

**A FRAMEWORK FOR EFFECTIVE STRATEGY IMPLEMENTATION- A
RESOURCE- CAPABILITY APPROACH: THE CASE OF COMMERCIAL BANKS
IN ETHIOPIA**

by

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Abstract

Extensive research in strategic management has shown that more than half of the business strategies fail to accomplish their intended objectives due to problems with strategy implementation. However, in comparison to strategy formulation, strategy implementation has received insufficient attention both at the theoretical and empirical levels. The strategy implementation practices in Ethiopian commercial banks were not adequately documented and most of the commercial banks lack an appropriate strategy implementation framework to execute their strategy effectively. The objective of the study was to develop a comprehensive framework that augments the effectiveness of strategy implementation. The study used an explanatory sequential mixed methods research design which utilized a quantitative research approach in the first phase of the study and a qualitative approach in the second part of the study. A sample of 229 top and middle-level managers of commercial banks in Ethiopia was chosen to collect quantitative data, and around 187 (82 percent) questionnaires were returned. In-depth interviews were also held with eight concerned bank officials to obtain qualitative data. The quantitative and qualitative data analyses were carried out using structural equation modelling and thematic analysis, respectively. The results of the study confirmed that strategy communication, incentives and rewards alignment, organisational structure alignment, organisational culture alignment, and strategy monitoring and evaluation are the major components of strategy implementation capability that positively influence strategy implementation success. Furthermore, the study identified managerial skills and managerial social capital as critical organisational resources that positively affect strategy implementation capability. The study also revealed that strategy implementation capability mediates the relationship between the two critical strategy implementation-related resources and strategy implementation success. By operationalizing strategy implementation capability as a second-order reflective-formative construct, the study established an empirically informed strategy implementation framework that entails three components: critical strategy implementation related resources, key elements of strategy implementation capability and strategy implementation performance. The study contributes to the existing knowledge on strategy implementation by expanding the extant strategy implementation frameworks to a broad-based and integrative framework. The study also supplements the strategy implementation literature by employing the resource-capability approach of the resource-based view in developing a framework for effective strategy implementation.

Key terms: Managerial Skills, Managerial Social Capital, Strategy Communication, Incentives and Rewards Alignment, Organisational Structure Alignment, Organisational Culture Alignment, Strategy Monitoring and Evaluation, Resource Capability Approach, Strategy Implementation Success, Strategy Implementation Capability

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Acronyms

Abay	Abay Bank
Addis	Addis International Bank
AVE	Average Variance Extracted
Awash	Awash Bank
Berhan	Berhan International Bank
BOA	Bank of Abyssinia
Bunna	Bunna Bank
CBs	Commercial Banks
CBE	Commercial Bank of Ethiopia
CBO	Cooperative Bank of Oromia
CO-SEM	Covariance Structural Equation Modelling
Dashen	Dashen Bank
Debub	Debub Global Bank
Enat	Enat Bank
Hibret	Hibret Bank
Lion	Lion International Bank
NBE	National Bank of Ethiopia
NIB	Nib International Bank
OIB	Oromia International Bank
PLS-SEM	Partial Least Square Structural Equation Modelling
QUAL	Qualitative
QUAN	Quantitative
RBV	Resource Based View
RQ	Research Question
S.D.	Standard Deviation
SEM	Structural Equation Modelling
SPSS	Statistical Package for Social Science
VIF	Variance Inflation Factor
Wegagen	Wegagen Bank
Zemen	Zemen Bank

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The study seeks to develop a comprehensive framework that augments the effectiveness of strategy implementation in the context of the Ethiopian banking industry. By employing complimentary perspectives from the extant strategy implementation literature and the resource-capability approach of the RBV, the study has examined the presumed six key components of strategy implementation capability (strategy communication, strategy cascading, organisational structure alignment, organisational culture alignment, incentives and rewards alignment and strategy monitoring and evaluation) to establish a framework for effective strategy implementation. In the resource-capability approach, scholars apply specific resources and capabilities and assess the impact of their interaction with some measure of organisational performance (Asamoah et al. 2020; Newbert 2007; Wu et al. 2006). The study employed this approach to explain the relationships among critical strategy implementation related resources (managerial skills and managerial social capital), components strategy implementation capability (strategy communication, strategy cascading, organisational structure alignment, organisational culture alignment, incentives and rewards alignment and strategy monitoring and evaluation) and strategy implementation performance (strategy implementation success). Under the resource-capability approach of the RBV, resources are critical sources for creating capability that enable organisations to become effective in achieving their organisational goals (Gupta et al. 2018 and Baškarada and Hanlon 2017). As the study utilized the resource-capability approach, the framework had also incorporated the mediating role of strategy implementation capability between the critical strategy implementation-related resources and strategy implementation success. Accordingly, it was hypothesized that strategy implementation-related resources affect strategy implementation capability and strategy implementation capability, in turn, influence strategy implementation success (Gupta et al. 2018; Baškarada and Hanlon 2017; Morgan

et al. 2012). Detail explanation on the conceptual framework of the study was provided in chapter 3. The following sections highlighted the challenges, constraints, gaps, and practices of strategy implementation in the contexts of the global and Ethiopian banking industries.

1.1.1. Strategy Implementation in the Global Context

Research conducted globally have indicated that most strategies fail at the strategy implementation stage (Bej and Das 2019; Wolczek 2019; Rani 2019; Verweire 2014; Sherafat et al. 2014; Hrebiniak 2013; Speculand 2009; Jooste and Fourie 2009; Noble 1999; Okumus and Roper 1999). According to empirical studies, about fifty to ninety percent of business strategies failed to achieve their objectives, with poor strategy implementation accounting for the majority of the failures (Bahadori et al. 2018; Scott et al. 2015; Cândido and Santos 2015; Baroto et al. 2014; Rajasekar 2014; Verweire 2014; Hrebiniak 2013).

Researchers pointed out that strategy implementation is much more difficult than strategy formulation and it requires serious attention from both academics and practitioners in the field (Greer et al. 2017; Engberg et al. 2015; Verweire 2014; Hrebiniak 2013; Dobni 2003). However, far less attention has been paid to strategy implementation both at the theoretical and empirical levels as compared to strategy formulation (Oliveira et al. 2018; Srivastava and Sushil 2017; Hourani 2017; Sadeghifar et al. 2017; Hrebiniak 2013, Yang et al. 2008; Van Der Maas 2008; Kazmi 2008; Aaltonen and Ikävalko 2002). On top of the limited number of empirical studies in the area (Oliveira et al. 2018; Hourani 2017; Sadeghifar et al. 2017; Patten 2015; Hrebiniak 2013; Yang et al. 2008; Van Der Maas 2008; Chebat 1999), extant literature in strategy implementation suffers from various limitations, challenges, and gaps that require utmost attention.

In strategy implementation literature, there appears to be a divergence of opinion on both theoretical and empirical levels in identifying and defining the key strategy implementation factors and components (Srivastava and Sushil 2017; Alhilou 2015; Verweire 2014, Srivastava and Sushil 2014; Hrebiniak 2013). As a result,

academics and practitioners have been pleading for the development of an acceptable and integrative strategy implementation framework that improves the strategy implementation success (Verweire 2014; Hrebiniak 2013; Okumus 2003). The literature on strategy implementation is fragmented (Richardson 2008), with the majority of studies focusing on one or a few aspects of strategy implementation impacting variables (Mwanje 2016; Kibicho 2015; Chiuri 2015; Mango 2014). In addition, majority of the strategy implementation frameworks are mainly deal with major organisational-level factors and capabilities that presumed to affect the strategy implementation success. Micro-foundation researchers argued that the analysis of organizational capabilities for the search of firms' effectiveness is not enough and as the result, the micro-foundation of these organizational capabilities should be studied to make the analysis more comprehensive (Felin et al. 2012). The existing capability based researches considered capabilities at organizational level and these sorts of analysis were not complete as they could not elucidate the antecedents of these capabilities, thus, the inclusion of both micro and macro level variables in the assessment of firms' effectiveness has been commended in future research to clarify the antecedents of organizational capabilities (Molina-Azorín, 2014). Furthermore, a large number of studies on strategy implementation have not been tested in a real-world situation (Oliveira et al. 2018; Mistry 2014; Van Der Maas 2008; Noble 1999). There is a paucity of practical data for making strategy implementation analyses, and an assessment of factors that influence strategy implementation efficacy is not sufficiently performed (Bahadori et al. 2018 and Alharthy et al. 2017).

Due to tactical perceptions of the strategy implementation process, the majority of strategic management research tends to overlook the strategy implementation process as a primary source of organisational capabilities (Huber 2011). For example, according to Barney (2001), once an organisation has formulated its strategy, the implementation process simply follows the formulation process. Several experts, however, have refuted this connotation, pointing out that having a superior strategy alone is not a sufficient requirement for an organisation's success (Verweire 2014; Hrebiniak 2013; Amjad 2013; Bobe 2012; Noble 1999).

Organisations must have a successful strategy implementation process in order to be successful in the market (Verweire 2014; Hrebiniak 2013 Amjad 2013; Noble 1999)

In most of the strategy implementation frameworks, there is a noticeable gap in defining and operationalising what a strategy implementation capability means? What its components are? How strategy implementation capability as a construct is measured? (Oliveira et al. 2018; Huber 2011). These and other questions are not clearly addressed in the extant strategy implementation frameworks. Few researchers such as Oliveira et al. (2018) and Huber (2011) attempted to operationalize and measure strategy implementation capability as a construct. Oliveira et al. (2018, p.9) operationalised strategy implementation capability as a high-order capability that contains the following components: “translating the strategy into action plans, communication, coordination, development of human resources policies and employee competencies, and control and feedback”. Huber (2011), on the other hand, operationalized strategy implementation capability as a higher-order measure based on organisational learning theory. The author stated that strategy implementation capability consists of four dimensions: “strategy implementation-pattern maintenance, strategy implementation-goal attainment, strategy implementation-integration, and strategy implementation-external interface” (Huber 2011, p.48). However, the operationalization of strategy implementation capability by these authors is limited to some components of the strategy implementation activities such as coordination, control, human resource development, etc. and not detailed enough to deal with the whole elements of strategy implementation (refer for detail section 2.5).

Another notable gap in the strategy implementation literature is that the majority of strategy implementation research is focused on firms in developed countries, except for only a small number of studies undertaken in emerging economies (Chiuri 2015; Rajasekar 2014 and Van Der Maas 2008). This circumstance imposes its own constraints on improving the efficacy of strategy execution in developing economies, as solutions and techniques created for advanced

economies may not be applicable to developing economies. Because of the existence of different cultures, business environments, levels of development, and political practices, Van Der Maas (2008) argued that simply employing advanced countries' management practices and processes in developing country's organisations could have negative consequences on their organisational performance.

From the above discussion, it can be fairly concluded that strategy implementation as an area of study deserves further exploration and synthetisation as the process for effective strategy implementation is yet to be fully identified and explored. As strategy implementation is a very complex process that entails fragmented tasks, there is a need to have a comprehensive and structured strategy implementation framework that shows the practical components of the strategy implementation process. The study is, therefore, expected to supplement the extant strategy implementation literature in minimising the observed gaps by developing a comprehensive strategy implementation framework.

1.1.2. Strategy Implementation in the Local Industry Context

The Ethiopian commercial banking industry is composed of 22 local banks: one government-owned and twenty-one private banks as of February 28, 2022. Five commercial banks joined the banking industry recently. The industry is highly regulated and dominated by the government-owned bank (Lelissa 2017). The bank regulator is the National Bank of Ethiopia. Table 1.1 shows the performance of commercial banks in Ethiopia by major performance indicators as of June 30, 2021.

Table 1.1 Performance of Commercial Banks in Ethiopia by Major Performance Indicators as of June 30, 2021

Amount in Millions of Birr									
Sn-	Bank ¹	Deposit		Outstanding Loan		Total Asset		Profit Before Tax	
		Amt.	Share	Amt.	Share	Amt.	Share	Amt.	Share
1	CBE	735,661	54.0	279,209	35.1	991,319	55.6	19,278	43.2
2	Awash	101,976	7.5	87,107	10.9	142,070	8.0	5,587	12.5
3	Dashen	74,497	5.5	64,850	8.1	94,829	5.3	2,758	6.2
4	BOA	88,768	6.5	72,697	9.1	104,683	5.9	2,661	6.0
5	Wegagen	31,491	2.3	27,349	3.4	40,129	2.3	977	2.2
6	Hibret	43,969	3.2	34,703	4.4	56,320	3.2	1,682	3.8
7	NIB	43,215	3.2	34,481	4.3	54,422	3.1	1,500	3.4
8	CBO	71,119	5.2	55,265	6.9	81,523	4.6	2,258	5.1
9	Lion	25,992	1.9	22,795	2.9	31,733	1.8	819	1.8
10	Zemen	18,993	1.4	14,257	1.8	24,756	1.4	1,404	3.1
11	OIB	34,186	2.5	25,756	3.2	42,188	2.4	1,277	2.9
12	Bunna	20,462	1.5	17,946	2.3	25,956	1.5	1,109	2.5
13	Berhan	21,645	1.6	17,706	2.2	27,390	1.5	880	2.0
14	Abay	23,877	1.8	19,580	2.5	29,877	1.7	1,255	2.8
15	Addis	6,216	0.5	8,448	1.1	8,832	0.5	455	1.0
16	Debub	8,552	0.6	4,536	0.6	11,678	0.7	358	0.8
17	Enat	11,185	0.8	9,141	1.1	14,895	0.8	394	0.9
Industry Total		1,361,804	100.0%	795,825	100.0%	1,782,601	100.0	44,652	100.0

Source: Researcher's Own compilation

¹ Five commercial banks were excluded as these banks were operating in the industry for less than one year.

The strategy implementation practices in the Ethiopian banking industry is not well documented and researched (Denberu 2016 and Tadesse 2015). Though commercial banks in Ethiopia try to formulate their strategy by employing various strategy formulation tools such as SWOT and Porter's Five Force Model, most of them lack an appropriate and structured strategy implementation framework that assists them to implement their strategy effectively (Kuma 2016; w/silassie 2015; Tadesse 2015; Henok 2010).

1.2 Statement of the Problem

Empirical studies show that about 50% to 90% of strategies in various organisations fail to deliver their intended results and the major reason behind this is mainly attributed to the lack of proper implementation of strategies (Bahadori et al. 2018; Scott et al. 2015; Cândido and Santos 2015; Baroto et al. 2014; Rajasekar 2014; Verweire 2014; Hrebiniak 2013).

Strategy implementation is a big challenge for managers because it contains a highly diversified set of activities that are difficult to manage through an unstructured approach (Verweire 2014). Senior and middle-level managers require a clear strategy implementation framework to effectively implement their strategy; otherwise, there will be confusion in prioritizing and performing tasks while implementing their strategies (Hrebiniak 2013).

The existing strategy implementation frameworks, however, are not as such suitable to use as a practical guide to implementing strategy effectively since most of them are not comprehensive enough to guide the strategy implementation process (Oliveira et al. 2018, Verweire 2014, Hrebiniak 2013; Okumus 2003). Majority of the strategy implementation framework focus in one or limited aspects of strategy implementation influencing variables (structure, culture, process and systems) or leadership qualities or other specific strategy implementation influencing factors (Mwanje 2016; Kibicho 2015; Chiuri 2015; Verweire 2014; Mango 2014; Hrebiniak 2013). Majority of the strategy implementation frameworks are mainly deal with major organisational-level factors that presumed to affect the

strategy implementation success. Nevertheless, they fail to incorporate what organisational resources are required to build such organisational capabilities (Mistry 2014). In addition, most of the strategy implementation frameworks/models have been developed in the context of advanced countries and may not be applicable in developing economies due to the existence of different cultures, business environments, levels of development and political practices (Chiuri 2015; Rajasekar 2014 and Van Der Maas 2008). Besides, they are not empirically tested and are difficult to use in practical settings (Oliveira et al. 2018; Mistry 2014; Van Der Maas 2008; Noble 1999). Specifically, there is inadequate practical data for making analysis on strategy implementation, and assessment of factors that affect the effectiveness of strategy implementation is not sufficiently performed in the extant strategic management literature (Bahadori et al. 2018 and Alharthy et al. 2017). The prevalent gaps in strategy implementation literature as well as the extant strategy implementation frameworks were discussed in detail in section 2.5.

The strategy implementation practices in the Ethiopian banking industry is not well documented and researched (Denberu 2016 and Tadesse 2015). As noted by some researchers such as Alemayehu (2019), Abagissa (2019), Kuma (2016), Tadesse (2015), and Henok (2010), most commercial banks in Ethiopia lack an effective strategy implementation framework for implementing their strategies. For example, Henok (2010), in his assessment of strategy implementation practices in Commercial Bank of Ethiopia, stated that lack of appropriate direction and process in strategy implementation as well as the absence of strategy implementation procedure were the major causes of ineffective strategy implementation in the bank. Alemayehu (2019) also pointed out that the vagueness of the assignment of responsibility is the major reason for unsuccessful strategy implementation practice in an Ethiopian commercial bank. Similarly, Abagissa (2019), Guanche (2018), Kuma (2016), and Mamo and Lemma (2015) pinpointed the apparent gap in Ethiopian commercial banks in identifying and prioritizing the major activities and factors that are vital for the success of strategy implementation. They noted that failure to give due attention to employees' participation while formulating and implementing their strategy as well as misalignment of rewards with the

performance management system has negatively affected the strategy implementation effort in commercial banks in Ethiopia (Abagissa 2019; Guanche 2018; Kuma 2016; Mamo and Lemma 2015).

In general, lack of acceptable and comprehensive strategy implementation framework specifically applied to Ethiopian commercial banking industry context necessitated the establishment of a framework for effective strategy implementation. The study, given the above limitations and gaps, aims to develop an empirically informed strategy implementation framework by studying the commercial banks in Ethiopia.

1.3 Objectives of the Study

The major objective of the study is to develop a comprehensive framework that augments the effectiveness of strategy implementation. To develop the strategy implementation framework, the identification of key components of strategy implementation capability and critical strategy implementation-related resources are very important as they form the major elements of the framework. The study addresses the following specific objectives in the context of the commercial banking industry in Ethiopia.

- To identify the key components of strategy implementation capability that affect strategy implementation success.
- To assess the effect of these components of strategy implementation capability on strategy implementation success.
- To assess the effect of strategy implementation capability² on strategy implementation success.
- To identify the critical strategy implementation-related resources that affect strategy implementation capability.
- To assess the effect of these strategy implementation-related resources on strategy implementation capability.

² Treated as single multi-dimensional construct.

- To examine the mediating roles of strategy implementation capability on the relationship between critical strategy implementation-related resources and strategy implementation success.
- To develop a model for effective strategy implementation.

Based on the identified key components of strategy implementation capability, critical strategy implementation-related resources as well as their relationships with strategy implementation success, the study has established a framework for effective strategy implementation.

1.4 Research Questions

The major research question of the study has been explored to unpack the objectives of the study. The major research question of the study is depicted below.

What are the critical components of strategy implementation capability and strategy implementation-related resources, and how do they relate to each other in a framework for effective strategy implementation?

To establish the strategy implementation framework, the selection of critical components of strategy implementation capability and strategy implementation-related resources are very essential as they are the major constituents of the strategy implementation framework. To this end, the study addresses the following specific research questions.

RQ1: What are the key components of strategy implementation capability that affect strategy implementation success?

RQ2: How do these components of strategy implementation capability affect strategy implementation success?

RQ3: How does strategy implementation capability affect strategy implementation success?

RQ4: What are the critical strategy implementation-related resources that influence strategy implementation capability?

RQ5: How do these strategy implementation-related resources affect strategy implementation capability?

RQ6: How does strategy implementation capability mediate the relationship between critical strategy implementation-related resources and strategy implementation success?

RQ7: What is the appropriate model for effective strategy implementation?

