also in line with this result that puts management competency as one of the success factor for implementation of a strategy (Kibicho, 2015) (Doll, 2013). According to this study, a majority of the respondents indicated that to a very great extent management competence affects the overall success of firm. As suggested by Noble (Noble, 1999) together with organizational culture and structure, management style have a profound effect on implementation processes. Finally according to the empirical results made on the leadership and managements of Municipalities of South Africa (Leibbrandt, 2014), management and leadership are important and critical in ensuring successful strategy execution and requires attention and this supports the finding on AIC.

4.4.2 Resource Strength

Fifty four percent of the respondent commented the link between or the extent of influence of resource strength on successful implementation of AIC strategy as a moderate. From the interview and the Questionnaire collected it was found out that AIC takes the existence of strong management team, owning building, strong financial base and effort to adopt latest technology are taken as one of the resource strength of the company. Also the company is continuing to buy its own building, growing up itself in technology of information system. This is critical because the deficiency or restrictions in the scope of resources may significantly slow down or even stop the strategy performance (Mrowka, 2011). Higgins (Bhatti, 2011) affirms that management must ensure that an organization has access to sufficient resources toward successful strategy execution. It seems essential also to pay attention to proper budget construction, taking resource constraints into account because the proper usage of available resources is also essential for successful implementation (Radomska, 2014). The result of the study is not directly in line with studies which made resource as one of the critical issue for success of implementation. A study

made on water sector of Kenya that conclude operational dimensions include resources limitation, incompetent management and staff, poor planning for execution and lack of integration are the main reasons for failure, followed by structural and contextual dimensions(Rose, 2014). In general, AIC is expected to make consideration on the issue of resource strength for the successful implementation of its strategy.

4.4.3 Innovation Strategies

On the issue of the link between innovation and successful implementation of strategy, almost 85 % of the employees put the extent of innovation for the success of AIC strategy in the market as no or less extent. These was also supported by the response from the interview (on the issue of innovation) that the deputy marketing manager said that innovations like developing new product for Ethiopian insurance market as a strategy is not profitable. This is due to the fact that there is lack of experience and fear of loss as the industry is not ready to entertain other insurance product with profitable premium(Tadesse, 2017).On comparison with other findings the outlook of AIC on the role of innovation is not in line with other studies that believe on the distinct relationship between innovation and strategy, and as a result provides food for thought that managers and companies should consider(Dobni, 2010). The study made by Dobni further suggests that managers and their fellows should also understand that innovation can be a basis of competitive advantage. Because the role of innovation is becoming increasingly important as management realize that it creates long-lasting advantages and produces dramatic shifts in competitive positioning. Innovation supports strategy, and strategy supports innovation. From this it is possible to conclude that AIC's attention for innovation strategy as a means for successful implementation of the strategy is lowest of all variables selected for the study.

4.4.4 Structure

On general cloth to 70% employees believe that structure plays critical role in implementing the strategy of AIC in to reality. This idea is further accepted by the Corporate Business and planning manager of AIC who believe that the existing structure is not enough to realize the strategy and to keep profit leadership in the market. So the result of this section is in line with Higgins's Eight "S" model that takes structure as one of the critical factor for the success of a given strategy (Bhatti, 2011)(Okumus, 2003).Other studies made on the manufacturing firms of

India agree to this finding moderately demonstrating that the structure of formality has a moderating effect on the relationship between strategic implementation and the performance of manufacturing firms(Mahdani, 2012). Poor sharing of information or poor knowledge transfer and unclear responsibility and accountability also can doom strategy-execution attempts. These two items suggest that attempts at coordination or integration across organizational units can suffer if unclear responsibilities and poor sharing of vital information are the rule. This makes sense because complex strategies often demand cooperation and effective coordination and information sharing (Hrebiniak, 2006). A study made on water sector of Kenya that conclude operational dimensions like resources limitation, incompetent management and staff as the main reasons for failure, listed structural and contextual dimensions as the determinant factor for the successful implementation of a given strategy(Rose, 2014).

4.4.5 Staff Composition

Majority (81 %) of the respondent confirmed the role of human resource for the successful implementation of a strategy to a great extent in AIC case which is in line with the studies made on SMEs of Iran. Outcomes of a research made on the key success factors of strategy implementation of SMEs of Iran illustrates that Human resources plays a significant role in strategic management implementation and the study suggested that SMEs in Iran should try to provide any training that is required for application of the strategy(Pournasir, 2013).The main problem in relation to the staff composition of AIC which is challenging the company implementation process is lack of trained man power both in quality and in quantity(Tadesse, 2017). Also there is lack of motivation from the employee due to low entry level salary and the company has taken as one of the strategic theme to be improved in this strategic period(AIC, 2016/2017-2020/2021).According Michael Armstrong firms need to have a good human resourcing strategy so as to achieve the strategy they planned. The objective of human resourcing strategy is to find the most suitable workforce the organization needs, with the appropriate qualities, knowledge, capabilities and potential for future training. So the result of this study which shows lack of trained man power, capacity development, motivation problem etc. in AIC as one of the critical factor for the successful implementation of strategy is in agree with this principles of resourcing strategy that tries to determine the importance of appropriate employee both in quality and quantity(Armstrong, 2009).

4.4.6 Barriers and Challenges of the Strategy Implementation of AIC

Literature and findings agree on the points like the challenges of vague strategy on implementation which is one of the results of this study. It is clear that execution cannot occur until one has something to execute. A poor or vague strategy severely limits implementation efforts and thus presents a major obstacle. Good execution cannot overcome the shortcomings of a bad strategy or poor strategic planning effort (Mrowka, 2011). Poor sharing of information or poor knowledge transfer and unclear responsibility and accountability can doom strategy-execution attempts (Hrebiniak, 2006). Inappropriate systems is also suggested as barriers by other studies - specifically the structure, culture, leadership, systems used in the organization that did not have a strategic fit with the strategy are listed as a barriers for implementation. The other major internal barriers were poor communication on the organization strategy which is also in line with the findings of the study made on AIC ((Madegwa, 2013)). Meanwhile misunderstanding or lack of awareness about the strategy of, which is one of the problem observed in AIC, a company and ineffective communication is barrier to implementation of a strategy (Fourie, 2009). A study made on Adrian Company Limited in Kenya listed inadequate resources and manpower for strategy implementation, poor compensation, poor training for the current work force, mismatch between strategy and structure and poor bottom up as well as top bottom communication, organization politics, communication and clarity understanding during strategy implementation as a main challenges for the implementation of strategy which agree with the findings of this study (Mary, 2016).

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

The purpose of this chapter is to summarize the main findings which are raised during the discussion and presentation of the results. Meanwhile conclusion will be made from the summary and based on this conclusion; recommendation will be made to the company. The final part of this chapter as well as the study is listing down the limitation of the research undertaken.

5.1 Summary of the Findings

- From the description that are listed as a management competency, the easiness of evaluation of implemented strategies, effective resource management and efficient performance are the major factors that have a great role in implementation of AIC's strategy to a very great extent.
- On the other hand, competent management team, effective planning and enhanced communication and information system are believed to have a lesser role as compared to the above points but have a role in implementation of AIC's strategy to a great extent.
- Efficient operating system gets the list focus and acceptance from the finding that majority of the respondent gives more weight for the previous points than this one.
- But overall, among the factors which are listed as a management competency, the company gives more weight for competent team and enhancement of information system. This is supported by the response from the interview that AIC has already made an agreement with Indian IT Company so as to make its data system networked and modern.
- The existence of resources that goes in line with the need of AIC is the first and critical factors that have a link with the successful implementation of the strategy to a very great extent.
- Not only having adequate and supporting resources but also having reliable sourcing mechanism and allocating resources efficiently is also linked to the implementation of the strategy to a great extent as resource strength.