1.5 Conceptual Framework and Hypotheses of the Study

Resource-based view gives an opportunity to deliberate strategy implementation process as major organisational capability and help to examine critical strategy implementation-related resources that augment the strategy implementation capability of an organisation (Amjad 2013). Under the resource-capability approach, resources are critical sources for creating capability that enable organisations to become effective in achieving their organisational goals (Gupta et al. 2018; Baškarada and Hanlon 2017; Kamboj et al. 2015; Grant 1991). In resource-capability approach, scholars employ specific resources and capabilities and assess the impact of their interaction with some measure of organisational success. The study employed this approach to explain the relationships among critical strategy implementation related resources, strategy implementation capability and strategy implementation success. As per the approach, it can be inferred that strategy implementation related resources positively affect strategy implementation capability and strategy implementation capability, in turn, positively influence strategy implementation success. Accordingly, the study proposed a conceptual framework that contains three major elements: the strategy implementation-related resources, strategy implementation capability, and its components as well as strategy implementation success. The conceptual framework identified critical components of strategy implementation capability and strategy implementation-related resources to establish a framework for effective strategy implementation (refer section 2.4.4 for detail).

Considering the importance of assessing the antecedents of organisational capabilities (i.e., the link between organisational capabilities and their antecedents),

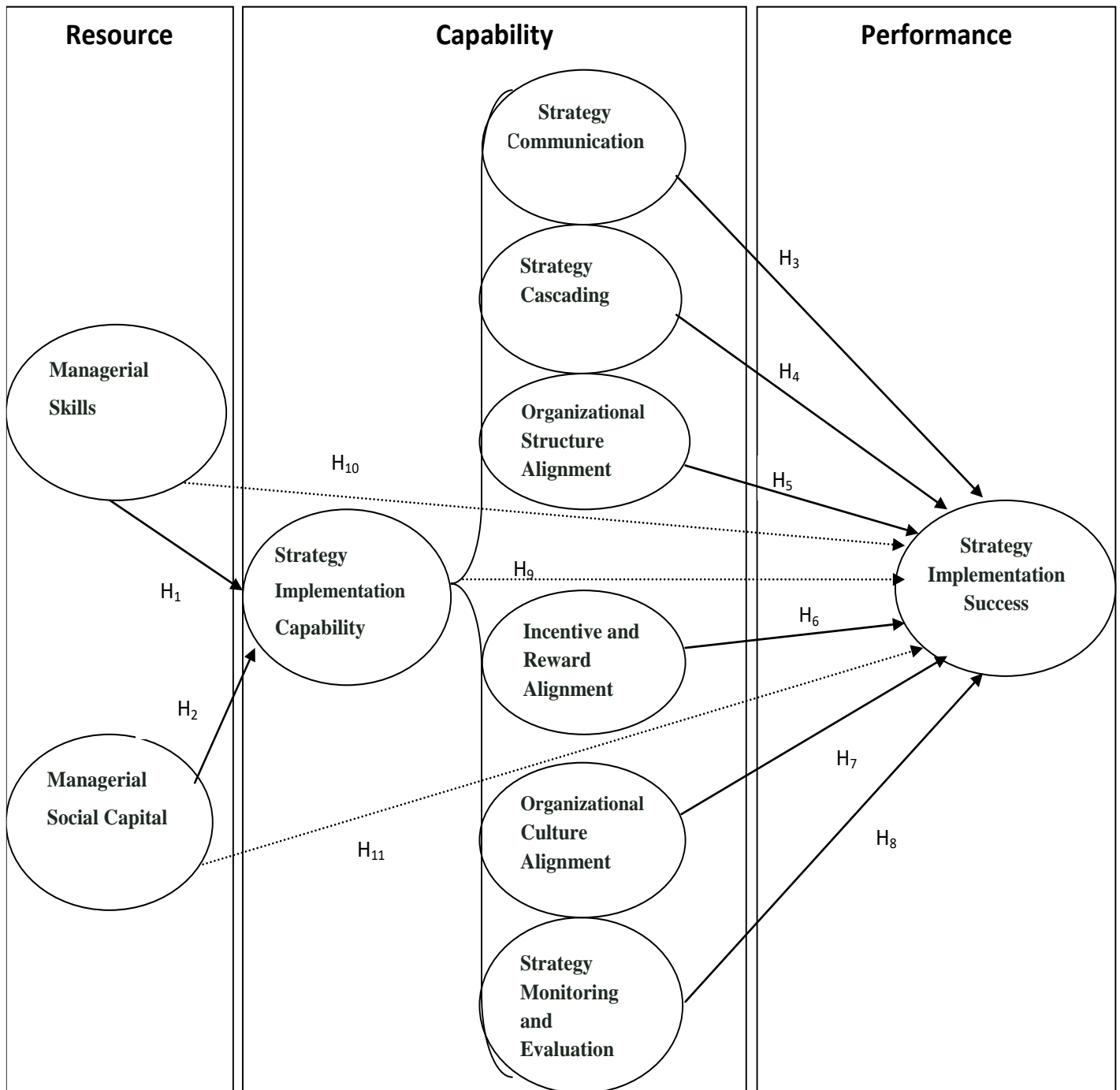
the first component of the conceptual framework of the study has incorporated two critical resources (managerial skills and managerial social capital) that are presumed to affect the capability to implement strategy effectively (strategy implementation capability). Numerous researchers indicated that the level of managerial skill affects the capability of organisations to implement their strategy effectively (Mwanje 2016; Chiuri 2015; Kibicho 2015). Similarly, Lehtimäki and Karintaus (2013) and Kemper et al. (2013) stressed the importance of managerial social capital for enhancing the strategy implementation capability of an organisation.

As the second component of the conceptual framework, the capability to implement strategy, i.e., strategy implementation capability, is operationalized as a second-order construct that entails strategy communication, strategy cascading, incentives and rewards alignment, organisational structure alignment, organisational culture alignment, and strategy monitoring and evaluation as these components are presumed to affect strategy implementation success positively (Alharthy et al. 2017; Bernardo et al. 2017; Srivastava and Sushil 2017; Obeidat et al. 2017; Siddique and Shadbolt 2016; Kilic and Aktuna 2015; Cater and Pucko 2010; Kaplan and Norton 2008; Van Der Maas 2008; Brenes et al. 2007).

The third component of the conceptual framework deals with the strategy implementation performance operationalized as strategy implementation success. Strategy implementation success is one of the endogenous latent variables in the study and as a variable of the study; it is measured by the extent to which the strategic plan is implemented (Hunger and Wheelen 2011). The conceptual framework also incorporates the mediating roles of strategy implementation capability on the relationship between the two critical strategy implementation-related resources, i.e., managerial skills and managerial social capital, and strategy implementation success.

In general, the study assessed the relationship between key components of strategy implementation capability (as independent latent variables) and strategy

implementation success (as dependent latent variable) as well as two key strategy implementation-related resources (as independent latent variables) and strategy implementation capability (as dependent latent variable). Pictorially, Figure 1.1 depicts the conceptual framework of the study.



Source: Researcher's own development based on the resource capability approach and extant strategy implementation literature

Figure 1. 1 Conceptual Framework of the Study

As the first component, two research hypotheses were proposed to examine the relationship between the critical strategy implementation-related resources and strategy implementation capability.

H₁: Managerial skills are positively and significantly related to strategy implementation capability.

H₂: Managerial social capital is positively and significantly related to strategy implementation capability.

As the second component, the following six research hypotheses on the relationship between strategy implementation success and the presumed components of strategy implementation capability were set.

H₃: Strategy communication is positively and significantly related to strategy implementation success.

H₄: Strategy cascading is positively and significantly related to strategy implementation success.

H₅: Organisational structure alignment is positively and significantly related to strategy implementation success.

H₆: Incentives and rewards alignment is positively and significantly related to strategy implementation success.

H₇: Organisational culture alignment is positively and significantly related to strategy implementation success.

H₈: Strategy monitoring and evaluation are positively and significantly related to strategy implementation success.

Three additional hypotheses were also proposed to examine the relationship between strategy implementation capability as a single construct and strategy implementation success as well as the mediating roles of strategy implementation capability on the relationship between strategy implementation success and critical strategy implementation related resources, i.e., managerial skills and managerial social capital.

H₉: Strategy implementation capability positively and significantly affects strategy implementation success.

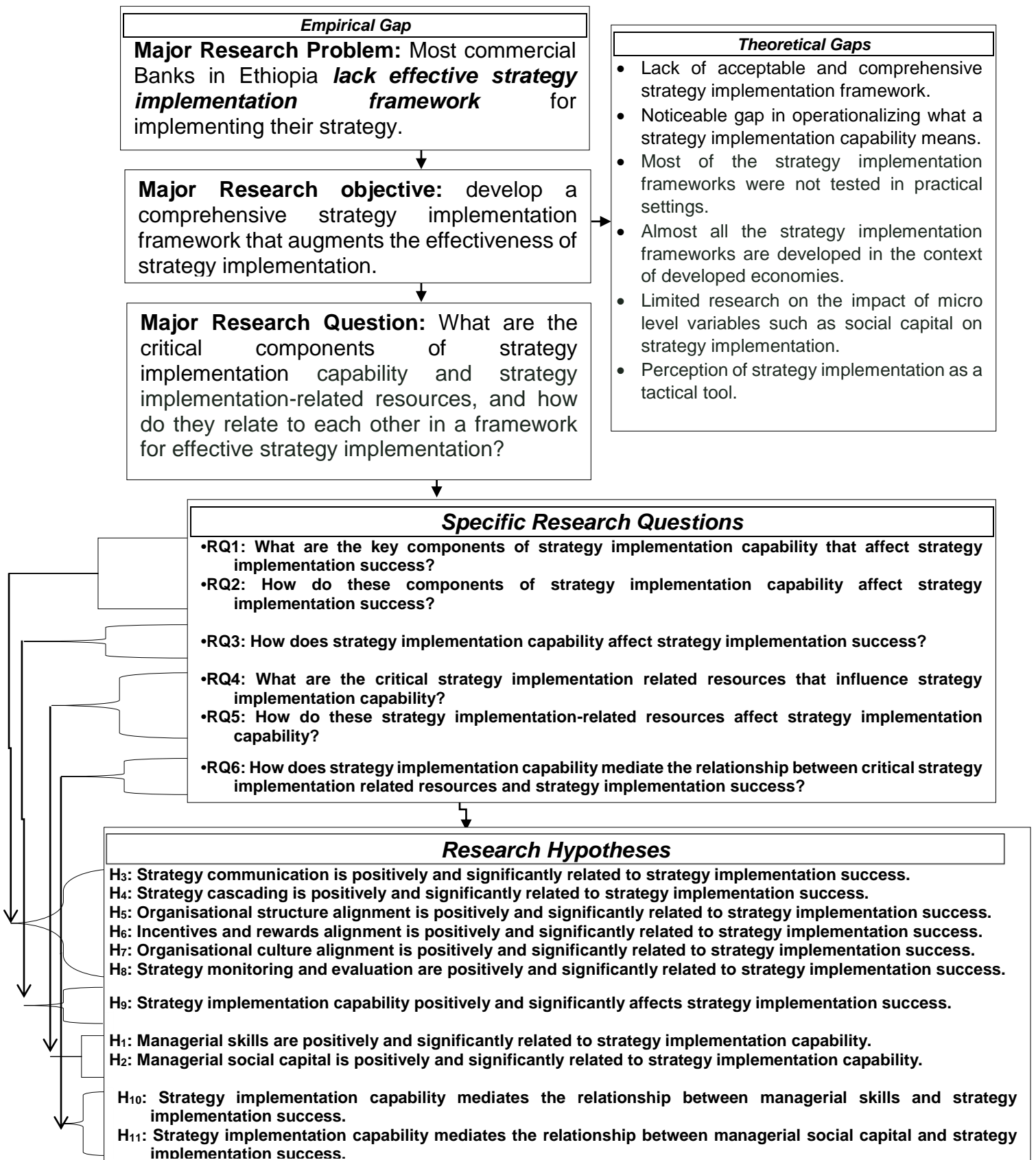
H₁₀: Strategy implementation capability mediates the relationship between managerial skills and strategy implementation success.

H₁₁: Strategy implementation capability mediates the relationship between managerial social capital and strategy implementation success.

Chapter three further elaborates on the conceptual framework and the research hypotheses of the study.

1.6 Linkage among Research Problem/Gaps, Objective, Research Question, and Hypotheses of the Study

A scientific study should exhibit a clear linkage among research problem/research gaps, objectives, research questions, and hypotheses (Kaonda 2014). Figure 1.2 below depicts the linkage among major research problem/research gaps, major objectives, research questions and hypotheses of the study. It also shows the contributions of the study to the theoretical gaps (limitations, challenges and gaps observed in strategy implementation literature).



Source: Researcher's own compilation

Figure 1. 2 Linkage among Research Problem/Gaps, Objective, Research Questions and Hypotheses of the Study

1.7 Significance of the Study

Commercial bank performance in Ethiopia has a significant impact on the country's overall economic development because commercial banks control 90% of the country's financial system (Lelissa 2017). As a result, many policymakers and regulators are concerned about the effectiveness of Ethiopia's commercial banking system. The study will be useful for policymakers and concerned bodies, as it aims to identify key components of strategy implementation capability and critical strategy implementation-related resources.

Inadequate understanding of the factors influencing the success of strategy implementation would pose a significant challenge in effectively implementing strategies, and examining all eight key strategy implementation-related latent variables (strategy monitoring, strategy cascading, organizational structure alignment, organizational culture alignment, incentives and reward alignment, strategy monitoring and evaluation, managerial skills and managerial social capital) in one study provides clear insights for practitioners as to which factors are more effective in implementing their strategies. The study develops a framework that is expected to aid commercial banks as a roadmap in taking the essential measures while implementing their strategy.

The study contributes to the extant knowledge on strategy implementation as it expands the existing strategy implementation frameworks to a broad-based and integrative framework that illustrates the relationship between strategy implementation success and other key strategy implementation-related latent variables.

The study also complements the strategy implementation literature by employing the resource-capability approach to the strategy implementation process to enhance strategy implementation performance. In addition, unlike most strategic management researches, which ignore the antecedents of organisational capabilities (Molina-Azorn 2014; Felin et al. 2012; Abel et al. 2008), the study takes into a more comprehensive approach, establishing a framework for effective

strategy implementation using both micro (individual) and macro (organisational) variables.

The study supplements the strategy implementation literature by conceptualizing and measuring strategy implementation capability as a construct, owing to the lack of a strong conceptualization and a credible measure in the extant strategy implementation literature (Oliveira et al. 2018 and Huber 2011). The research establishes the strategy implementation capability as a second-order construct³ made up of several first-order constructs such as strategy communication, incentives and rewards alignment, organisational structure alignment, organisational culture alignment, and strategy monitoring and evaluation.

Finally, the research can be useful for researchers and practitioners who are primarily concerned with strategy execution in the banking industry in the setting of emerging economies.

1.8 Scope of the Study

The study deals with the establishment of a strategy implementation framework in the Ethiopian commercial banking industry context. The study assessed the presumed six key components of strategy implementation capability (strategy communication, strategy cascading, organisational structure alignment, organisational culture alignment, incentives and rewards alignment; strategy monitoring and evaluation) to establish a framework for effective strategy implementation. An assessment was also made to examine the association between two critical strategy implementation-related resources (managerial skills and managerial social capital), the strategy implementation capability and strategy implementation success.

The study employed an explanatory sequential mixed methods research design (quantitative dominated mixed methods research) that employs quantitative data collection and analysis in the first phase of the study and then supports or further

³ Second order construct is a type of construct composed of other variables/constructs which sometimes referred to as first order construct.

explains the findings of the quantitative study with qualitative data collection and analysis. The study assessed the relationship between key components of strategy implementation capability (as exogenous/independent latent variables) and strategy implementation success (as endogenous/dependent latent variable) as well as two key strategy implementation related resources (as exogenous latent variables) and strategy implementation capability (as endogenous latent variable). To capture the strategy implementation performance, the study's population consisted of all commercial banks in Ethiopia that had been in business for at least three years.

1.9 Overview of the Research Methodology

The study was conducted based on the pragmatism paradigm to properly address the research problem and research questions of the study. The study used the explanatory sequential mixed methods research design (quantitative dominated mixed methods research) that employed quantitative data collection and analysis in the first phase of the study and qualitative data collection and analysis in the second phase of the study. For the quantitative phase, the study utilized a cross-sectional survey research design. Accordingly, the study has employed a structured questionnaire as a data collection instrument and uses sampling to collect primary data. The study has adopted a proportional stratified random sampling method and a sample of 229 senior and middle-level managers was drawn randomly from a population of 564 top and middle-level managers working in 17 commercial banks in Ethiopia. For the quantitative data analysis, Structural Equation Modelling (SEM) was used to test the research hypotheses and model the relationships between the independent and dependent latent variables of the study. For the qualitative phase of the study, a separate qualitative data collection and analysis has been conducted to support and further explain the findings derived from the quantitative phase of the study. The study employed semi-structured interview methods for qualitative data collection. In the qualitative data analysis, identification of themes, trends, patterns, and relationships was performed to address the research questions of the study in great depth. Finally, the results of the two approaches were integrated to

clearly stipulate the findings and the conclusions of the study. Further discussion on the methodology of the study was presented in chapter 4.

1.10 Chapter Outline

The thesis entails seven chapters as outlined below:

- The **first chapter** addresses the introduction of the study that incorporates the background of the study, statement of the problem, objectives of the study, research questions, conceptual framework, research hypotheses, significance of the study, and chapter outline.
- **Chapter Two** presents the theoretical frameworks and literature review on strategic management and strategy implementation to lay the foundation for establishing the conceptual framework and the research hypotheses of the study.
- **Chapter three** incorporates the conceptual framework and the research hypotheses of the study.
- **Chapter four** addresses the research methodology and it includes the philosophical background, the research approach, the research design, and the research methods.
- **Chapter five** deals with the quantitative and qualitative data presentation and analysis of the study.
- **Chapter six** discusses the results of the study by integrating the quantitative and qualitative phases of the study.
- **Chapter seven** deals with the summary, conclusion, and recommendations of the study.

CHAPTER TWO

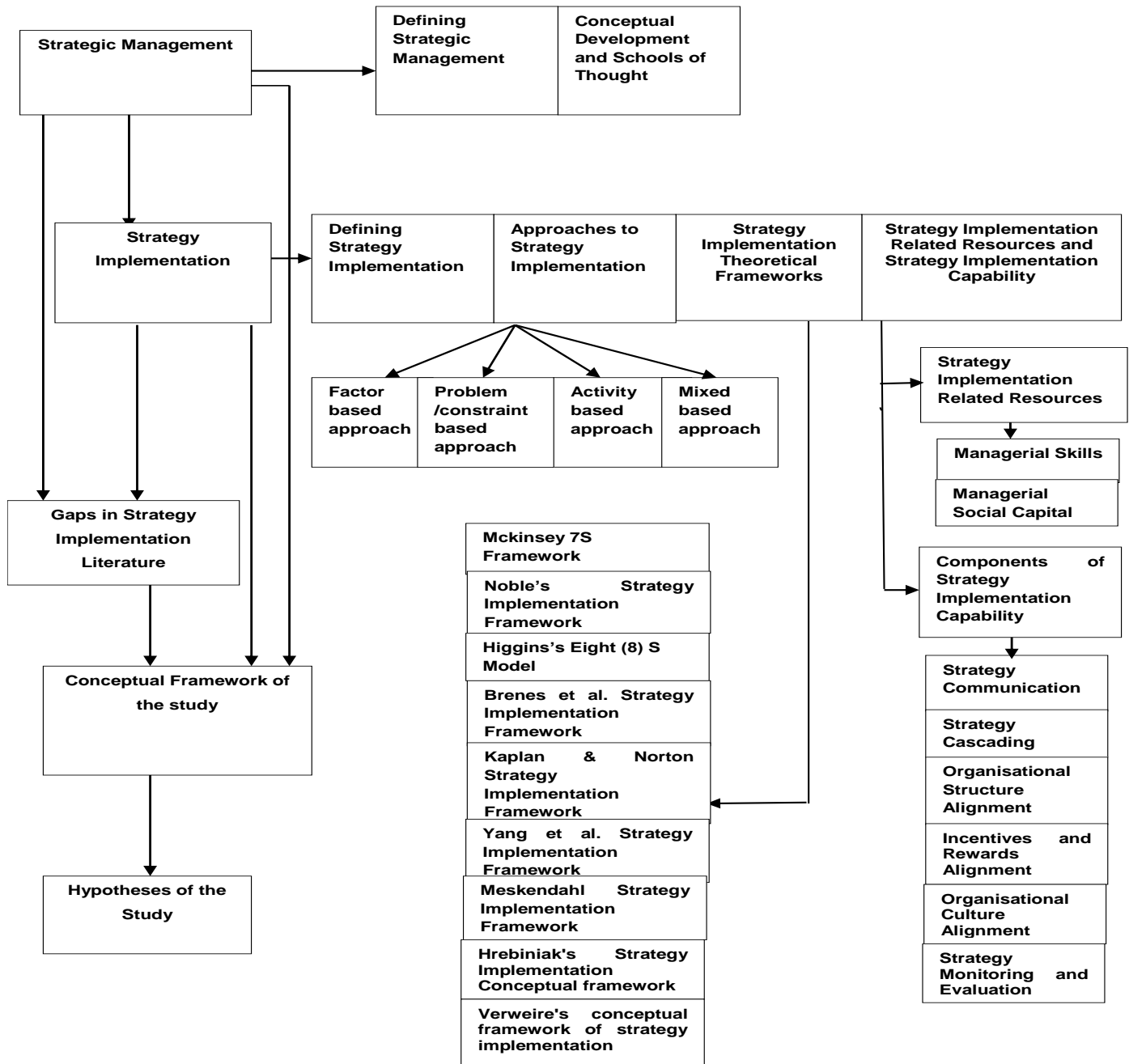
THEORETICAL FRAMEWORKS AND LITERATURE REVIEW

2.1 Introduction

The chapter starts with the compilation of the theoretical roadmap that shows the content and logical flow of the literature review conducted in the study, and then moves on to presenting the definitions, conceptual development and schools of thought in strategic management. The chapter discusses the definitions, approaches to strategy implementation, major strategy implementation theoretical frameworks, strategy implementation related resources and components of strategy implementation capability to lay foundation for establishing the conceptual framework and hypotheses of the study in the subsequent chapter. Numerous theoretical gaps have been identified, and possible contributions of the study in minimizing the identified limitations and gaps are highlighted. Finally, chapter summary is provided at the end of the chapter.

2.2 Theoretical Roadmap

A theoretical roadmap was prepared to ensure that all the required areas of the study are covered in the literature review, and to visualize the components as well as the logical flow of the literature review conducted in the study. The literature review of the study is organized in such a way that, first, the concept of strategic management and strategy implementation is explored, and second, the conceptual framework of the study is proposed by reviewing the extant strategy implementation literature and that of the resource-capability approach of the resource-based view. To delineate and address the research problem, objectives and research questions of the study, the research hypotheses of the study also proposed based on the conceptual framework of the study. The following figure depicts the theoretical roadmap used in conducting the literature review of the study.



Source: Researcher's own compilation

Figure 2.1: Theoretical Road Map

2.3 Strategic Management

2.3.1 Defining Strategic Management

This section presents the definitions, schools of thought and conceptual development of strategic management to provide a theoretical background to establish a framework for effective strategy implementation. Broadly, strategic management entails two different but interrelated sub-processes: strategy formulation and strategy implementation. Strategic management is defined as “the full set of commitments, decisions, and actions required for a firm to achieve strategic competitiveness and earn above-average returns” (Hitt et al. 2017, p.6). Strategic management is “the art and science of formulating, implementing, and evaluating cross-functional decisions that enable an organisation to achieve its objectives” (David and David 2015, p.6). Strategic management can also be defined as a set of managerial decision that aims to enhance the long-term performance of organisations (Hunger and Weheleen 2011). Some authors use the term strategic management interchangeably with that of strategic planning to refer the formulation, implementation as well as the monitoring and controlling of strategy to achieve the long term objectives of organisations (David 2011). Others view strategic planning as one components of strategic management, and embrace it in strategy formulation phase of the strategic management process (David 2011).

Strategic management deals with the critical question of why firms differ in their performance, and aims to discover critical success factors for organisational success and competitiveness (Guerras-Martin et al. 2014 and Bromiley 2005). Strategic management constructed based on two theoretical foundations that include the resource based view and the strategic positioning view, and these two different perspectives were put forwarded by different strategic management scholars for explaining firms’ performance heterogeneity (Burgelman 2015). The strategic positioning view such as Michael Porter’s approach attributes attractiveness and structure of the industry for source of competitiveness and performance success

while the resource-based view commends firms' internal resources and capabilities as the major source of firm's performance growth (Barney and Clark 2007). Resource based view responds two major drawbacks of IO economics outlook based approaches: why firms deliver different financial results within the same industry that possesses similar attractiveness and structure? And why firms register similar performances across different industries with different attractiveness and structure? To address these fundamental questions, the resource based view focuses on internal resources and capabilities that include tangible and intangible resources such as organizational processes for organizational competitiveness (Barney and Clark 2007 and Barney 1991). By adopting some basic concepts of the resource based view, the study identified critical strategy implementation-related resources and capabilities for the establishment of effective strategy implementation (refer section 2.4.4 for detail).

Table 2.1: Definitions of Strategic Management

Definitions
Strategic management is “a continuous process that monitors and controls the business and industries in which the company operates, monitors competition, and sets out strategies and goals” (Boshkov and Magdinceva-Shopova 2019, p.48).
Strategic management is “defined as the full set of commitments, decisions, and actions required a firm to achieve strategic competitiveness and earn above-average returns” (Hitt et al. 2017, p.6).
Strategic management is “concerned with the character and direction of the enterprise as a whole. It is concerned with basic decisions about what the enterprise is now, and what it is to be in the future” (Morden 2016, p.14).

Definitions
Strategic management is “a collection of on-going activities of strategic analysis, strategy creation, implementation and monitoring” (Athapaththu 2016, p.126).
Strategic management is “the art and science of formulating, implementing, and evaluating cross-functional decisions that enable an organisation to achieve its objectives” (David and David 2015, p.39).
Strategic management deals with the critical question of why firms differ in their performance, and aims to discover critical success factors for organisational success and competitiveness (Guerras-Martin et al. 2014).
Strategic management can be “described as a set of managerial decision that aims to enhance the long-term performance of organisations” (Hunger and Weheleen 2011, p.21).
Strategic management deals with “defining the mission, vision, values, and major goals of the organisation; analysing the external and internal environments of the organisation; choosing a business model and strategies that align an organisation’s strengths and weaknesses with external environmental opportunities and threats” (Hills and Johnes 2010, p.34).
Strategic management “includes understanding the strategic position of an organisation, making strategic choices for the future and managing strategy in action” (Johnson et al. 2008, p.12).
Strategic management is “about charting how to achieve a company's objectives, and adjusting the direction and methods to take advantage of changing circumstances” (David and Andrew 2009, p.3).

Source: Researcher’s own compilation

Though the core issue of strategic management is shared by all researchers in the field, the approach to address the fundamental question of why organisations differ in their performance is quite different due to the multidisciplinary nature of strategic management as a field of study (Cabarcos et al. 2015 and Guerras-Martin et al. 2014). In general, the following four attributes of strategic management can be pinpointed (Dess et al. 2012):

- Strategic management is concerned with the overall organisational objectives and goals; it is not inclined to a single functional area such as marketing or operations instead it is directed towards a total solution for the entire organisation.
- Strategic management considers the involvement of the entire stakeholders of the organisation that include employees, customers, owners and the public in its decision making process.
- Strategic management incorporates both tactical and strategical outlooks by striking a balance between achieving the long-term objectives and short term operating needs.
- Strategic management recognizes the importance of keeping the trade-off between effectiveness and efficiency in the sense that it focuses on utilizing resources effectively without compromising the long-term objectives and goals of the organisation.

2.3.2 Conceptual Development and Schools of Thought in Strategic Management

The field of strategic management originated from the earlier pedagogical field of business policy, which was conceptualized as an integrative mechanism to interlink various functional areas of business (Burgelman 2015). Strategic management is a young discipline evolved back to 1960 mainly from the works of Chandler (1962),

Ansoff (1965) and Andrew (1971) (Guerras-Martin et al. 2014). Since then, strategic management has grown significantly to become a matured and consolidated field of study within the domain of management (Guerras-Martin et al. 2014).

In the field of economics, sociology and psychology, various theories, such as agency theory, transaction cost theory, institutional theory, resource dependency theory, etc. contribute the conceptual development of strategic management through theory borrowing (Kenworthy et al. 2015). In general, four phases of the evolving process of strategic management can be identified (Hunger and Weheleen 2011). In the first phase, organisations focused on financial planning that aims to attain their annual objectives. In the second phase, the focus shifted from financial planning to forecast based planning to systematically predict the future beyond one year to enhance the performance of the organisation. In the third phase, organisations adopted externally focussed planning to respond to competition and identify market opportunities that augment the performance of the organisation. Finally, in the fourth phase, organisation employed strategic management to seek competitive advantage by formulating, implementing and controlling organisational-wide strategy.

The conceptual development of strategic management can be explained using the pendulum metaphor (Hoskisson et al. 1999). The focus of strategy management, like swing of pendulum, shifted from the internal organisational perspective to external organisational perspective and then back to internal perspective of organisations (Guerras-Martin et al. 2014). In line of that, three phases of the evolving process of strategic management can be identified (Tan and Ding 2015).

In the early development of strategic management (in the first phase), the focus was mainly on the internal characteristics of organisations such managerial decision making process, internal organisations' capacities as well the critical roles of managers (Hoskisson et al. 1999). The three classical works of Chandler, Ansoff and Andrew provide a foundation for the conceptual development of strategic management as a field of study (Hoskisson et al. 1999). All the three authors have

raised very critical issues of strategic management including the effect of strategy on performance and the association between strategy and structure (Hoskisson et al. 1999).

In the second phases of the conceptual development of strategic management, the focus had shifted from the internal organisational perspective to the external industry/positioning perspective (Hoskisson et al. 1999). In this stage, the role of economics specifically the industrial organisation (IO) economics is very crucial in the conceptual development of strategic management (Hoskisson et al. 1999). The industrial organisation (IO) economics stipulated that the performance of organisations primarily lay on the external environment the firm operates (Barney and Clark 2007). Porter (1980), for example, has outlined an analytical framework that specifies the attractiveness and structure of the industry through his five-force model.

In the third phase of the conceptual development of strategic management, the focus had returned from firm's external environment to internal firm's resources and capabilities (Hoskisson et al. 1999). In this stage, the resource-based view (RBV) had emerged to better explain the heterogeneity of firms' performance (Hoskisson et al. 1999). RBV explained that resources are the major sources of firms' performance differences and level of competitiveness (Barney and Clark 2007). In the resource-based view, firms' resources should be heterogeneous and immovable to create sustainable competitive advantage (Barney 1991). Further elaboration on the concepts and propositions of resource-based view is provided in section 2.4.4.

The conceptual development of strategy management can also be clarified through examining the tension between macro and micro level researches conducted in the field of strategic management (Guerras-Martin et al. 2014). At the early stage of the conceptual development of strategic management, the focus of the research in strategic management mainly concentrated on the micro and macro level of analysis in the sense that both micro level (internal firm characteristics and processes) and

macro level (the industry and the firm itself) researches have been conducted (Guerras-Martin et al. 2014). In the intermediate stage, the focus had shifted to a macro level of industry structure and attractiveness and in this stage, more researches in strategic management gave focus for the business environment such as the industry structure, industry attractiveness, etc. as major focal points for firms' competitiveness and performance (Guerras-Martin et al. 2014). In recent times, the attention of researchers in strategic management shifted from the macro level to micro level of strategic management (Chen et al. 2022; Loon et al. 2020; Nayak et al. 2020; Molina-Azorin 2014).

Recently, a new line of strategic management research that give due attention on micro-foundations of strategic management has been emerged (Chen et al. 2022; Loon et al. 2020; Nayak et al. 2020; Molina-Azorin 2014). This new stream of strategic management research focuses on individuals' characteristics and actions in the explanation of firms' performance heterogeneity (Loon et al. 2020 and Molina-Azorin 2014). Micro-foundation research highlights the importance of micro level variables to seek explanations of performance differences in organisations based on the assessment of individual behaviours, actions, interaction, relationships and skills (Guerras-Martin et al. 2014). Micro foundation researchers claimed that the analysis of organisational capabilities for the search of firms' performance heterogeneity is not enough and pointed out that the micro-foundation of these organisational capabilities should be studied to make the analysis complete (Felin et al. 2012). In this respect, the usage of both micro and macro level variables in the assessment of firms' performance heterogeneity has been recommended in future strategic management researches (Molina-Azorín 2014).

Broadly, ten major schools of thought have been identified in strategic management discipline specifically referring to that of strategy formulation and implementation process (Mintzeberg and Lambel 1999). The design school stipulates strategy formation as deliberate process of conception that aims to strike a balance between

the internal organisational resources and capabilities with that of the external environmental opportunities (Hattangadi 2017; Sarbah and Otu-Nyarko 2014; Mintzeberg et al. 1998; Mintzeberg 1990). In this school of thought, strategic options that enhance the strength and minimize the weakness as well as utilize the opportunities and reduce the threats from external environment will be considered (Elfring and Volberda 2001). In design school of thought, the chief executive officer of the organisation plays a key role in formulating and implementing the strategies (Hattangadi 2017 and Kippenberger 1998). In the planning school of thought, strategy formation is a formal, detailed, and systematic process much developed by a team of planning experts (Elfring and Volberda 2001 and Kippenberger 1998), and in this school of thought, the management uses the plan as a major tool to make strategic decisions and to go ahead in the direction stipulated in the plan (Hattangadi 2017). The position school of thought, on other hand, focuses on the content of the strategy, and analytically evaluates the product market potential and competition to position the product in the target market (Hattangadi 2017 and Kippenberger 1998). The BCG matrix, Porter's five forces model and value chain analysis are some of the major strategic tools developed under the position school of thought (Hattangadi 2017).

The above three specified schools of thought have their own limitations. They assume the stability of the environment and the contest is to either influence the environment or readjust the organisation based on analysis made on the external and internal environment (Elfring and Volberda 2001). The planning school of thought assumes that a good strategy is developed based on a repetitive and systematic analysis of both the external and internal environment. However, empirical research shows that in turbulent business environment, planning alone is not adequate to develop the right strategy instead it may lead to inflexibility and limit innovation (Hattangadi 2019; Hattangadi 2017; Elfring and Volberda 2001). The three schools of thought portray that strategy formation is the top down approach, and as the result, they usually prescribe what the management has to perform in

formulation and implementation of strategies. However, strategies can be prepared from bottom up with later approval of the top management, and strategies may not be explicitly formulated rather they arise instinctively in the absence of a prior intent (Wilson 2022; Elfring and Volberda 2001 and Mintzeberg and Lambel 1999).

Pursuant to the above limitations, other descriptive schools of thought including entrepreneurial school, cognitive school and learning school steadily getting influence in strategic management discipline (Wilson 2022, Hattangadi 2019; Elfring and Volberda 2001). The entrepreneurial school deliberates strategy formation as a visionary process and considers the leader's vision as a key ingredient for the formation of strategies (Hattangadi 2017). In this school of thought, unlike the positioning approach, the market environment is not a key factor instead entrepreneurs expected to influence the market by bringing out innovative products and services onto the market (Elfring and Volberda 2001). The cognitive school of thought gives higher emphasis on perceptions and behaviours of employees, customers, suppliers, etc. to formulate strategies (Hattangadi 2017). In this school of thought, the individual is treated as the unit of analysis and strategy formation is presumed to be a mental process (Elfring and Volberda 2001). Organisations that follow the learning school of thought make their strategy based on their experience and learn not only from their own successes and failures but also from other organisations' experiences (Hattangadi 2017). Under this school of thought, strategies are incremental and emergent process, and organisations opt for strategies that are worked in previous times assuming that it will work again (Hattangadi 2017; Quaye et al. 2015; Elfring and Volberda 2001).

The political school of thought considers power as the major determinant factor for the formation of strategies (Hattangadi 2017; Elfring and Volberda 2001; Mintzeberg and Lambel 1999). This school of thought sees strategies as a political process of sharing, negotiations, forming alliance and partnership to achieve a certain objective (Hattangadi 2017 and Mintzeberg and Lambel 1999). Two streams of power appear

in the literature (Mintzeberg and Lambel 1999). Micro power is a politics among actors within the organisation whereas macro power is a power one organisation holds over the other in forming alliance, joint venture etc. (Mintzeberg and Lambel 1999).

The cultural school of thought focuses on the social belief, value and cultural situation of the organisation in the formation of strategies (Hattangadi 2017; Elfring and Volberda 200; Mintzeberg and Lambel 1999). This school of thought emphasises on the importance a common culture in the organisation for effective formulation and implementation of strategies (Hattangadi 2017; Elfring and Volberda 2001; Mintzeberg and Lambel 1999). Environmental school of thought gives emphasis on the situation and the environment surrounds the organisation in the formulation of strategies (Hattangadi 2017). Situational analysis is one of the major strategic tools developed under the environmental school of thought (Hattangadi 2017). The configuration school of thought views organisations as configurations and combines the perspectives from the above mentioned nine schools of thought (Hattangadi 2017 and Mintzeberg and Lambel 1999). This school of thought claims that organisation can form strategies both in emergent and deliberate ways based on the timing and contexts of the organisation (Hattangadi 2017 and Mintzeberg and Lambel 1999).