- Lack of resources or unavailability of resources that halt down or delay operations is also the other factor which was commented by the respondent for consideration during the implementation of the strategy of AIC.
- On the issue of resource strength, it is less than half of the respondent that believes resource strength has an impact on the overall success of the strategy of AIC
- More than half of the respondents believe that the existence of perfect understanding of once customer need as well as the market, efficient distribution channels and increasing the retention of customers respectively is highly linked with the implementation of successful strategies to a greater extent.
- Meanwhile majority of the respondent believes that the extent of “constant improvement on existing product and frequent development of new product to meet the market demand and consumer needs” as less or no role for implementation of strategy.
- Almost all of the employees put the extent of innovation for the success of AIC strategy in the market as no or less extent as opposed to the response about which they have reflected before.
- Majority of the employee doesn't believe that the existing structure is not enough or is not the right match so as to realize the current strategy of AIC which is also similar to the response that was reflected during the interview with the higher officials.
- Cloth to half of the respondent reflected the support of the administrative system of AIC for the successful execution of the strategy as to a great extent.
- More than half of the employee believes that the clarity of manuals, policies and guidelines affects the success of the strategy to a great extent and it needs also amendment.
- Majority of the employees agrees on the fact that structure plays critical role in implementing the strategy of AIC in to reality.
- From the staff composition perspective, the major factor which are listed as critical for the implementation of the strategy of AIC are lack of trained manpower in quality and quantity, lack of motivation , lack of capacity development and training program and access to information and empowerment.
- On the other hand more than half of the employees believe that employee's understanding about their role in the implementation of a strategy affects the success of the company to a

lesser extent. But majority of the respondent confirmed the role of human resource for the successful implementation of a strategy to a great extent in AIC case.

- Among the factors which are listed as a barriers and challenges for implementation poor communication strategy, misunderstanding of the strategy by the employee and lack of awareness about the overall goals, uncontrollable environmental factors and the ambiguity of the strategy are the major challenges which are affecting the implementation of the strategy to a greater extent.
- Internally HR related problems like lack of trained manpower in quality and quantity, poor benefit and compensation package, innovation related problems like weak product customization and management problems like inadequate periodic review of structure are listed as company specific main challenges for implementation of strategy.
- The external challenges of AIC's strategy is more of related with the country situation which are like political and economic. Political instability and challenging economical goals set by the government like doubling the number of branches, increasing number of agents up to 4000 and higher rate of growth are taken as a challenge for the company as whole.
- The rest of the factors like lack of acceptance and support from the top management, the inability to manage change and reduce resistance to new implementation decision and lack of uniqueness and competitive advantage are believed to affect the implementation process to no or less extent.

5.2 Conclusions

One of the major factors that plays great role for the successful implementation of strategy in Awash Insurance Company is Management Competencies. More specifically except efficient operating system which has a list role in implementation of AIC's Strategy factors like the easiness of evaluation of implemented strategies, effective resource management and efficient performance, competent management team, effective planning and enhanced communication and information system are the key areas of success factors under management competencies.

Awash Insurance Company has adequate resources that synchronize with resource need of the company. But the overall role and influence of resource strength of AIC on implementation of its strategy is considered to be less. Most notably resource strength in the study areas influence

strategy implementation through adequate resource base matching firm's needs, efficient resource allocation and reliable sourcing mechanisms.

Constant improvement on existing product and frequent development of new product to meet the market demand and consumer needs has no link with successful implementation of the strategy of Awash Insurance Company. On the other hand innovation areas like perfect understanding of once customer need as well as the market, efficient distribution channels and increasing the retention of customers respectively have a link with the successful implementation of AIC strategies.

The existing structure is not compatible so as to realize the implementation of business strategy of Awash Insurance Company. The manuals, policies and guidelines of AIC lacks clarity and are hindering the successful implementation of AIC's business strategy.

Awash Insurance Company is not organized with competent and trained manpower both in quality and quantity. Most notability lack of capacity development and training and lack of motivated employees are the areas of staff composition which are hindering the realization of the strategy.

Poor communication, vague strategy and misunderstanding or lack of awareness of the employee about the strategy, are the major challenges of Awash Insurance Company.

Internally HR related problems like lack of trained manpower in quality and quantity, poor benefit and compensation package, innovation related problems like weak product customization and inappropriate organizational structure are company specific challenges for implementation of AIC's strategy.

Externally, Uncontrollable environmental factors , political instability and challenging economical goals set by the government like doubling the number of branches, increasing number of agents up to 4000 and higher rate of growth are challenge for the company highly.