Table 2.2 Schools of Thought in Strategic Management

School of Thoughts	Key Propositions	Approaches and Tools Adopted
The design school	<ul style="list-style-type: none"> • Stipulates strategy formation as deliberate process of conception that aims to strike a balance between the internal organisational resources and capabilities with that of the external environmental opportunities (Hattangadi 2017; Sarbah and Otu-Nyarko 2014; Mintzeberg et al. 1998; Mintzeberg 1990). • In this school of thought, strategic options that enhance the strength and minimize the weakness as well as utilize the opportunities and reduce the threats from external environment will be considered (Elfring and Volberda 2001). 	Strength, Weakness, Opportunity and Threats (SWOT)
The planning school	<ul style="list-style-type: none"> • Strategy formation is a formal, detailed, and systematic process much developed by a team of planning experts (Elfring and Volberda 2001 and Kippenberger 1998) • The management uses the plan as a major tool to make strategic decisions and to go ahead in the direction stipulated in the plan (Hattangadi 2017). 	Budgeting, scheduling and programming
The Position school	<ul style="list-style-type: none"> • Focuses on the content of the strategy, and analytically evaluates the product market potential and competition to position the product in the target market (Hattangadi 2017 and Kippenberger 1998). 	The BCG matrix, Porter's five forces model and value chain analysis

School of Thoughts	Key Propositions	Approaches and Tools Adopted
Entrepreneurial school	<ul style="list-style-type: none"> • Deliberates strategy formation as a visionary process and considers the leader's vision as a key ingredient for the formation of strategies (Hattangadi 2017). • In this school of thought, unlike the positioning approach, the market environment is not a key factor instead entrepreneurs expected to influence the market by bringing out innovative products and services onto the market (Elfring and Volberda 2001) 	Leadership pipeline models and situational leadership model
Cognitive school	<ul style="list-style-type: none"> • Gives higher emphasis on perceptions and behaviours of employees, customers, suppliers, etc. to formulate strategies (Hattangadi 2017). • In this school of thought, the individual is treated as the unit of analysis and strategy formation is presumed to be a mental process (Elfring and Volberda 2001). 	Analyses of the external symptoms of behaviour, reactions and thought processes
Learning school	<ul style="list-style-type: none"> • Organisations that follow the learning school of thought make their strategy based on their past experience and learn not only from their own successes and failures but also from other organisations' past experiences (Hattangadi 2017). • Under this school of thought, strategies are incremental and emergent process, and organisations opt for strategies that are worked in previous times assuming that it will work again 	Analysis of cues from successful or failed strategies

School of Thoughts	Key Propositions	Approaches and Tools Adopted
	(Hattangadi 2017; Quaye et al. 2015; Elfring and Volberda 2001).	
The political school of thought	<ul style="list-style-type: none"> Considers power as the major determinant factor for the formation of strategies (Hattangadi 2017; Elfring and Volberda 2001; Mintzeberg and Lambel 1999). This school of thought sees strategies as a political process of sharing, negotiations, forming alliance and partnership to achieve a certain objectives (Hattangadi 2017 and Mintzeberg and Lambel 1999). 	Analysis of power from the perspectives of customers, suppliers, worker's unions or leaders in the organisation
Environmental school of thought	<ul style="list-style-type: none"> Gives emphasis on the situation and the environment surrounds the organisation in the formulation of strategies (Hattangadi 2017). 	Situational analysis
The cultural school of thought	<ul style="list-style-type: none"> Focuses on the social belief, value and cultural situation of the organisation in the formation of strategies (Hattangadi 2017; Elfring and Volberda 2001; Mintzeberg and Lambel 1999). This school of thought emphasise on the importance a common culture in the organisation for effective formulation and implementation of strategies (Hattangadi 2017; Elfring and Volberda 2001; Mintzeberg and Lambel 1999). 	Analysis of organisational culture, values and beliefs
The configuration school of thought	<ul style="list-style-type: none"> Views organisations as configurations and combines the perspectives from different schools of 	Analysis of contexts to identify stable

School of Thoughts	Key Propositions	Approaches and Tools Adopted
	<p>thought (Hattangadi 2017 and Mintzeberg and Lambel 1999).</p> <ul style="list-style-type: none"> This school of thought claims that organisation can form strategies both in emergent and deliberate ways based on the timing and contexts of the organisation (Hattangadi 2017 and Mintzeberg and Lambel 1999). 	<p>phase, disturbed phase and transitional phase so as to match a particular structure</p>

Source: Researcher's Own compilation

Based on the above schools of thought, four approaches to strategic management have been identified (Ouakouak 2017; CIMA 2016; Favoreu et al. 2015):

- The first approach deals with the rational strategic management model that presumed strategic management as a rational and formal process that entails four major components: strategic analysis, strategic choice, strategic implementation and strategy evaluation and control (CIMA 2016 and Favoreu et al. 2015). The rational approach draws its sources largely from the schools of design and planning, and advocates the importance of a formal and rational strategic management process (Favoreu et al. 2015). The rational approach to strategic management stipulates strategic objectives and goals in advance and entails sequential and interrelated key strategic management components: strategic analysis, strategic development, and strategy implementation (Ouakouak 2017).
- The second approach is emergent or adaptive approach that usually applied in a very dynamic environment, and in this approach, strategies will not be planned ahead of time rather they will emerge in the course of business operations (Ouakouak 2017 and CIMA 2016).

- The third approach is incrementalism approach and this approach is undertaken by organisations that employ smaller fast-paced changes (CIMA 2016). When there is high uncertainty in the business environment, organisations opt for incrementalism approach adjust and develop their strategy based on smaller scale changes to reach the overall organisational goals (CIMA 2016).
- The opportunism approach is the fourth approach to strategic management and this approach allows organisations to take advantage of opportunities as they arise, and is mainly applied by small companies that do not have a formal strategic management process (CIMA 2016).

The study adopted the rational approach to strategic management that entails formal and rational strategy formulation and implementation process. On top of strategy formulation process, organisation should pursue a rational and formal strategy implementation process that incorporate communication of the formulated strategy, cascading the formulated strategy to units and individual objectives, aligning organisational factors such as organisational structure, incentives and reward system and organisational culture to the formulated strategy as well monitoring and evaluation of the strategy implementation efforts (Rani 2019; Oliveira et al. 2018; Verweire 2014; Hrebiniak 2013; Yang et al. 2008; Kaplan & Norton 2008; Brenes et al 2007; Higgins 2005; Okumus 2003; Noble 1999; Waterman et al. 1980).

Though some researches critique the rational strategic management process as time consuming, inefficient and inflexible (Hauc and Kovac 2000), studies showed that organisations that practice formal strategic management process are more effective and efficient than those organisations that do not engage in formal strategic management process (Patten 2015; David and David 2015; Hunger and Wheelen 2011). Rational approach to strategic management provides an opportunity for managers to use theoretical and practical processes, ways and tools for enhancing their organisational performance and competitiveness (Athapaththu 2016; David and

David 2015; David 2011). The application of formal strategic management process is very essential for firms' performance and without the application of strategic management, it is difficult for firms to discern the existing environment the organisation operates, its performance gaps as well as where the organisation is heading (David 2011). Rational and formal strategic management process helps organisations to be more proactive instead of being reactive and enables organisations to plan activities that are vital for achieving organisational objectives and goals in the future (Athapaththu 2016 and Kızıloglu and Serinkan 2015). Rational strategic management process improves communication and dialog among members of the organisation and that in turn enhance the commitment of employees in achieving organisational goals and objectives (Athapaththu 2016).

2.4 Strategy Implementation

2.4.1 Defining Strategy Implementation

Various scholars and authors in the field of strategy implementation have defined strategy implementation from different perspectives. Strategy implementation is defined as “the sum total of the activities and choices required for the execution of a strategic plan” (Hunger and Wheelmen 2011, p.199). Strategy implementation is the choice of strategic actions and activities related to successful execution of the selected strategy through enhancement of organisational structure and control to effectively execute operations and satisfy the interest of different stakeholders (Hitt et al. 2017).

Strategy implementation comprises actions that enable organisations to effectively implement their strategies and include allocation of resources, motivating employees, developing and utilizing appropriate information system, creating effective organisational culture and structure (David and David 2015). Strategy implementation is “a dynamic, iterative and complex process, which is comprised of a series of decisions and activities by managers and employees to turn strategic plans into reality in order to achieve strategic objectives” (Yang et al. 2008, p.25).

David and David (2015) illustrated strategy implementation as the action stage in strategic management that involves mobilization of employees and managers to execute strategies to achieve organisational goals and objectives. The following table depicts various definitions of strategy implementation forwarded by different authors in the field.

Table 2.3: Definitions of Strategy Implementation

Definitions
Strategy implementation deals with the choice of strategic actions and activities related to successful execution of the selected strategy (Hitt et al. 2017).
Strategy implementation is “the process of putting the enterprise’s chosen strategies and plans into practice within the internal context and constraints of the people, the leadership, the structure, the resources, the capability, and the culture of the organisation”(Morden 2016, p.20).
Strategy implementation is “the action stage in strategic management and involves mobilization of employees and managers to execute strategies to achieve organisational goals and objectives” (David and David 2015, p.7).
Strategy implementation deals with the effective coordination of activities within the organisation as well as with its stakeholders (Dess et al. 2012).
Strategy implementation is “the sum total of the activities and choices required for the execution of a strategic plan” (Hunger and Wheelen, 2011, p.99).
Strategy implementation is “the designing of the best organisational structure and the best culture and control systems to put a chosen strategy into action” (Hills and Johnes 2010, p.20).

Definitions
Strategy implementation is “concerned with ensuring that strategies are working in practice” and involves decisions related to strategy development process, structuring, resourcing and strategic change” (Johnson et al. 2008, p.15).
Strategy implementation is “a dynamic, iterative and complex process, which is comprised of a series of decisions and activities by managers and employees – affected by a number of interrelated internal and external factors – to turn strategic plans into reality in order to achieve strategic objectives” (Yang et al. 2008, p.25).
Strategy implementation “deals with organisational structure, the allocation of resources, leadership, acceptable level of risk as well as managerial skills and organisational change” (Sadler 2003, p.13).

Source: Researcher’s own compilation

While summarising the aforementioned definitions of strategy implementation, two major sub-components of strategy implementation can be pinpointed: Making the organisation ready for strategy implementation and the task of executing the strategy itself. The first sub-component, making the organisation ready for strategy implementation, entails communicating the strategy, cascading the strategy into individual and unit objectives, aligning organisational factors such as organisational structures, incentives and rewards and culture to the new strategy. The second sub-component, actually executing the strategy, incorporates the set of activities (coordination, providing guidance and instruction, motivating employees, etc.) that help organisations to implement the formulated strategy as well as the monitoring and evaluation undertaken throughout the implementation phase of the strategy.

In general, from the above definitions of strategy implementation, three typical features of strategy implementation can be identified. First, strategy implementation is a process and contains a set of activities and decisions that are required to

implement a given strategy. Second, its effectiveness is greatly affected by various interrelated factors such as organisational structure, communication, culture, etc. Third, it is a prerequisite for the realization of strategic objectives of an organisation. Considering its comprehensiveness and appropriateness, the study adopts the strategy implementation definition put forwarded by Hunger and Wheelen (2011). Hunger and Wheelen (2011, p.199) has defined strategy implementation as “the sum total of the activities and choices required for the execution of a strategic plan”. Accordingly, strategy implementation success is conceptualized in the study as “the level of effectiveness in implementing the strategic plan of an organization”. Specifically, as per the works of various researchers, strategy implementation success as a construct can be measured using the following items (Huber 2011).

- Whether the strategy implementation efforts were generally considered a great success by involved and concerned parties.
- The extent to which the strategy implementation activities of the organization were considered a success when comparing actual performance and a priori expectations.
- Whether the implementation efforts are an example of effective strategy implementation.
- The overall level of effectiveness on performing strategy implementation activities.

2.4.2 Approaches to Strategy Implementation

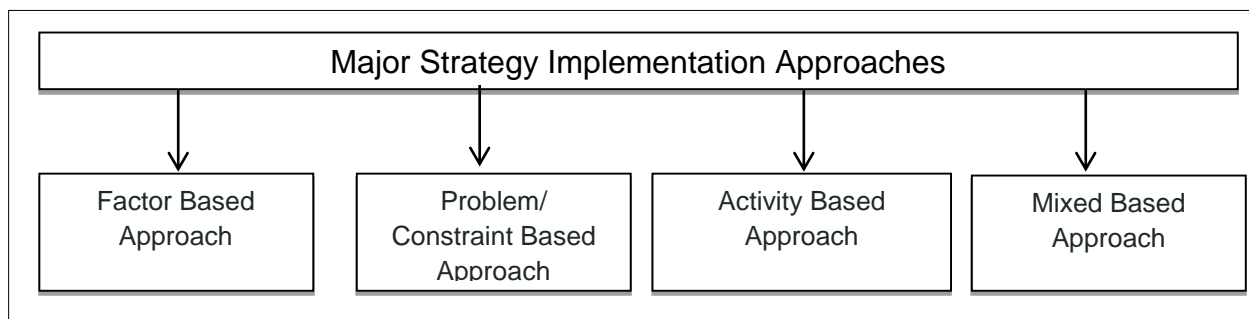
Considering the multifaceted nature of strategy implementation, numerous researchers in strategy implementation approached the issue of strategy implementation from different perspectives. In reviewing previous works of various researchers in strategy implementation, four major approaches can be identified, namely:

- Factor based approach that focus on the major factors that affect strategy implementation success (Van Der Merwe and Nienaber 2015; Verweire 2014;

Radomska 2014; Ranjbar et al. 2014; Mbaka and Mugambi 2014; Sial et al. 2013; Verweire 2014; Okumus 2003).

- Problem /constraint based approach that give emphasis on assessment of problems and bottlenecks that hamper implementation of strategies (Bernardo et al. 2017; Mafini 2016; kiliç and Aktuna 2015; Amollo 2012; Hunger and Wheelen 2011; Musyoka 2011; Alashloo et al. 2005; Heide et al. 2002; Beer and Eisenstat 2000; Al-Ghamdi, 1998; Kargar and Blumenthal 1994; Alexander 1985).
- Activity based approach that deals on the examination of micro level activities performed by different actors (such as top and middle level management) to enhance the strategy implementation efforts of an organisation (Leinwand and Rotering 2017; Wiita and Leonard 2017; Speculand 2014; Kaplan and Norton 2008; Crittenden and Crittenden 2008; Raps 2005; Coon and Wolf 2005; Robinson 2002).
- Mixed based approach that uses two or more of the above three approaches in an integrative manner (Hrebiniak 2013; Noble 1999; Yang et al. 2008).

The four approaches to strategy implementation are further explored to specify the gap in the extant literature in strategy implementation. Figure 2.2 depicts the major strategy implementation approaches followed by various strategy implementation researchers.



Source: Researcher's Own Compilation

Figure 2.2: Major Strategy Implementation Approaches

The focus of the strategy implementation research in the first approach, i.e., factor based approach, rests up on factors that affects strategy implementation success. Content of the strategy, involvement of stakeholders, communication, cascading, organisational structure, culture, incentives and rewards, monitoring and evaluation, managerial skill and social capital were identified as the most cited factors that affect strategy implementation effectiveness (Van Der Merwe and Nienaber 2015; Verweire 2014; Radomska 2014; Ranjbar et al. 2014; Mbaka and Mugambi 2014; Sial et al. 2013; Verweire 2014; Okumus 2003). However, as limitation, most research in this approach lacks comprehensiveness and usually focuses in one or limited aspects of strategy implementation. Majority of the strategy implementation framework focus in one or limited aspects of strategy implementation influencing variables (structure, culture, process and systems) or leadership qualities or other specific strategy implementation influencing factors (Mwanje 2016; Kibicho 2015; Chiuri 2015; Verweire 2014; Mango 2014; Hrebiniak 2013).

The focus of researchers in problem/Constraint based approach is on the identification of problems and bottlenecks that hamper implementation of strategies. Several researchers identified various strategy implementation related problems and constraints that include inadequate involvement of stakeholders in strategy formulation, poor leadership, poor strategic planning, resistance of employees, lack of commitment by employee and management, poor coordination in strategy implementation, competing interests among different departments, not defining clear-cut activities and responsibilities, inadequate definition of tasks, inadequate communication, shortage of technical staff, etc. (Bernardo et al. 2017; Mafini 2016; kiliç and Aktuna 2015; Amollo 2012; Hunger and Wheelen 2011; Musyoka 2011; Alashloo et al. 2005; Heide et al. 2002; Beer and Eisenstat 2000; Al-Ghamdi, 1998; Kargar and Blumenthal 1994; Alexander 1985). However, as limitation, the focus of most researchers in this category deals with the identifications of problems and constraints that hamper strategy implementation and this approach may not

necessarily give sufficient answer to the question of “how organisations make strategy implementation more successful?”

The focus of researchers in activity-based approach is to identify major micro level activities to be performed by different actors to enhance the strategy implementation efforts of an organisation. Various authors outlined different activities for implementing strategies effectively (Leinwand and Rotering 2017; Wiita and Leonard 2017; Speculand 2014; Kaplan and Norton 2008; Crittenden and Crittenden 2008; Raps 2005; Coon and Wolf 2005; Robinson 2002). Some of the major activities outlined by the researchers in this category include motivating individuals, developing a bold but executable strategy, sticking to organisational values and beliefs, translating strategy into every one’s day to day activity, focusing on cultural factors that derive results, and shaping the future (Leinwand and Rotering 2017; Kaplan and Norton 2008). However, as limitation, ignoring the complex nature of strategy implementation (Bahadori et al. 2018; Friis et al. 2016; Nilsen 2015; Patten 2015; Hrebiniak 2013; Van Der Maas 2008), most of the research in this category put forwarded activities that are not comprehensive enough to describe the multifaceted issues in strategy implementation. Another issue in this approach is that comprehending what actors do in strategy implementation may not enough to understand how strategy implementation becomes successful (Geiger 2009 cited in Davis 2013).

The fourth approach is the mixed based approach, and researchers in this category use combination of two or more of the aforementioned approaches: the factor based approach, activity based approach and problem/constraint based approach in an integrative manner to explore different facets of strategy implementation (Hrebiniak 2013; Noble 1999; Yang et al. 2008). The study utilized the mixed based approach by integrating the features of the above-mentioned three strategy implementation approaches to counter the weaknesses observed in the

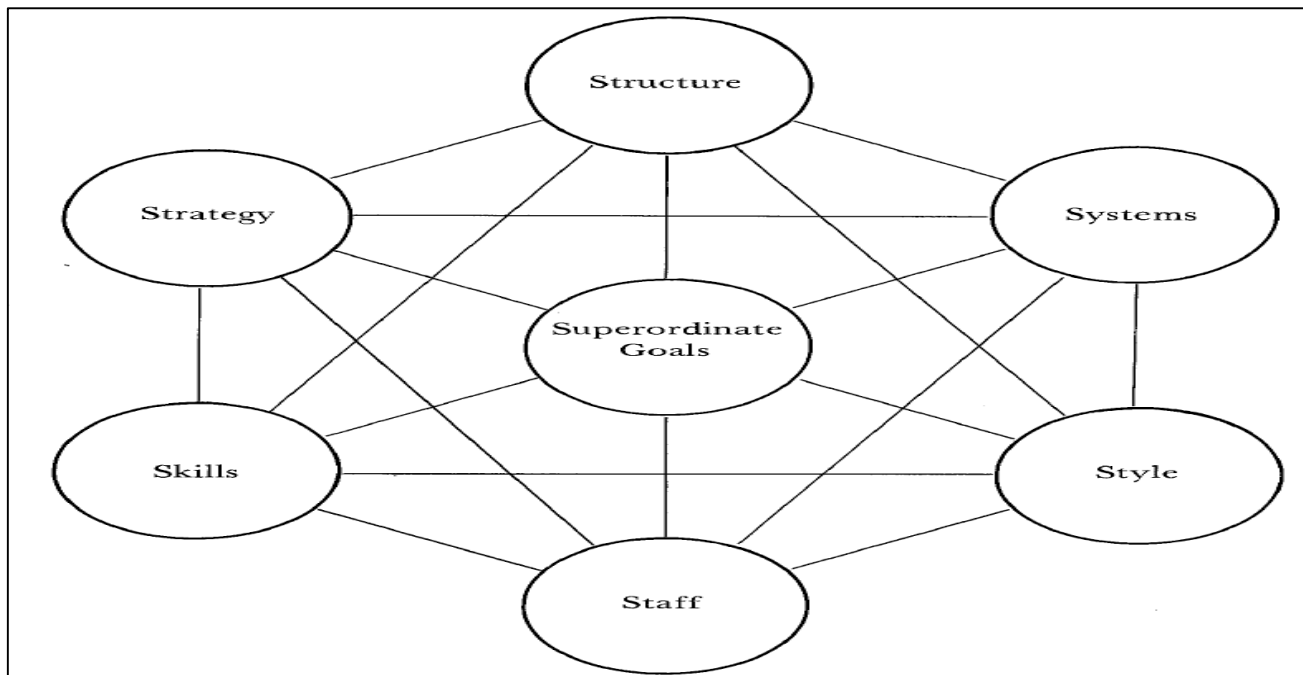
respective approaches for establishing a framework for effective strategy implementation.

2.4.3 Strategy Implementation Frameworks

Usage of a particular theoretical framework/model to explore the features of strategy implementation is inadequate, as strategy implementation deals with complex issues (Nilsen 2015; Hrebiniak 2013; Van Der Maas 2008) and combining of the merits of different theoretical frameworks may give more comprehensive insights about the subject (Nilsen 2015). Various authors and scholars have outlined several strategy implementation theoretical frameworks that determine various factors affecting the success of strategy implementation.

2.4.3.1 Mckinsey 7S Framework

Waterman et al. (1980) argued that organisational change effectiveness emanates from the interaction of seven interrelated factors: Strategy, Structure, System, Staff, Subordinate Goals, Style and Skill. In their framework, Waterman et al. (1980) advocated three important aspects for effective organisational change and strategy implementation. First, they stated that beyond structure and strategy, managers should consider different factors while implementing organisational changes as myriads of factors might affect organisational effectiveness and organisational ability to change. Second, the stipulated factors are interconnected and the effectiveness of one variable may influence the other and if improvement is not made in one area, it is impossible to make progress in others. Third, the factors are not positioned in particular order and one variable, such as structure or strategy, might be a critical or driving factor for organisational changes depending on the situation at hand (Waterman et al. 1980).



Source: Waterman et al. (1980)

Figure 2.3: Mckinsey 7S Framework

2.4.3.2 Noble Strategy Implementation Network Framework

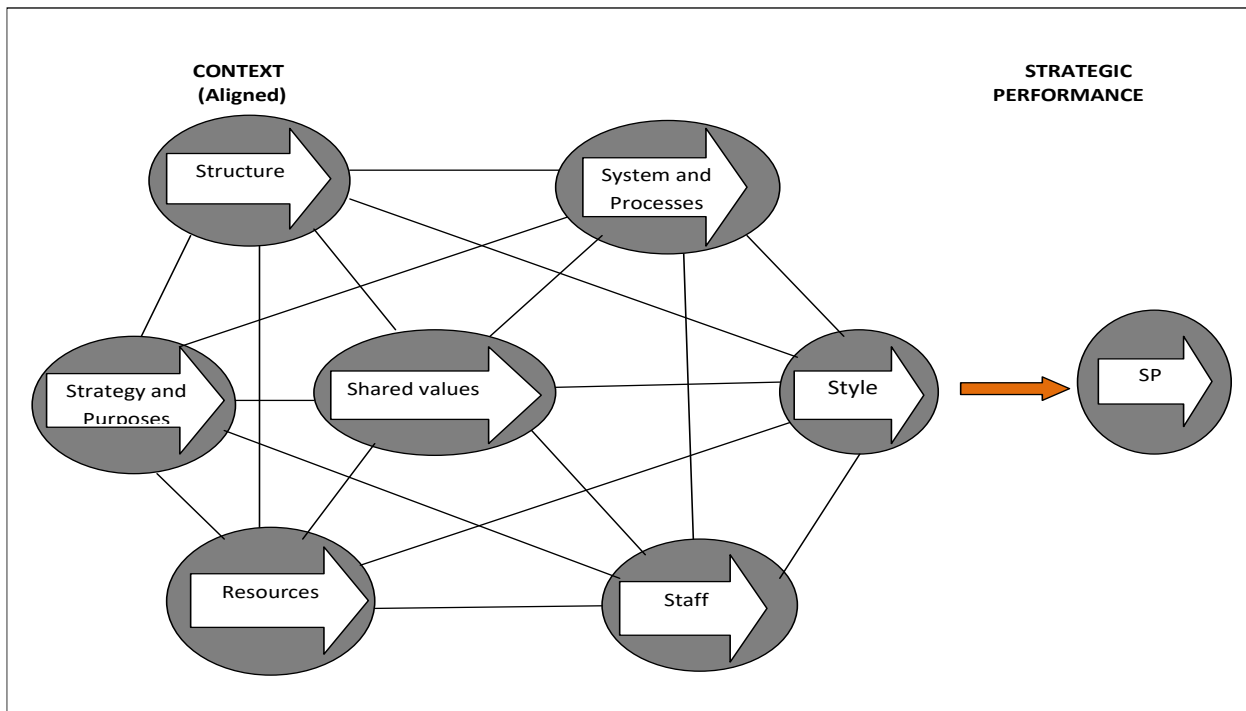
Noble (1999) through his strategy implementation network framework, has deliberated four important stages of strategy implementation: pre-implementation, organizing the implementation effort, the on-going management of the process and maximizing cross-functional performance. In the framework, the author has delineated various activities that shall be considered by the management for effective implementation of strategy. Among the key factors for effective strategy implementation, involvement of members from different functional units during the strategy formulation process is necessary to inculcate a deeper understanding of the strategy (Noble 1999). Organisations should also give focus for pre and post implementation activities including defining implementation team leaders, developing implementation action plan, sharing resources for implementation team, resolving misunderstandings arises during the implementation, and creating strong relationship among functional units (Noble 1999).

While implementing strategy, various types of barriers such as physical (barrier created due to physical distance), turf (barrier due to conflict of interest among functional units), interpretive (barrier due to different interpretation of strategy among functional units) and communication (barrier due to a gap in communication) might be created and these barriers should be well managed (Noble 1999). Organisation are also expected to maximize cross functional performance by creating sense of urgency, achieving buy-ins and speed up implementation effort through enhancing informal networks and cutting of bureaucracies (Noble 1999).

On top of developing stages of strategy implementation, Noble (1999) has developed a managerial view of the implementation network and identified five managerial levers across the four strategy implementation stages. These managerial levers comprise goals, organisational structure, leadership, communications and incentives. The author has provided strategy implementation framework by incorporating the managerial levers across the different strategy implementation stages.

2.4.3.3 Higgins's Eight (8) S Strategy Implementation Framework

Higgins (2005) has developed a heuristic strategy implementation framework that incorporates eight S's: Strategy, Structure, System, Staff, Shared Goals, Style, reSource and Strategic Performance. The Higgins's Eight (8) S Model is the revised version of Mckinsey 7 S Framework that has been developed by Waterman and his colleagues in 1980. In the model, the skill component in Mckinsey 7 S Framework has been replaced by resource and Strategic performance is added in the model as additional component to give emphasis and direction for the strategy implementation effort. Higgins (2005) argued that for an organisation to be effective in strategy implementation, there should always be a cross functional alignment of the eight S's specified in the model and senior managers are expected to ordain, monitor and assess the cross functional execution of strategies.



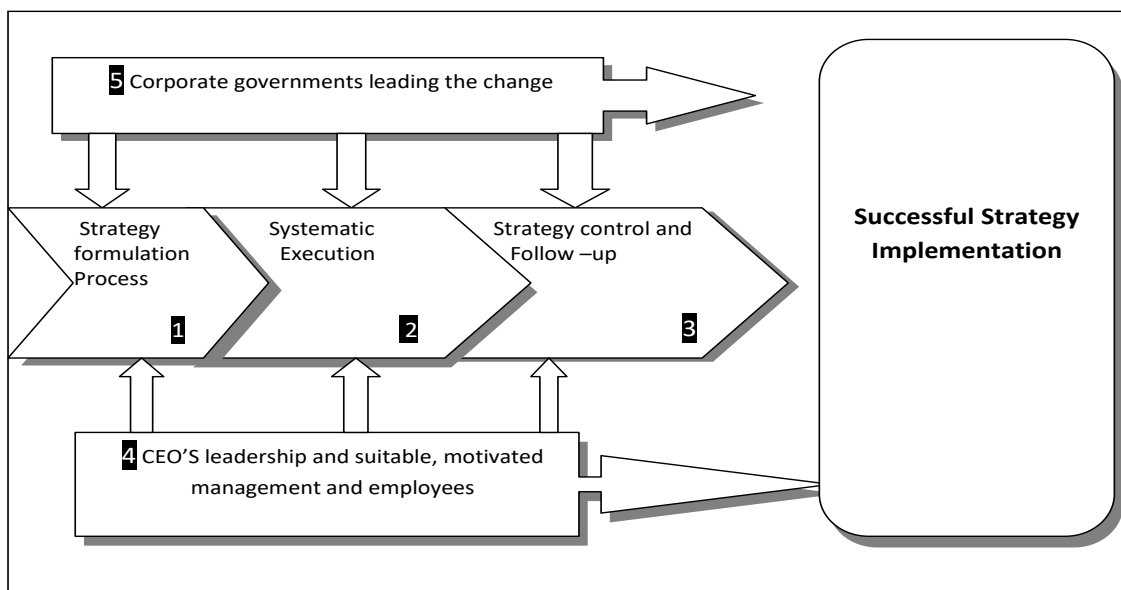
Source: Higgins (2005)

Figure 2.4: Higgins's Eight (8) S Model

As specified in the Figure 2.4, the Higgins's Eight (8) S Model has two major components: the 7 S's (Context) and the strategic performance. According to Higgins (2005), the 7 S's (Context) should be aligned and in the same direction with each other to give the maximum result in the strategic performance. More specifically, it can be noted that the other six S's in the model should be aligned with strategy and purpose of the company to deliver the maximum output in the strategy performance (Higgins 2005).

2.4.3.4 Brenes et al. Strategy Implementation Framework

Brenes et al. (2007) have identified five key strategy implementation success factors in the contexts of Latin America competitive business environment. These factors include strategy formulation process, systematic execution, strategy control and follow up, corporate governance and CEO's leadership. The authors claim that if organisations give focuses on the five success factors, they have a good chance of implementing their strategies successfully and gain competitive advantages simultaneously.



Source: Brenes et al. (2007)

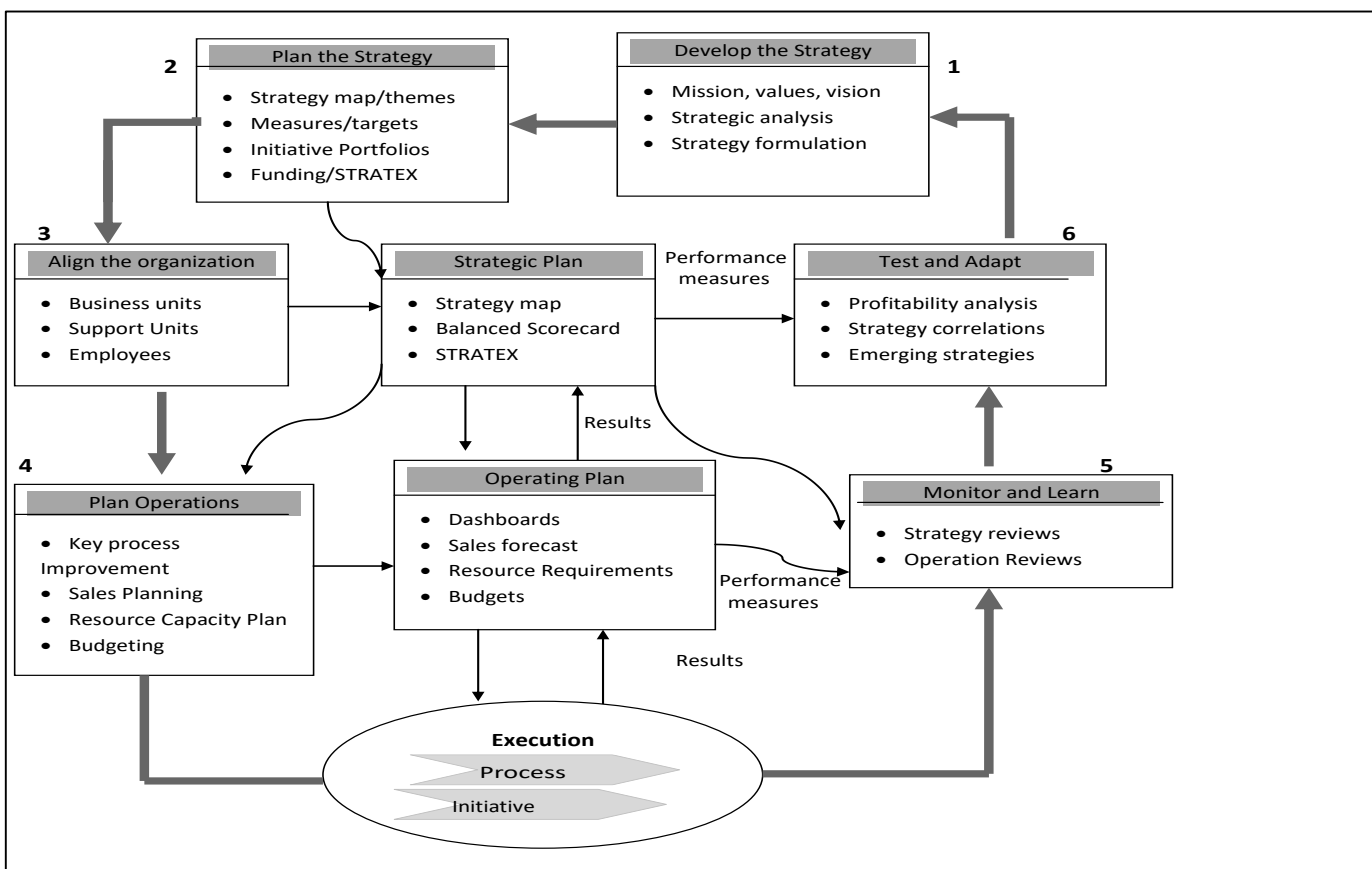
Figure 2.5: Brenes et al. Strategy Implementation Framework

In the framework, strategy formulation dimension entails two major components that include the process in which strategy is being formulated and the degree of involvement by different stakeholders in formulation as well as implementation of strategies. The systematic execution deals with the action taken by companies in executing their strategies. In this aspect, the organisational culture, organisational structure, work and information system and core business processes should be aligned with the new strategy to implement the new strategy successfully. As third dimension in the framework, strategy control and follow up, comprises activities and systems such as performance appraisal system, monitoring and evaluation methods that enable organisation to periodically monitor and evaluate the strategy implementation process. CEO's leadership and motivated management and employees are also another major dimension of the framework. In this respect, CEO's commitment, communication and leadership is a vital component for effective strategy implementation and both employees and management should be involved and be committed to achieve the organisational strategic objectives. The final component of the framework, corporate governance leading the change, relates the roles played by the Board of Directors with respect to their contribution to the success of strategy implementation (Brenes et al. 2007).

2.4.3.5 Kaplan & Norton Strategy Implementation Framework

Kaplan & Norton (2008) has developed a closed-loop management system for effective implementation of strategy. The framework contains six interrelated components. The first component of the system deals with developing strategy using various strategy formulation tools and seek to answer what businesses is the company in and why? What are key issues? How can the company compete best? During the planning strategy phase, the company should develop strategic objectives, measures, targets, initiatives and measures that enable the company to attain its vision and mission. Once the high-level strategic map and balanced scorecard measures have been designed, the strategic objectives should be aligned with work units' and individual employee's objectives in translating strategy phase.

In planning operation stage, two key issues including identifying critical processes for improvement and linking the strategy with the operating plan and budget should be addressed. After implementation of the strategy, the performance should be monitored and corrective action should be made if there is any gap between planned and actual performances. Finally, by consulting the external and internal environment, testing and adapting the strategy should be conducted whether the strategy is working or not. If the strategy is not working, adjustment shall be made on the overall strategy of the company (Kaplan & Norton 2008).



Source: Kaplan & Norton (2008)

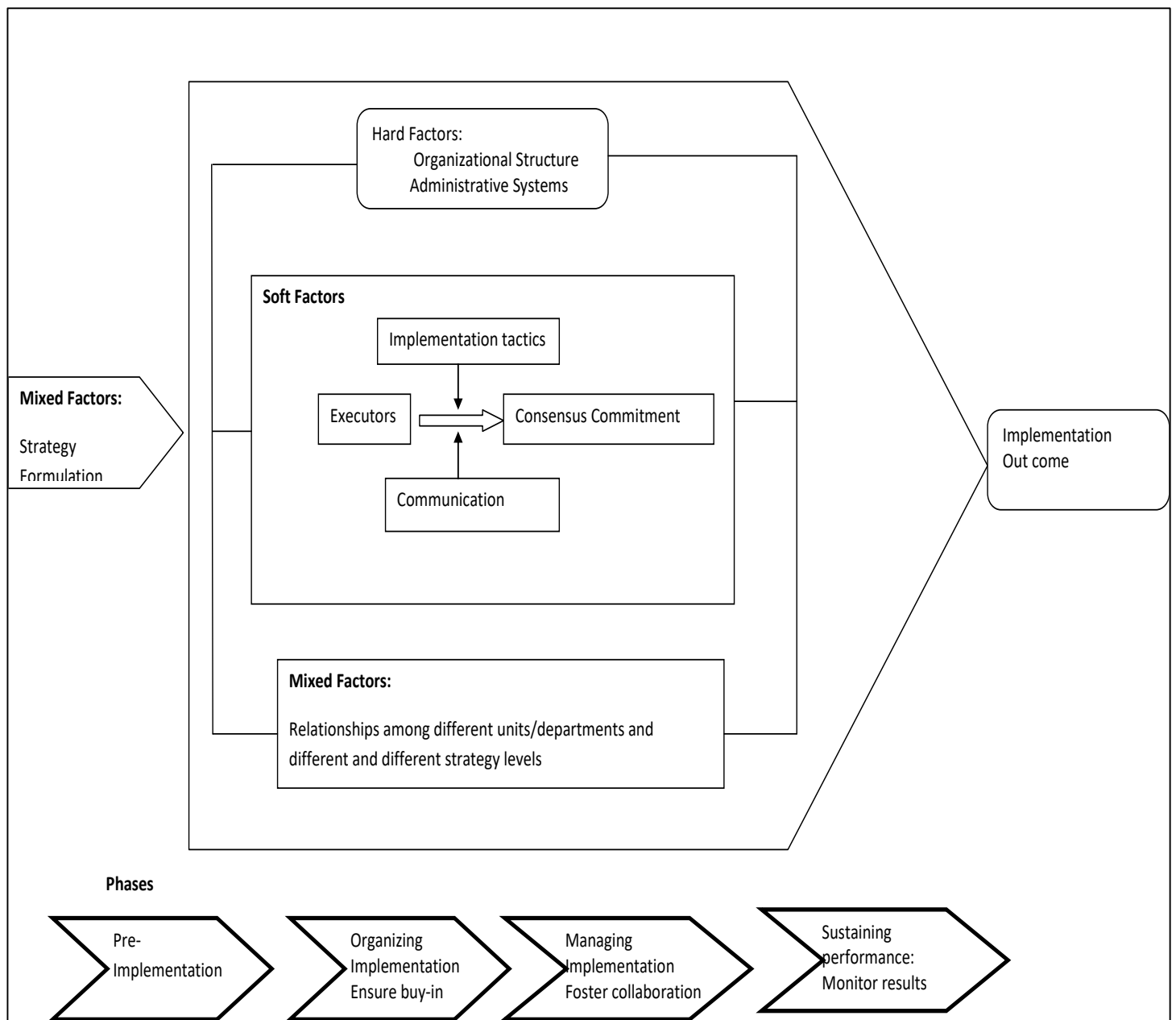
Figure 2.6: Kaplan & Norton strategy Implementation Framework

Aiding the strategy implementation process, Kaplan & Norton (2006) proposed a balanced scorecard and the strategy map system for describing and communicating

strategy in consistent and insightful way. The cause and effect relationship in strategy map indicates how intangibles assets are transformed into tangible results (Kaplan & Norton 2006). The balanced scorecard and the strategy map address the weakness of industry era's tangible assets measurement system by focusing on other organisational performance measurement dimensions. In balanced scorecard system, organisational performance shall be assessed based on four perspectives (Kaplan & Norton 2006). The financial perspectives can be measured using profitability, cost management, revenue collection, return on asset, etc. whereas customer perspective entails the measurements of customer satisfaction, customer retention and others. The internal process perspective deals with the efficiency and effectiveness of organisational processes and sub-processes. The fourth perspective, organisational capacity, entails culture, employee satisfaction, information technology systems, etc.

2.4.3.6 Yang et al. Strategy Implementation Framework

Having reviewed about 60 articles on factors influencing strategy implementation, Yang et al. (2008) have outlined a strategy implementation framework as shown in the figure 2.7 below. The Framework illustrates that the outcome of strategy implementation depends on the way strategy is being formulated as well as different interrelated and interacted factors. Moreover, the framework underlines that the factors are influenced by the four phases of strategy implementation that comprises of pre-implementation, organizing implementation, managing implementation and sustaining performance (Yang et al. 2008).