5.3 Recommendation

Based on the above conclusion the following recommendations are suggested:

- The role of management competency of Awash Insurance Company is commendable but further works needs to be done so as to take efficient operating system in to consideration. In relation to this enhancing the communication and the information system of the company shall be made so as to keep the success of the company on the track.
- The emphasis and the attitude of Awash Insurance Company for resource strength shall be improved to the extent that it is the existence of the resource it has now that is forwarding the company to the success level. The harmony between its existing resources like owning its own building, having strong financial base, having leading sister company (Awash Bank), etc and strategy success need to be considered as a means of the successful implementation of AIC's business strategy.
- In the area of innovation strategy development of new product and improving of the existing one should be taken as one of a means of for the successful implementation of AIC's strategy.
- Periodic revision of structure should be made every time so as to make it compatible with the strategy which Awash Insurance Company wants to achieve in the long run. In relation to this manuals, policies and guidelines shall be revised and be harmonized with the strategy of the company so as to minimize the impact they have on implementation of the strategy.
- Human resource strategy of Awash Insurance Company needs radical change and shall be given due consideration so as to avoid problems which are related with number and quality of manpower which is needed to make the strategy attainable. To this effect the resourcing strategy of Awash Insurance Company shall make the necessary improvement on benefit and compensation package as well as on training and capacity development of the company.
- The strategy implementation should be participatory starting from its formulation. The management should be able to effectively communicate the strategic plan to all employees so that they will have the same understanding and be out of confusion.
- Starting from the formulation of the strategy, discussion session and participatory environment shall also be prepared so as to make the strategy clear to all of the employee and develop common understanding about it.

- The business strategy should be prepared based on careful and research based external analysis of the market environment rather than simple unrealistic assumption

5.4 Limitations of the Study

- The interview made with executive and officials is not satisfactory due to the busy schedule they have and the willingness to give detail response on the issue. Only the head of Corporate and Business plan manager, who was also the leader of the team of current strategy, and the head of Research and Planning officer were available for brief interview.
- An effort which was made to access previous year strategy implementation report and annual reports where unsuccessful so only the current strategy is used intensively.
- Searching and getting literatures which are directly related to the variables selected for the study was also difficult.

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Appendices

Appendices 1

INTERVIEW GUIDELINE

1. Describe the strategy implementation process of the company? Organizational structure, culture, distribution of resources, managing of human resources, innovation strategy ,etc
2. Do you think you have exerted the necessary effort to ensure that all staff understands the strategy, goals and objectives? How?
3. What are the major inhibiting factors to strategy execution in your organization?
4. What are the Major factors that contribute to successful strategy execution in your organization?

Appendices 2

Questionnaire

ST. MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES MBA PROGRAM

Dear Respondent,

I am a final year MBA student at St Mary's University, School of Graduate Studies. As part of the requirements in completion of the MBA program, I am undertaking a research entitled "ASSESSMENT OF BUSINESS STRATEGY IMPLEMENTATION OF AWASH INSURANCE CVOMPANY". To this end, I am collecting data from people working in the Company. You have been selected as a valuable participant for this research.

In order for the research to yield valid results, it is important that you answer all questions as honestly and truthfully as possible. It is solely for an MBA Thesis and responses will remain anonymous and confidential. Leave those non applicable.

Demographic Information

1. What is your current Job position? _____
2. How many years have you served in AIC?

- Less than a year
- 2 – 4 years
- 5- 7years
- above 7 years

3. Number of years in the current position.

- Less than a year
- 1 – 2 years
- 3- 5years
- above 5years

Section 1 Management Competences in AIC

4. How would you link the following management competencies to successful strategy implementation? Rate your response on a five point Likert scale on which 1= no extent 2= less extent, 3= moderate extent, 4= great extent and 5= very great extent.

Management competencies	No extent at all	Less extent	Mode rate	Great extent	Very great extent
Competent management team	1	2	3	4	5
Effective planning	1	2	3	4	5
Ease in evaluation of implemented strategies within the firm	1	2	3	4	5
Effective resource management	1	2	3	4	5
Efficient performance management	1	2	3	4	5
Enhanced communication and Information systems	1	2	3	4	5
Efficient operating systems	1	2	3	4	5
To what extent does the above points affects the overall success of AIC?	1	2	3	4	5

Section 2: Resource Strength of AIC

5. To What extent would you link the following statements regarding your resource base competencies to successful strategy implementation? Rate your response on a five point Likert scale on which 1= no extent 2= less extent, 3= moderate extent, 4= great extent and 5= very great extent.