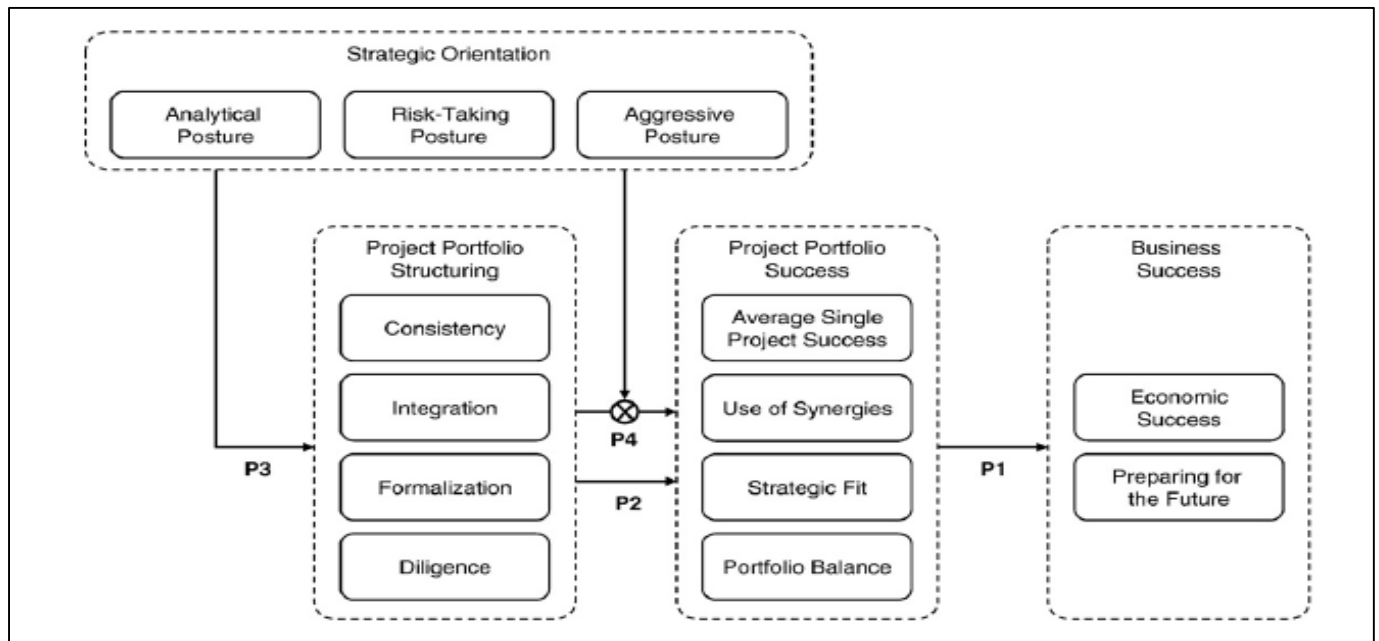


Source: Yang et al. (2008)

Figure 2.7: Yang et al. Strategy Implementation Framework

2.4.3.7 Meskendahl Strategy Implementation Framework

Meskendahl (2010) has proposed a conceptual framework on strategy implementation considering the effect of business strategy on project portfolio and business success. In the framework, the author emphasizes the relationship between business strategy, project portfolio management and business success to implement strategy successfully. The conceptual framework shows that there is positive association between project portfolio management and business success, and as the result, a success in project portfolio management leads to a success in strategy implementation (Meskendahl 2010). In addition, structuring of project portfolio has a positive impact on project portfolio management success and strategic orientation of a given company expressed in terms of different strategy orientation posture has in turn a positive influence on project portfolio structuring (Meskendahl 2010).

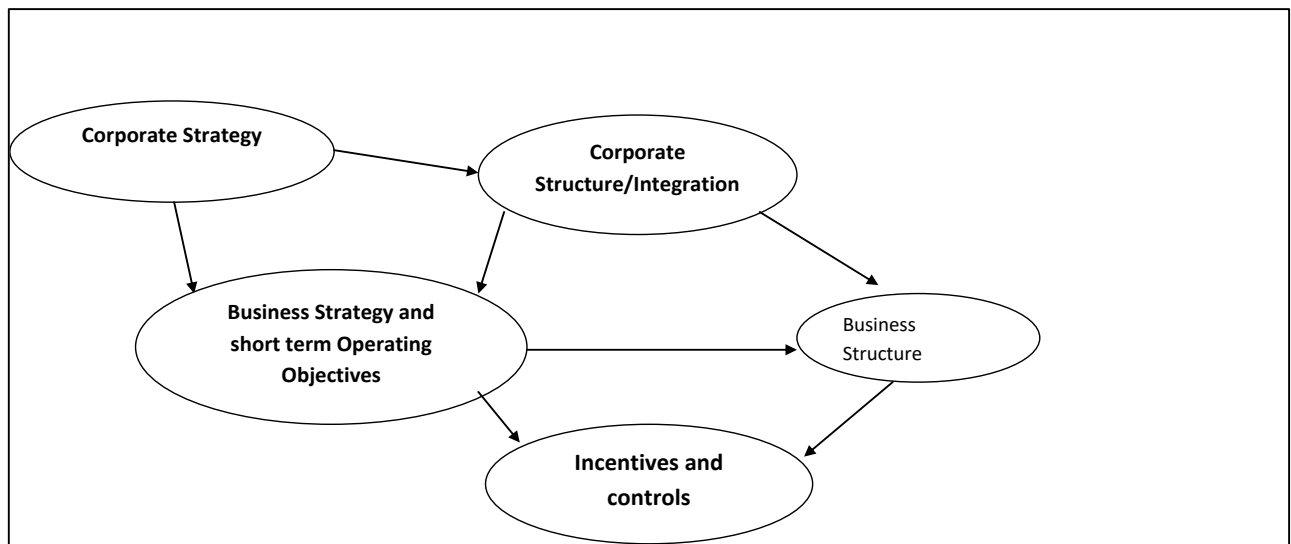


Source: Meskendahl (2010)

Figure 2.8: Meskendahl Strategy Implementation Framework

2.4.3.8 Hrebiniak's Strategy Implementation Conceptual framework

Hrebiniak (2013) has developed a model that incorporates key strategy implementation related factors as shown in figure 2.9 below. In his model, it was indicated that the strategy itself is very critical factors for the success of strategy execution as vague or poorly formulated strategy is a great impairment for sound implementation. Moreover, there is a logical flow of execution of decisions. For example, before deciding matters on corporate structure and business strategy, decisions should be made on the aspect of corporate strategy and appropriate incentives packages and control system should be emplaced to support the decision made on the corporate and business strategy as well as corporate and business structure (Hrebiniak 2013). Although, it is not shown exclusively, there is also a feedback loop process in the model incorporating change and feedback in control portion of the model (Hrebiniak 2013).

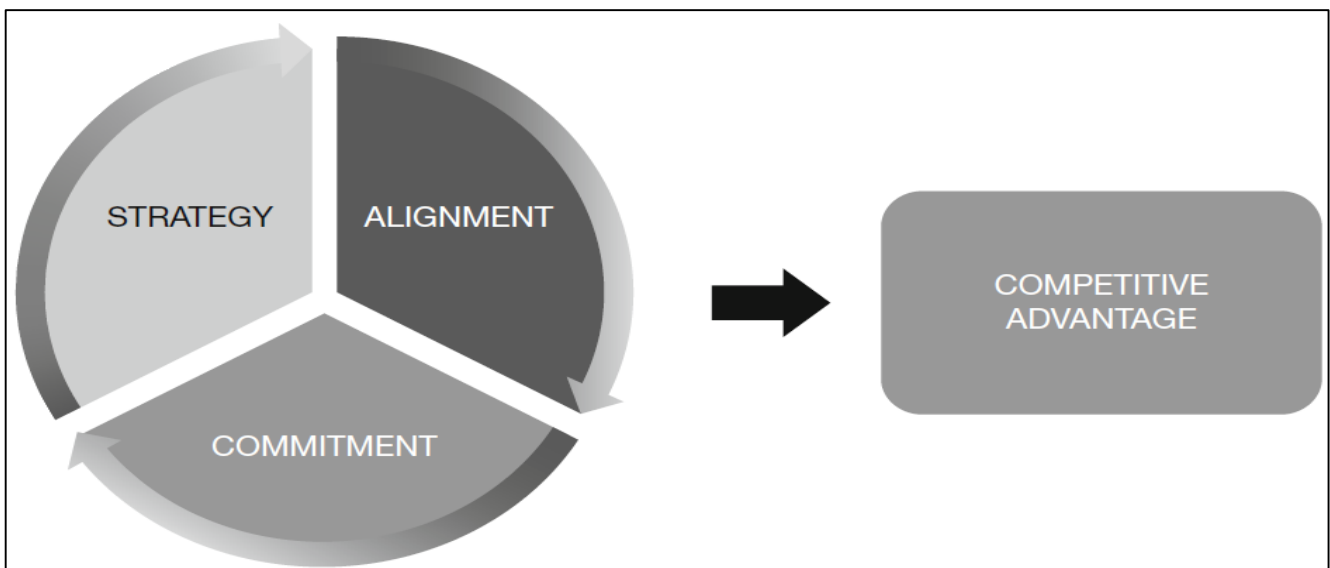


Source: Hrebiniak (2013)

Figure 2.9: Hrebiniak's Strategy Implementation Conceptual framework

2.4.3.9 Verweire's conceptual framework of strategy implementation

Verweire (2014) has outlined a strategy implementation framework that incorporates the three main levers for achieving competitive advantage and outstanding performance. According to his strategy implementation model, the three elements vital for effective implementation is strategy, alignment and commitment. Any company should have a winning strategy as prerequisite for effective strategy implementation otherwise, it is impossible to archive a success in strategy implementation with vaguely or poorly formulated strategy (Verweire 2014). In addition, to be effective in strategy implementations, all activities should be aligned with the core objectives of the organisation and all employees and management of the organisation should be committed to make the strategy work (Verweire 2014).



Source: Verweire (2014)

Figure 2.10: Verweire's Strategy Implementation Framework

Although the above strategy implementation frameworks have identified several critical factors for the success of strategy implementation, they have notable gaps and limitations. First, most of the strategy implementation frameworks are not comprehensive enough to guide the strategy implementation process effectively (Alhilou 2015; Verweire 2014, Hrebiniak 2013; Okumus 2003). Majority of the

frameworks paid less attention for incorporating the critical aspects of strategy implementation process including alignment of organisational factors, alignment of strategy and the issue of micro level variables such as social capital. In addition, usage of both macro (organisational) and micro (individual) level variables at the same level of analysis is common in most strategy implementation frameworks. However, using micro and macro level variables at the same level of analysis may pose logical flaws as one variable may be the antecedent of the other. Second, the strategy implementation frameworks/models have been developed in the context of advanced countries and may not be applicable in developing economies due to existence of different cultures, business environment, level of development and political practices (Chiuri 2015; Rajasekar 2014 and Van Der Maas 2008). Third, most of strategy implementation frameworks are not empirically tested and difficult to use in practical settings (Oliveira et al. 2018; Mistry 2014; Van Der Maas 2008; Noble 1999). The following table depicts the major strategy implementation frameworks, their components as well as the limitations observed in the frameworks.

Table 2.4: Major Strategy Implementation Frameworks

S.No.	Strategy Implementation Frameworks	Components of the Framework	Major Proposition	Limitations of the Frameworks
1.	Mckinsey 7S Framework	Strategy, Structure, System, Staff, Subordinate Goals, Style and Skill.	Organisational change effectiveness emanates from the interaction of seven interrelated factors: Strategy, Structure, System, Staff, Subordinate Goals, Style and Skill	<ul style="list-style-type: none"> Though the frameworks identified key strategy implementation factors, the frameworks are not comprehensive enough to guide the strategy implementation process effectively and most of them do not consider various aspects and components of strategy implementation process.
2.	Noble's Strategy Implementation Network	Goals, Organisational Structure, Leadership, Communications and Incentives	Organisations should give focus for pre and post implementation activities including defining implementation team leaders, developing implementation action plan, sharing resources for implementation team, resolving misunderstandings arises during the implementation, and creating strong relationship among functional units.	<ul style="list-style-type: none"> Majority of the frameworks are mainly deal with major organisational-level factors that presumed to affect the strategy implementation success. However, they fail to incorporate what organisational resources are required to build such
3.	Higgins strategy implementation framework	Strategy, Structure, System, Staff, Shared Goals, Style, reSource	To be effective in strategy implementation, there should always be a cross functional alignment of the eight S's specified in the model and	

S.No.	Strategy Implementation Frameworks	Components of the Framework	Major Proposition	Limitations of the Frameworks
		and Strategic Performance	senior managers are expected to ordain and evaluate strategy effectiveness across units.	organisational capabilities.
4.	Brenes et al. Strategy Implementation Framework	Strategy formulation process, systematic execution, strategy control and follow up, corporate governance and CEO's leadership	If organisations give focuses on the five success factors (Strategy formulation process, systematic execution, strategy control and follow up, corporate governance and CEO's leadership), they have a good chance of implementing their strategies successfully and gain competitive advantages simultaneously.	<ul style="list-style-type: none"> In most of the frameworks, there is noticeable gap in defining and conceptualizing what a strategy implementation capability means? What are its components? How strategy implementation capability as a construct is measured?
5.	Kaplan & Norton Strategy Implementation Framework	Strategy development, Plan for strategy, strategy alignment, plan for operation, monitoring and testing and adjusting the strategy	For effective strategy implementation, organisations should focus on alignment of the strategy, monitoring and learning, as well as testing and adapting the strategy.	<ul style="list-style-type: none"> Usage of both macro (organisational) and micro (individual) level variables at the same level of analysis is also common in all frameworks ignoring the logical flaws created due to the application of both micro and macro level variables at the same level of analysis.
6.	Yang et al. Strategy	Strategy formulation, hard	The outcome of strategy implementation depends on	

S.No.	Strategy Implementation Frameworks	Components of the Framework	Major Proposition	Limitations of the Frameworks
	Implementation Framework	factors (organisational structure, administrative system), soft factors (implementation tactics, executers, consensus, commitment and communication) and mixed factors (relationship among different units and different strategy level)	the way strategy is being formulated as well as different interrelated and interacted factors.	<ul style="list-style-type: none"> The frameworks were developed in the context of developed economies and as the result; the frameworks may not be effective in the context of developing economies. The frameworks were not empirically tested as most of the frameworks were established at theoretical level.
7.	Meskendahl Strategy Implementation Framework	Business strategy, project portfolio management, business success and strategy implementation	There is positive association between project portfolio management and business success, and as the result, a success in project portfolio management leads to a success in strategy implementation.	
8.	Hrebiniak's Strategy	strategy, organisational structure,	Before deciding matters on corporate structure and business strategy, decisions	

S.No.	Strategy Implementation Frameworks	Components of the Framework	Major Proposition	Limitations of the Frameworks
	Implementation framework	coordination and information sharing, responsibility and accountability, power structure, incentives, control, feedbacks and adaption, culture, leadership and change	should be made on the aspect of corporate strategy and appropriate incentives packages and control system should be emplaced to support the decision made on the corporate and business strategy as well as corporate and business structure.	
9.	Verweire's Strategy Implementation framework	strategy, alignment and commitment	To be effective in strategy implementation, organisations should have a winning strategy, all activities should be aligned with the core objectives of the organisation and all employees and management of the organisation should be committed to make the strategy work.	

Source: Researcher's own compilation

Pursuant to the above limitations and other gaps, there is a persistent plea by scholars and practitioners for the development of acceptable and comprehensive strategy implementation framework that enhances the successful implementation of strategy (Verweire 2014; Hrebiniak 2013; Okumus 2003). The envisioned strategy

implementation framework should exhibit the following three distinct characteristics to make it viable for organisations implementing their strategy (Kaonda 2014).

- The strategy implementation framework should be comprehensive enough to contain critical organisational and individual factors that affect the success of strategy implementation.
- The framework should be simple and user-friendly so that all involved in the strategy implementation process should easily understand and apply the framework/process in implementing their strategy.
- The intended strategy implementation framework should be developed in systematic manner so as to achieve credibility and trustworthiness.

2.4.4 Strategy Implementation Related Resources and Strategy Implementation Capability

By reviewing the extant strategy implementation literature and some basic concepts from resource-based view, the study identified critical strategy implementation related resources and components of strategy implementation capability. Resource based view (RBV), as one of the most dominant theoretical perspectives in the field strategic management, addresses the basic strategic management question of why some firms insistently outperform other firms (Newbert 2014 and Barney and Clark 2007). Unlike, the industrial organisation (IO) economics outlook such as Michael Porter's approach, the resource-based view is an inside-out approach that stipulates firms' internal resources and capabilities as the major source of organisational success (Silvestre and Gomez 2017; Ramfrez-Perez 2016; Cabarcos et al. 2015; Engberg et al. 2015; Almarria and Gardiner 2014; Barney and Clark 2007; Jaafar and Abdul-aziz 2005; Connor 1991; Wernerfelt 1984, Porter 1980).

Various studies have been conducted to empirically test the resource-based view in various business areas including organisation and management theory, strategic management and human resources management (Newbert 2014; Newbert 2007;

Ray et al. 2004). In most of the resource-based view empirical studies, organisational success relative to competitors and resources/capabilities were used as dependent and independent variables respectively, to test the logic of resource-based view (Newbert 2014; Newbert 2007; Ray et al. 2004). Other scholars also employed business process effectiveness as dependent variable and resources /capabilities as independent variables (Ray et al. 2004). Four major approaches of conducting empirical studies in resource based view have been identified: resource heterogeneity approach, organizing approach, conceptual level approach and resource-capability approach (Newbert 2007).

- Under resource heterogeneity approach, researchers pinpointed various idiosyncratic resources and tried to correlate the amount (favourableness) of the resource with that of organisational performance or competitive advantages (Yu et al. 2018; David-west et al. 2018; Silvestre and Gomes 2017; Morgan et al. 2012).
- In organizing approach, scholars seek to identify organisational aspects that enhance the effective utilization of the idiosyncratic resources under consideration for achieving sustainable competitive advantage (Wiklund and Shepherd 2003 and Newbert 2007).
- Conceptual level approach uses the attributes of the idiosyncratic resources (valuableness, rareness, inimitability and non-substitutability) as independent variables to correlate with organisational performance/competitive advantage as dependent variable (Diharto et al. 2017 and Newbert 2007).
- In resource-capability approach, scholars employ specific resources and capabilities and assess the impact of their interaction with some measure of organisational success (Asamoah et al. 2020; Newbert 2007; Wu et al. 2006). The study employed this approach to explain the relationships among critical strategy implementation related resources, strategy implementation capability (the capability to implement strategy effectively) and strategy implementation success. As per the approach, it can be inferred that strategy implementation

related resources positively affect strategy implementation capability and strategy implementation capability, in turn, positively influence strategy implementation success.

Resource-based view gives an opportunity to deliberate strategy implementation process as major organisational capability and help to assess critical strategy implementation-related resources that enhance the strategy implementation capability of an organisation (Amjad 2013). Under the resource-capability approach, resources are critical sources for creating capability that enable organisations to become effective in achieving their organisational goals (Gupta et al. 2018; Baškarada and Hanlon 2017; Kamboj et al. 2015; Grant 1991). Although some authors such as Barney and Clark (2007) and Lockett et al. (2009) used resources and capabilities interchangeably, most authors highlighted that resources and capabilities are different. Capabilities differ from resources as they help firms to effectively employ resources and create economic value more than their rivals. The process perspective of the RBV suggests that inter firm performance difference is not due to heterogeneity of resources endowed by the organisation rather it is the capability of an organisation to deploy and utilize its resources more than its competitors (Wang and Kim 2017 and Schulze 1992).

The study presumes that the key drivers of effective strategy implementation are the resources and abilities within the firm that are used as input for translating the formulated strategy into successful strategy implementation endeavour (Morgan et al. 2012). The study underscores that researchers that assess the strategy-performance relationship shall not assume strategy perused subsequently realized but they should take the significant roles of key strategy implementation capability components and associated critical strategy implementation resources into consideration in determining the successful implementation of strategy (Morgan et al. 2012). The key drivers of effective strategy implementation are the capability to implement strategy and its antecedents (critical strategy implementation related

resources) as well as their interrelation in translating the formulated strategy into successful strategy implementation (Morgan et al. 2012). The following sections discuss critical strategy implementation related resources, strategy implementation capability and its key components by reviewing the extant strategy implementation literature and that of the resource-capability approach of the Resource-based view.

2.4.4.1 Critical Strategy Implementation Related Resources

Wernerfelt (1984) define resources as anything that is to be considered as a strength or weakness of a firm. Resources include brand names, technological expertise, employees' skill, trade information, capital items, efficient processes, financial capital, etc. (Wernerfelt 1984). Barney (1991, pp. 50) explained resources and capabilities of a firm as "all of the financial, physical, human, and organisational assets used by a firm to develop, manufacture, and deliver products or services to its customers". Teece et al. (1997, pp. 516) described firm resources as "firm-specific assets that are difficult if not impossible to imitate".

Considering the fact that analysis of organisational factors at macro or organisational level is only provide incomplete answers to the underlined causes of a given phenomenon, the inclusion of both macro and micro level variables is very vital (Abel et al. 2008; Felin et al. 2012; Molina-Azorín, 2014; Guerras-Martin et al. 2014). By reviewing the extant strategy implementation literature, the study pinpointed two critical resources, i.e., managerial skills and managerial social capital that supposed to enhance strategy implementation capability (Mwanje 2016; Chiuri 2015; Kibicho 2015; Lehtimäki and Karintaus 2013; Kemper et al. 2013).

Managerial skills refer to "managers' ability to effectively organize, allocate, and configure various firm resources" (Guo et al. 2013, p.452). Managerial skills can be considered as valuable resources that enable managers to effectively build, reconfigure and manage organisational resources and capabilities in supporting strategy implementation (Guo et al. 2013). These managerial skills as valuable resource require longer time to develop, peculiar to the organisation, rare to find and

very difficult to imitate due to unique historical conditions, causal ambiguity, and social complexity (Carmeli and Tishler 2006).

Managerial skills are set of abilities possessed by managers and it entails “technical, human and conceptual skills” (Mwanje 2016, p. 55). Technical skills are the abilities to employ specific knowledge and skills in a particular field where as human skill refers to the capacity to make positive relationship as well as to understand and motivate employees in a work place (Chiuri 2015). Conceptual skill is the abilities to understand the theoretical constructs as well as understanding how component and parts are integrated to form a given concept or construct (Mwanje 2016). Specifically, as per the works of various researchers, managerial skills as a construct can be measured using the following items (Guo et al. 2013).

- The level of results achieved by managers through organizing and motivating people.
- Managerial abilities in organizing resources and coordinating tasks.
- The ability to supervise, influence, and lead people.
- The ability to delegate subordinates effectively.
- The ability of managers in employing resource allocation decisions that achieve maximum results with limited resources.

The capability of an organisation to implement its strategy is highly affected by managerial skills possessed by the management team (Mwanje 2016; Chiuri 2015; Kibicho 2015). Mwanje (2016) pointed out that managerial skills of the management team have positive correlations with the abilities of sugar companies in Kenya in implementing their strategies effectively. Chiuri (2015) concluded that managerial skills have a significant positive association with strategy implementation in higher education institutions in Kenya. Kibicho (2015) stressed the positive contributions of managerial skills and competences on organisational abilities in effectively implementing strategies in the case of insurance companies in Kenya.

The other resource, social capital is defined as “the sum of the actual and potential benefits embedded in, available through, and derived from an individual’s or social unit’s network or relationships” (Kemper et al. 2013, p. 590). Social capital possesses both the networks as well as the resources associated with the networks (Nahapiet and Ghoshal 1998). Social capital incorporates major elements that include network, norm, and trust (Yohanes et al. 2017). Social capital does exist at three levels: micro level (among individuals), middle level (among groups) and macro level (larger social environments) and also classified as internal (among employees and organisational units) and external (among organisations) (Salajegheh and Pirmoradi 2013).

Nahapiet and Ghoshal (1998) have dissected the facets of social capital into three major dimensions: the structural, the relational, and the cognitive dimensions of social capital. The structural dimension of the social capital refers to the structural aspects and the linkage of individuals and units in the network (Nahapiet and Ghoshal 1998) whereas relational dimension entails the type of relations actors developed with one another (Kemper et al. 2013). Unlike the structural dimension, the relational dimension of social capital focuses on the content of the relationship among actors rather than the structure of the relationship (i.e. how one actor is connected to the other?) (Inkpen and Tsang 2005). The third facets, cognitive dimension, of social capital deal with “those resources providing shared representations, interpretations, and systems of meaning among parties” (Nahapiet and Ghoshal 1998). Cognitive dimension enhances open communication and minimizes misunderstandings among actors in the network (Kemper et al. 2013), and builds shared goals and shared culture among network members (Inkpen and Tsang 2005). From the survey conducted on 280 companies in different industries, Kemper et al. (2013) pointed out that social capital parameterized based on the structural, relational, and cognitive dimensions of social capital positively and significantly affects organisational capabilities, which in turn substantially influence organisational performance.

Social capital of an organisation can be taken as a valuable resource for organisations (Strobele and Wentge 2018; Ou et al. 2015; Hsieh and Tsai 2006; Edelman et al. 2004). Social capital creates norms and mutual trust among members and this in turn help managers to achieve their organisational objectives (Salajegheh and Pirmoradi 2013). Andrews (2010) stipulated, “The social capital inherent in the social relations within an organisation can, therefore, be regarded as a potentially critical asset in maximizing organisational advantage”. Social capital is one of the idiosyncratic organisational resources that are hard to imitate and rare to find (Gupta et al. 2011). This organisational Social capital intertwined with organisational norms and requires longer time to develop as valuable resource. As the result, it is very difficult to be imitated by competitors (Chisholm and Nielsen 2009).

Managerial social capital is defined as a type of social capital that exists among managers in an organisation and it incorporates major elements that include network, norm, and trust among managers in a given organisation (Yohanes et al. 2017). Specifically, based on the structural, cognitive and relational dimensions of social capital, the variability of managerial social capital can be measured using the following items (Leana and Pil 2006).

- The level of engagement among managers in open and honest communication with one another.
- The willingness of managers to share information with one another.
- The level of consideration Bank’s management members take on one another’s feelings.
- The level of ambition and vision among managers in pursuing similar goals and objectives.
- The level of trust among the management members in the organisation.

Managerial social capital enhances the capacity of organisations to implement their strategies effectively through creating and exploiting of collaborative advantage among managers (Lehtimäki and Karintaus 2013). In their studies in four

multinational companies, Lehtimäki and Karintaus (2013) noted the importance of managerial social capital in implementing strategies effectively by improving access to information, trust and collaboration among individuals. Managerial social capital helps managers to emplace effective performance management system in their organisation through improving data sharing and usage among management members (Tantardini and Kroll 2015).

Table 2.5 Summary of Findings of the effect of Key Resources on Strategy Implementation

Contributors	Key Findings
Mwanje (2016); Chiuri (2015); Kibicho (2015);	Strategy implementation capability of an organisation is highly affected by managerial skills possessed by the management team.
Kemper et al. (2013) and Lehtimäki and Karintaus (2013)	Managerial social capital improves the capability of organisations to implement their strategy effectively through creating and exploiting of collaborative advantage among management members of the organisation.

Source: Researcher's own compilation

2.4.4.2 Strategy Implementation Capability and Its Components

Capability is defined as “complex bundles of skills and accumulated knowledge that enable firms to coordinate activities and make use of their assets” (Day 1990 cited in Kamboj et al. 2015, p. 407). Capability is firm's abilities to carry out a given activity or process successfully through concurrent usage of resources and factors of

production (Kamboj et al. 2015). Grant (1991) stipulated that a set of firm's resources combined together to produce capabilities of a firm. On the other perspective, Barney and Clark (2007) define capability as organisational abilities that enable organisations to formulate and implement strategies successfully.

Capability is also defined as the abilities of firms to employee resources collectively to generate a concrete and valuable task (Gupta et al. 2018; Baškarada and Hanlon 2017; Grant 1991). An organisational capability can be explained as "a high-level routine (or collection of routines) that, together with its implementing input flows, confers upon an organisation's management a set of decision options for producing significant outputs of a particular type" (Winter 2003, p.991). Peng et al. (2008) claimed that capabilities are routine boundless that are valuable and difficult to imitate and as the result can be a source of competitive advantage.

Strategy implementation capability, the capability of a firm to effectively implement its strategy, is one of the major organisational capabilities that enable organisations to be competent and successful in the market place (Olivier and Schwella 2018; Verweire 2014; Huber 2011). By reviewing the extant strategy implementation literature, the study conceptualized strategy implementation capability as a second order construct composed of various first-order construct that include strategy communication, strategy cascading, incentives and rewards alignment, organisational structure alignment, organisational culture alignment and strategy monitoring and evaluation (Alharthy et al. 2017; Bernardo et al. 2017; Srivastava and Sushil 2017; Obeidat et al. 2017; Siddique and Shadbolt 2016; Kilic and Aktuna 2015; Cater and Pucko 2010; Kaplan and Norton 2008; Van Der Maas 2008; Brenes et al. 2007). These components of strategy implementation capability are presumed to be bundles of organisations' strategy implementation abilities that contribute to strategy implementation success (Huber 2011) and are very vital factors for effective strategy implementation (Alharthy et al. 2017; Bernardo et al. 2017; Srivastava and Sushil 2017; Obeidat et al. 2017; Siddique and Shadbolt 2016; Kilic and Aktuna

2015; Cater and Pucko 2010; Kaplan and Norton 2008; Van Der Maas 2008; Brenes et al. 2007).

As major component of strategy implementation capability, strategy communication is a vital element for effective strategy implementation and both employees and management should be involved and be committed to achieve the organisational strategic objectives (Ouma and Gichinga 2017; Alharthy et al. 2017; Bernardo et al. 2017; Anyieni and Areri 2016; Thanyawatpornkul et al. 2015; Mbaka and Mugambi 2014; Pella et al. 2013; Yanget al. 2008; Brenes et al. 2007; Okumus 2003). While implementing strategy, various types of barriers such as “physical” (barrier created due to physical distance), “turf” (barrier due to conflict of interest among functional units), “interpretive” (barrier due to different interpretation of strategy among functional units) and “communication” (barrier due to a gap in communication) might be created and these barriers should be well managed in strategy implementation (Noble 1999, pp. 21). Specifically, as per the works of various researchers, strategy communication as a construct can be evaluated using the following items (Oliveira et al. 2018).

- Usage of multiple communications means (billboard, meeting, reports, and emails) in order to disseminate information about strategy;
- The level of engagement of its managers in the communication efforts about strategy and its execution.
- The level information flow bottom-up from employees to managers and laterally between areas/peers;
- The adequacy of information sharing about the strategy and related actions, responsible persons, deadlines, goals, results and adjustments in a broad and comprehensive manner.

The formulation, articulation and communication of a strategy are the key jobs of the strategic leadership of the organisation for implementing the strategy effectively (Ouma and Gichinga 2017). In their study conducted in Brazilian companies found

in different sectors of the economy, Bernardo et al. (2017) find out that the failure to communicate the strategic objectives at all levels of the organisation leads to the decline in the effectiveness of strategy implementation. They argued that if organisations are not effectively and coherently communicating the strategy, conflict among various departments may be created due to the misconception created during communication (Bernardo et al. 2017).

Effective communication is cited as one of the major factors affecting the successful implementation of strategy in most secondary schools in Kenya (Anyieni and Areri 2016). According to Mbaka and Mugambi (2014), effective communication plays a role in strategy implementation success and they argued that, for effective strategy implementation, the management should have a capability to ensure every staff member understands the vision, mission and what their role will be in turning the strategic vision into reality.

The ability of an organisation to effectively cascade the strategy to unit and individual level, i.e., strategy cascading, also positively affects the success of the strategy implementation (Srivastava and Sushil 2017; Kilic and Aktuna 2015; Kaplan and Norton 2008). Strategy cascading as a construct can be measured by evaluating the extent to which the strategic objectives of the organisation has been cascaded to departmental or functional objectives as well as with that of individual objectives (Srivastava and Sushil 2017; Kilic and Aktuna 2015 and Kaplan and Norton 2008).

To be effective in strategy implementation, all activities should be effectively aligned with the core objectives of the organisation, and all employees and management of the organisation should be committed to make the strategy work (Srivastava and Sushil 2017; Kilic and Aktuna 2015; Verweire 2014; Kaplan and Norton 2008). Organisations need to have a capability to align all the activities with the core objectives of the organisation to enhance the effectiveness of the strategy implementation (Verweire 2014). To get better result, managers expected to clarify and align their organisational objectives with their employees (Sabourin 2015). All

activities performed by an organisation should emanate from the mission, vision and strategic objectives of the organisation (Verweire 2014). Verweire (2014, p.9) argued that “The competitive advantage of winning firms stems from their ability to define an orchestrating theme and to set up a range of activities in line with one of the following three operating models: operational excellence, product leadership or customer intimacy”

The ability of an organisation to effectively align its organisational structure to its strategy, i.e., organisational structure alignment, is the other major component of strategy implementation capability that influences the success of the strategy implementation (Srivastava and Sushil 2017; Gacheru 2016; Waititu 2016; Mwanje 2016; Nkosi 2015; Mbaka and Mugambi 2014; Mutie and Irungu 2014; Hunger and Wheelen 2011; Yang et al. 2008). The variability of organisational structure alignment can be evaluated using the following items (Srivastava and Sushil 2017).

- The extent of accountability for critical tasks, decisions, and outcomes.
- The extent to which the roles and responsibilities are organized to support the strategy of the organisation.
- The level of specialization matches with the strategy of the organisation.

Proper structure-strategy alignment is the most critical factor for effective strategy implementation (Ndungi 2017; Onwonga 2015; Getz and Lee 2011) and it is noted that structure of an organisation needs to be aligned with the strategy since it greatly affects the effectiveness managerial activities and decisions of managers found at all levels (Srivastava and Sushil 2017). The lack of fit between organisational structure and strategy leads to poor implementation strategy (Gacheru 2016). Mwanje (2016) stressed the importance of the alignment of organisational structure to the strategy for successful implementation of strategy in sugar companies in Kenya. Mbaka and Mugambi (2014) put forwarded that a proper strategy–structure alignment is a

necessary precondition for effective strategy implementation and underscored that a transformative strategy needs a transformative organisational structure for successful implementation of strategy.

Many researchers also pointed out that incentives and rewards alignment positively affects the success of the strategy implementation (Siddique and Shadbolt 2016; Mbaka and Mugambi 2014; Mutie and Irungu 2014; Cater and Pucko 2010; Van Der Maas 2008). As construct, incentives and rewards alignment can be measured using the following items (Kaonda 2014).

- The extent to which the reward systems of the organisation stimulate strategy implementation.
- Whether the organisation establishes rewards for exemplary performance that motivate employees towards effective strategy implementation.
- Whether the incentive and reward system enables managers at various levels in recognizing good performers.
- Whether the incentive and reward system provides mechanism and strategies to implement strategy effectively.

In order to effectively implement their strategy, organisations should design competent reward and incentive system that is consistent with the implemented strategy (Mbaka and Mugambi 2014 and Shah 1996). Mutie and Irungu (2014) stressed the importance of appropriate rewards and recognition system for enhancing the strategy implementation in their study conducted in a Kenyan non-governmental organisation. Effective reward and recognition system stimulates employees' motivation and enhances healthy competition among employees, and this in turn facilitates strategy implementation by improving the engagement level of employees (Thanyawatpornkul et al. 2015).

The effectiveness of the strategy implementation is positively influenced by the proper alignment of organisational culture and strategy (Siddique and Shadbolt 2016; Kibicho 2015; Nyamboga and George 2014; Ali and Hadi 2012; Hunger and

Wheelen 2011; Musyoka 2011). One of the major components of strategy implementation capability that enhance the strategy implementation effort is related to organisational culture. Organisational culture alignment deals with various organisational dimensions including but not limited to how organisational choices are made, how employees treated, how incentives are distributed, and how the organisation respond changes from external environment (Nyamboga and George 2014). Specifically, organisational culture alignment can be evaluated using the following items (Gacheru 2016).

- The extent to which the culture of the organisation supports the strategy implementation.
- The level of compatibility between strategy and culture in the organisation.
- The level of resistance to implementation of organisation's strategy.
- Whether the organisation discourages innovation or not.
- Whether the employees see changes as threatening (tend to favour "continuity" and "security") or not.

Several authors stressed that lack of adaptive culture is one of the possible gaps for the failure of strategy (Obeidat et al. 2017; Srivastava and Sushil 2014; Ahmadi et al. 2012). Kibicho (2015) found out that culture is a vital factor for the effectiveness of strategy execution in insurance companies as it affects their approach in doing business as well as the way they are implementing their strategies. The researcher further claimed that organisational culture affects the business decisions of the insurance companies especially in their choice of strategies related to employees and promotion and advertisement (Kibicho 2015).

The ability of an organisation to install proper monitoring and evaluation system is another major critical element that affects the success of strategy implementation (Obeidat et al. 2017, Maiche and Oloko 2016; Mbaka and Mugambi 2014).

Monitoring and evaluation comprise activities and systems such as performance appraisal system, monitoring and evaluation methods that enable organisation to periodically monitor and evaluate the strategy implementation process (Brenes et al. 2007). Particularly, strategy monitoring and evaluation as a construct can be evaluated taking the following points into consideration (Oliveira et al. 2018).

- Whether effective monitoring and evaluation system is emplaced in the organisation.
- The level and promptness of the organisation to any changes in the internal and external environment.
- The existence of effective performance management that track and monitor the status of strategy implementation based on different performance measures.

Various authors identified that the absence of effective monitoring and evaluation system negatively affects the successful implementation of strategies (Obeidat et al. 2017). The success of strategy implementation will be negatively affected if the achievement of business objectives is not monitored and evaluated in timely manner (Obeidat et al. 2017). Performance monitoring and evaluation system could be a barrier for successful implementation of strategy if it is not effectively installed and implemented (Leibbrandt and Botha 2014).

Table 2.6: Summary of Findings on the Effect of Strategy Implementation Capability Components on Strategy Implementation

Contributors	Key Findings
Ouma and Gichinga (2017); Alharthy et al. (2017); Bernardo et al. (2017); Anyieni and Areri (2016); Thanyawatpornkul et al. (2015); Mbaka and Mugambi (2014); Pella et al. (2013); Yang et al. (2008).	Strategy Communication positively affects the success of the strategy implementation.
Srivastava and Sushil (2017); Kilic and Aktuna (2015); Kaplan and Norton (2008).	Strategy Cascading positively affects the success of the strategy implementation.
Srivastava and Sushil (2017); Gacheru (2016); Waititu (2016); Mwanje (2016); Nkosi (2015); Mbaka and Mugambi (2014); Mutie and Irungu (2014); Hunger and Wheelen (2011); Yang et al. (2008).	Organisational structure alignment to strategy positively influences the success of the strategy implementation.
Siddique and Shadbolt (2016); Kibicho (2015); Nyamboga and George (2014); Ali and Hadi (2012); Hunger and Wheelen (2011); Musyoka (2011).	Organisational culture Alignment to the strategy positively influences the success of the strategy implementation.
Siddique and Shadbolt (2016); Mbaka and Mugambi (2014); Mutie and Irungu (2014);	Incentives and reward alignment to the strategy positively affects the success of the strategy implementation.

Contributors	Key Findings
Cater and Pucko (2010); Van Der Maas (2008).	
Obeidat et al. (2017), Maiche and Oloko (2016); Mbaka and Mugambi (2014).	Strategy Monitoring and evaluation positively affects the success of the strategy implementation.

Source: Researcher's own compilation

2.5 Gaps in Strategy Implementation Literature

Many researchers pointed out that strategy implementation, as one of the major components of strategic management, is much more difficult than strategy formulation and it demands earnest attention from both researchers and practitioners in the field (Engberg et al. 2015; Verweire 2014; Hrebiniak 2013). However, in strategic management literature, adequate attention has not been given for strategy implementation both at theoretical and empirical grounds as compared to that of strategy formulation (Oliveira et al. 2018; Srivastava and Sushil 2017; Hourani 2017; Sadeghifar et al. 2017; Hrebiniak 2013, Yang et al. 2008; Van Der Maas 2008). There are various factors associated with lack of interest and misconceptions on strategy implementation. Top-level managers are mainly concerned with strategy formulation and believe that strategy implementation is something to be left to lower-level employees (Hrebiniak 2013). Usually, managers are trained to plan, not to implement as the result, there often a gap in giving the required attention for strategy implementation (Srivastava and Sushil 2017; Speculand 2014; Hrebiniak 2013; Andersen and Lie 2013; Bhatti 2011). Strategy implementation is also seen by some academicians as a rudimentary task of just doing something that does not require intellectual reasoning (Hrebiniak 2013).