Resource Strength	No extent at all	Less extent	Moderate	Great extent	Very great extent
Adequate resource base matching firm's needs	1	2	3	4	5
Efficient resource allocation	1	2	3	4	5
Reliable resource sourcing mechanisms	1	2	3	4	5
Operations never delayed or halted due to resource unavailability	1	2	3	4	5
Firm is always able to meet its set resource department goals and objectives	1	2	3	4	5
To what extent does the above points affects the overall success of AIC?	1	2	3	4	5

Section 3: Innovation strategies of AIC

6. To what extent would you link the following innovation statements to successful strategy implementation? Tick appropriately using a Likert scale of 5 where 5= Very great extent, 4= Great extent 3= Moderate extent and 2= Less extent and 1= No extent at all.

Innovation strategies	No extent at all	Less extent	Moderate	Great extent	Very great extent
There is a perfect understanding of our consumer needs	1	2	3	4	5
There is perfect understanding of the market	1	2	3	4	5
Constant improvement on existing product to meet the market demand and the consumer needs	1	2	3	4	5
Frequent development of new product to meet the consumer and market demand	1	2	3	4	5
Efficient distribution channels	1	2	3	4	5
Increased customer retention	1	2	3	4	5
To what extent does the above points affects the overall success of AIC?	1	2	3	4	5

Section 3: Structure of AIC

7. To what extent do you think the following statement of structure of the organization plays role in the implementation process of the business strategies of AIC? Tick appropriately using a Likert scale of 5 where 5= Very great extent, 4= Great extent 3= Moderate extent and 2= Less extent and 1= No extent at all.

Structure	No extent at all	Less extent	Moderate	Great extent	Very great extent
The existing structure is enough in realizing the strategies of AIC	1	2	3	4	5
Duties, roles, decision-making and reporting relationships between different position is clear	1	2	3	4	5
There is coordination and cooperation between different levels of management and functional areas	1	2	3	4	5
The administrative system of AIC facilitates strategy execution	1	2	3	4	5
Employees are entitled with full authority to do the job they are assigned for.	1	2	3	4	5
There is a clear policy, manual and guideline which help to realize the strategies of AIC.	1	2	3	4	5
To what extent does the above points affects the overall success of AIC?	1	2	3	4	5

Section 4: Staff Composition of AIC

8. To what extent do you think the following statement of Humane Resource of the organization plays role in the implementation process of the business strategies of AIC? Tick appropriately using a Likert scale of 5 where 5= Very great extent, 4= Great extent 3= Moderate extent and 2= Less extent and 1= No extent at all.

Human Resource	No extent at all	Less extent	Moderate	Great extent	Very great extent
There is a lack of competent and trained manpower in quality and quantity.	1	2	3	4	5
The employees are not motivated enough.					
There is a capacity development and training program for the employees.	1	2	3	4	5
Employees have the necessary skills needed to accomplish their task					
Employees have access to information and empowered to make decision by themselves.	1	2	3	4	5
Employees understand their roles in the company strategy and how their daily job contributes to it	1	2	3	4	5
The Company assigns the right person to the right position	1	2	3	4	5
To what extent does the above points affects the overall success of AIC?	1	2	3	4	5

Section 5: Barriers and Challenges of the strategy implementation of AIC

9. Among the factors which are listed below rate those by selecting to show which factors are barriers and challenges of the implementation of strategy of the company.

Challenges and Barriers	No extent at all	Less extent	Moderate	Great extent	Very great extent
Lack of acceptance by and support from the top management	1	2	3	4	5
Inappropriate organizational structure	1	2	3	4	5
Poor communication strategy	1	2	3	4	5
Key personnel leaving the organization	1	2	3	4	5
Overall goals weren't well understood by employees	1	2	3	4	5
Unawareness or misunderstanding of the strategy	1	2	3	4	5
Uncontrollable environmental factors since the strategy is formulated based on assumptions	1	2	3	4	5
The inability to manage change and reduce resistance to new implementation decisions or actions	1	2	3	4	5
The strategy is vague to most and poor	1	2	3	4	5
Lack of uniqueness and competitive advantage in resource	1	2	3	4	5