However, considering the persistent failure of organisations' strategies as well as spotted grey area in strategy implementation literature, scholars and practitioners lately begin to conduct various studies in strategy implementation specifically in exploring factors and obstacles associated with strategy implementation. Nevertheless, the existing literature in strategy implementation suffers from various limitations, challenges and gaps (Oliveira et al. 2018; Hourani 2017; Sadeghifar et al. 2017; Hrebiniak 2013, Yang et al. 2008; Van Der Maas 2008) that demand further exploration in the subject.

First, the extant strategy implementation frameworks are not comprehensive enough to guide the strategy implementation process effectively and most of them do not consider various aspects and components of strategy implementation process (Alhilou 2015; Verweire 2014, Hrebiniak 2013; Okumus 2003). Majority of the strategy implementation framework focus in one or limited aspects of strategy implementation influencing variables (structure, culture, process and systems) or leadership qualities or other specific strategy implementation influencing factors (Mwanje 2016; Kibicho 2015; Chiuri 2015; Verweire 2014; Mango 2014; Hrebiniak 2013). Majority of the strategy implementation frameworks are mainly deal with major organisational-level factors and capabilities that presumed to affect the strategy implementation success. Nevertheless, they fail to incorporate what organisational resources are required to build such organisational capabilities (Mistry 2014). Usage of both macro (organisational) and micro (individual) level variables at the same level of analysis is also common ignoring the logical flaws created due to the application of both micro and macro level variables at the same level of analysis.

Second, in most of the strategy implementation frameworks, there is noticeable gap in defining and conceptualizing what a strategy implementation capability means? What are its components? How strategy implementation capability as a construct is measured? (Oliveira et al. 2018; Huber 2011). These and such other questions are not clearly addressed in the extant strategy implementation frameworks. Few

researchers such as Oliveira et al. (2018) and Huber (2011) tried to operationalize and measure strategy implementation capability as a construct. Huber (2011) operationalize strategy implementation capability as a higher-order measure based on organisational learning theory. The author stated that strategy implementation capability consists of four dimensions: “strategy implementation-pattern maintenance, strategy implementation-goal attainment, Strategy implementation-integration, and strategy implementation-external interface” (Huber 2011, p.48). Oliveira et al. (2018, p.9), on the other hand, operationalized strategy implementation capability as a high-order capability that contains the following components: “translating the strategy into action plans, communication, coordination, development of human resources policies and employee competencies, and control and feedback”. However, the operationalization of strategy implementation capability by these authors are limited with some components of strategy implementation process and not detailed enough to deal with the whole elements of strategy implementation process.

Third, almost all the major strategy implementation frameworks are developed in the context of developed economies (Rajasekar 2014 and Van Der Maas 2008). This situation creates its own limitations in enhancing the effectiveness of strategy implementation process in developing economies as the frameworks developed for advanced economies may not work for developing economies. Simply employing the advanced countries’ management practices and processes into companies in developing countries might bring out negative consequences to their organisational performance due to existence of different cultures, business environment, level of development and political practices (Van Der Maas 2008). On top of that, whether the strategy implementation success factors identified in the context of developed economies are applicable or not in developing countries is not clearly known, and this should be assessed. In this respect, appropriate and empirically tested strategy implementation framework that entails key strategy implementation success factors

shall be developed for establishing an effective strategy implementation process in the context of developing economies.

Fourth, numerous number of the extant strategy implementation frameworks were not tested in practical setting (Oliveira et al. 2018; Mistry 2014; Van Der Maas 2008; Noble 1999). Specifically, there is a lack of practical data for making analysis on strategy implementation, and assessment of factors that affect the effectiveness of strategy implementation is not adequately performed in the extant strategic management literature (Bahadori et al. 2018 and Alharthy et al. 2017).

Fifth, the majority of research in strategic management also tend to overlook strategy implementation process as the major organisational capability in enhancing organisational effectiveness (Huber 2011) due to tactical perception of strategy implementation process (Amjad 2013; Bobe 2012; Barney 2001). Barney (2001), for example, argued that once the organisation formulated its strategy, implementation simply follows the formulation process. However, various scholars disproved this connotation and pointed out that having a superior strategy alone is not a sufficient condition for the success of an organisation (Verweire 2014; Hrebiniak 2013; Amjad 2013; Noble 1999). To be successful in the market place, organisations need to have effective strategy implementation process to implement their strategy successfully (Verweire 2014; Hrebiniak 2013 Amjad 2013; Noble 1999). It should not be assumed that strategy pursued would be subsequently realized rather the significant roles of the critical components of strategy implementation capability and strategy related resources shall be taken into consideration in determining the successful implementation of strategy (Morgan et al. 2012). The following table shows summary of theoretical gaps and contributions of the study.

Table 2.7 Summary of Theoretical Gaps and Contributions of the Study

S.No.	Theoretical Gaps	Contributions of the Study
1.	Lack of comprehensive and integrated strategy implementation frameworks (Verweire 2014; Hrebiniak 2013; Noble1999).	The study developed a comprehensive and integrated strategy implementation framework.
2.	Majority of the strategy implementation framework focus in one or limited aspects of strategy implementation influencing variables (structure, culture, process and systems) or leadership qualities or other specific strategy implementation influencing factors (Oliveira et al. 2018; Mwanje 2016; Kibicho 2015; Chiuri 2015; Mango 2014).	The study developed a comprehensive strategy implementation framework that contains six key components of strategy implementation capability. Two micro level variables have been also included to establish the antecedents of strategy implementation capability.
3.	The majority of research in strategic management tend to overlook strategy implementation process as one of the major organisational capability in enhancing organisational effectiveness (Huber 2011) due to tactical perception of strategy implementation process (Amjad 2013; Bobe 2012; Barney 2001). Some researches even assume	The study commended that researchers that assess the strategy-performance link shall not assume strategy perused subsequently realized but they should take the significant roles of the critical components of strategy implementation capability and strategy related resources into consideration in

S.No.	Theoretical Gaps	Contributions of the Study
	strategy pursued shall be subsequently realized (Barney 2001).	determining the successful implementation of strategy.
4.	Most strategy implementation framework fail to incorporate what organisational resources are required to build organisational capabilities (Mistry 2014).	The developed strategy implementation framework incorporated what organisational resources are required to build such organisational capability. On top of identifying the major components of strategy implementation capability, the framework has incorporated the antecedents of these strategy implementation capability.
5.	In the extant strategy implementation framework, usage of both macro (organisational) and micro (individual) level variables at the same level of analysis is also common ignoring the logical flaws in the framework.	The study employed the Structural Equation Modelling (SEM) that treats macro (organisational) and micro (individual) level variables at the different level of analysis to establish the strategy implementation framework.
6.	Noticeable gap in defining and operationalizing what a strategy implementation capability means in the extant strategy implementation literature (Oliveira et al. 2018; Huber 2011).	Using the resource- capability approach of the resource-based view, the study developed a strategy implementation framework that operationalized strategy implementation capability as second-order construct entailing strategy communication, incentives and rewards

S.No.	Theoretical Gaps	Contributions of the Study
		alignment, organisational structure alignment, organisational culture alignment and strategy monitoring and evaluation.
7.	Most of the strategy implementation frameworks were not tested in practical settings (Oliveira et al. 2018; Mistry 2014; Van Der Maas 2008; Noble 1999).	Empirical test was conducted in the study.
8.	Limited research on the impact of micro level variables such as social capital on strategy implementation.	The study incorporated two key micro level variables (managerial skills and managerial Social capital) that presumed to affect the capability to implement strategy effectively.
9.	Almost all the strategy implementation frameworks were developed in the context of developed economies and these frameworks may not work in the context of developing economy (Rajasekar 2014 and Van Der Maas 2008).	The study developed a comprehensive strategy implementation framework in the context of developing economy.

Source: Researcher's own compilation

2.6 Chapter Summary

Strategic management is “the art and science of formulating, implementing, and evaluating cross-functional decisions that enable an organisation to achieve its objectives” (David 2011). Strategic management is concerned with the critical question of why organisational performance differs among organisations and aims to identify critical factors for the success of organisational performance (Guerras-Martin et al. 2014). However, this core issue of strategic management has been addressed in different approaches due to the multidisciplinary nature of strategic management (Cabarcos et al. 2015 and Guerras-Martin et al. 2014). Broadly, strategic management entails two different but interrelated sub-processes: strategy formulation and strategy implementation.

Strategy implementation, the focus of this study, is “the sum total of the activities and choices required for the execution of a strategic plan” (Hunger and Wheelen 2011, p.199). Strategy implementation is a process and contains a set of activities and decisions that are required to implement a given strategy. Its effectiveness is greatly affected by various interrelated factors and it is a prerequisite for the realization of strategic objectives of an organisation.

Various authors and scholars in the field of strategic management have outlined several strategy implementation frameworks that determine various factors affecting the success of strategy implementation. By reviewing the extant strategy implementation literature and borrowing some basic concepts from resource-based view, the study identified critical strategy implementation related resources (i.e., managerial skills and managerial social capital) and components of strategy implementation capability (i.e., strategy communication, strategy cascading, incentives and rewards alignment, organisational structure alignment, organisational culture alignment and strategy monitoring and evaluation). The study employed the resource capability approach the resource based view to explain the relationships among critical strategy implementation related resources, strategy implementation

capability (the capability to implement strategy effectively) and strategy implementation success. As per the premises of the resource capability approach, it can be inferred that strategy implementation related resources positively affect strategy implementation capability and strategy implementation capability, in turn, positively influences strategy implementation success. The next chapter discussed the conceptual framework and hypotheses of the study.

CHAPTER THREE

EMPIRICAL EVIDENCE FOR THE CONCEPTUAL FRAMEWORK AND HYPOTHESES OF THE STUDY

3.1 Introduction

This chapter incorporates the development of the conceptual framework and hypotheses of the study. From the extant strategy implementation literature and the resource-capability approach of the resource-based view, the chapter pinpoints two critical organisational resources that are presumed to influence strategy implementation capability. It also examines six key components of strategy implementation capability that affect strategy implementation success. Finally, based on the conceptual framework, the study has proposed about eleven hypotheses to address the research questions and objectives of the study.

3.2 Conceptual Framework of the Study

By reviewing the extant strategy implementation literature and resource-capability approach of the resource-based view, the study established a conceptual framework that incorporates three major components: the strategy implementation-related resources, strategy implementation capability and its components, and strategy implementation performance. The conceptual framework identified the critical strategy implementation-related resources and key components of strategy implementation capability to establish a framework for effective strategy implementation.

Considering the importance of assessing the antecedents of organisational capability (i.e., the link between organisational capability and its antecedents), the first component of the conceptual framework has incorporated two critical resources (managerial skills and managerial social capital) that are presumed to affect strategy implementation capability. Researchers pointed out that the level of managerial skills affects strategy implementation capability of an organisation (Mwanje 2016; Chiuri 2015; Kibicho 2015). Similarly, Lehtimäki and Karintaus (2013) and Kemperet et al. (2013) stressed the importance of managerial social capital for enhancing the strategy implementation capability.

As a second component of the conceptual framework, strategy implementation capability is operationalized as a second-order construct that includes the following elements: strategy communication, strategy cascading, incentives and rewards alignment, organisational structure alignment, organisational culture alignment, and strategy monitoring and evaluation. These strategy implementation capability components affect the successful implementation of the strategy (Alharthy et al. 2017; Bernardo et al. 2017; Srivastava and Sushil 2017; Obeidat et al. 2017; Siddique and Shadbolt 2016; Kilic and Aktuna 2015; Cater and Pucko 2010; Kaplan and Norton 2008; Van Der Maas 2008; Brenes et al. 2007). To effectively implement a strategy, it should be effectively communicated (aligned spiritually) to stakeholders

(Okumus 2003 and Noble 1999) and shall be properly cascaded to units and individual objectives (aligned physically) to make the strategy everyone's work (Verweire 2014 and Kaplan & Norton 2006). The alignment of organisational structure, organisational culture and incentives, and rewards to the new strategy is a critical task of the top management to implement their strategy successfully (Hrebiniak 2013; Yang et al. 2008; Higgins 2005; Okumus 2003; Noble 1999; Waterman et al. 1980). Strategy monitoring and evaluation enhance effective assessment of internal and external contexts as well as the enactment of corrective actions for any gaps created between the plan and the actual results. The ability to identify internal and external bottlenecks and challenges, and take timely corrective actions has paramount importance in implementing the strategy successfully (Kaplan & Norton 2008; Brenes et al 2007; Okumus 2003).

The third component of the conceptual framework deals with the strategy implementation performance that is operationalized as strategy implementation success. The conceptual framework also incorporates the mediating roles of strategy implementation capability on the relationship between the two critical strategy implementation-related resources, i.e., managerial skills and managerial social capital, and strategy implementation success. Pictorially, figure 1.1 in chapter one depicted the conceptual framework of the study.

3.3 Hypotheses Development

As indicated in previous sections, the objective of the study is to develop a comprehensive framework for effective strategy implementation. The study addresses the following specific objectives.

- To identify the key components of strategy implementation capability that affect strategy implementation success.
- To assess the effect of these components of strategy implementation capability on strategy implementation success.
- To assess the effects of strategy implementation capability⁴ on strategy implementation success.
- To identify the critical strategy implementation-related resources that affect strategy implementation capability.
- To assess the effect of these strategy implementation-related resources on strategy implementation capability.
- To examine the mediating roles of strategy implementation capability on the relationship between critical strategy implementation-related resources and strategy implementation success.
- To develop a model for effective strategy implementation.

Based on the extant strategy implementation literature and the resource-capability approach of the resource-based view, critical organisational resources (managerial skills and managerial social capital) that are supposed to enhance strategy implementation capability have been identified (Mwanje 2016; Chiuri 2015; Kibicho 2015; Kemper et al. 2013; Lehtimäki and Karintaus 2013). Strategy implementation capability includes strategy communication, strategy cascading, incentives and rewards alignment, organisational structure alignment, organisational culture alignment, and strategy monitoring and evaluation capability since they are presumed to be vital factors for effective strategy implementation (Alharthy et al.

⁴ Treated as single multi-dimensional construct.

2017; Bernardo et al. 2017; Srivastava and Sushil 2017; Obeidat et al. 2017; Siddique and Shadbolt 2016; Kilic and Aktuna 2015; Cater and Pucko 2010; Kaplan and Norton 2008; Van Der Maas 2008; Brenes et al. 2007).

3.3.1 Strategy Implementation-Related Resources

In the study, two major organisational resources, i.e., managerial skills and managerial social capital that are supposed to enhance strategy implementation capability, have been identified (Mwanje 2016; Chiuri 2015; Kibicho 2015; Kemper et al. 2013; Lehtimäki and Karintaus 2013). Two hypotheses between these resources (managerial skills and managerial social capital) and strategy implementation capability have been proposed to answer the following two research questions of the study:

RQ4: What are the critical strategy implementation-related resources that influence strategy implementation capability?

RQ5: How do these strategy implementation-related resources affect strategy implementation capability?

3.3.1.1 Managerial Skills

Managerial skills are a set of abilities possessed by managers and it entails “technical, human and conceptual skills” (Mwanje 2016, p. 55). Technical skills are the abilities to apply a particular knowledge and skills in a specified field whereas human skill refers to the capability to make a positive relationship and understand and motivate employees in a workplace (Chiuri 2015). Conceptual skill is the ability to understand the theoretical constructs and how the component and parts are integrated to form a given concept or construct (Mwanje 2016).

Researchers pointed out that the level of managerial skills, as a major micro-level variable, affects the capability of an organisation to effectively implement its strategy (Mwanje 2016; Chiuri 2015; Kibicho 2015). Managerial skills, particularly human and technical skills, enable managers to become more supportive of their employees and

hence attainment of better strategy implementation performance through effective organisation and motivation of people as well as efficient and effective decision making (Mwanje 2016; kibicho 2015; Chiuri 2015 and Guo et al. 2013). Managerial skills also enhance strategy implementation success through effective resource allocation decisions that achieve maximum results with limited resources (Mwanje 2016; kibicho 2015; Chiuri 2015 and Guo et al. 2013).

The strategy implementation capability of an organisation is highly affected by the managerial skills possessed by the management team (Mwanje 2016; Chiuri 2015; Kibicho 2015). Mwanje (2016) pointed out that the managerial skills of the management team have positive correlations with the abilities of sugar companies in Kenya in implementing their strategies effectively. Chiuri (2015) established that managerial competence has a substantial positive association with strategy implementation. She noted that lack of managerial competence hindered the effective strategy implementation of higher education institutions in Kenya (Chiuri 2015). Kibicho (2015) stressed the positive contributions of managerial skills and competencies on organisational abilities to effectively implement strategies in insurance companies in Kenya. Based on the above premises, the following hypothesis is proposed:

H₁: Managerial skills are positively and significantly related to strategy implementation capability.

3.3.1.2 Managerial Social Capital

Managerial social capital is defined in the study as a type of social capital that exists among managers, and it enhances the provision of important information and knowledge to members of the management to create and develop organisational capabilities (Kemper et al. 2013). Managerial social capital enables managers to perform as a team and enhance the trust among them (Salajegheh and Pirmoradi 2013).

Managerial social capital improves the capacity of organisations to implement their strategies effectively by creating and exploiting collaborative advantage among members of the organisation (Lehtimäki and Karintaus 2013). In their studies on four multinational companies, Lehtimäki and Karintaus (2013) noted the importance of managerial social capital in implementing strategies effectively by improving access to information, trust, and collaboration among individuals. Managerial social capital helps managers to emplace an effective performance management system in their organisation by fostering data sharing and usage among members (Tantardini and Kroll 2015). Using social networks, managers could improve their reputational and informational social capital and this in turn enable managers to effectively implement their strategies (Ahearne et al. 2014). Therefore, based on the above premises, the following hypothesis has been proposed:

H₂: Managerial social capital is positively and significantly related to strategy implementation capability.

3.3.2 Strategy Implementation Capability and Its Components

Strategy implementation capability is operationalized as a second-order construct that includes the following components: strategy communication, strategy cascading, incentives and rewards alignment, organisational structure alignment, organisational culture alignment, and strategy monitoring and evaluation. These strategy implementation capability components affect the successful implementation of the strategy (Alharthy et al. 2017; Bernardo et al. 2017; Srivastava and Sushil 2017; Obeidat et al. 2017; Siddique and Shadbolt 2016; Kilic and Aktuna 2015; Cater and Pucko 2010; Kaplan and Norton 2008; Van Der Maas 2008; Brenes et al. 2007). About six hypotheses between these components and strategy implementation success have been proposed to answer the following two research questions of the study:

RQ1: What are the key components of strategy implementation capability that affect strategy implementation success?

RQ2: How do these components of strategy implementation capability affect strategy implementation success?

3.3.2.1 Strategy Communication

Strategy communication entails the ability of an organisation to effectively communicate its strategy to its stakeholders (Oliveira et al. 2018; Anyieni and Areri 2016 and Otieno 2016). Various authors on strategy implementation claimed that the capability of an organisation to communicate its strategy affects the success of the strategy implementation (Ouma and Gichinga 2017; Alharthy et al. 2017; Bernardo et al. 2017; Anyieni and Areri 2016; Thanyawatpornkul et al. 2015; Mbaka and Mugambi 2014; Pella et al. 2013; Jiang and Carpenter 2013; Yang et al. 2008).

Based on their study on strategy implementation in facility management in Thailand, Thanyawatpornkul et al. (2015) concluded that strategy communication is one of the three most critical factors affecting the success of strategy implementation from the perspectives of employees. They stated that companies should enhance their strategy communication capability to ensure proper execution of strategies and to motivate employees to perform as per organisational expectations (Thanyawatpornkul et al. 2015).

The style and modes, direction, and delivery of strategy communication influence the successful implementation of strategy expressed in terms of the existence of high-performing teamwork and performance improvements (Anyieni and Areri 2016). In their study, Mbaka and Mugambi (2014) found out that the success of strategy implementation was negatively affected in the water sectors in Kenya due to the absence of communication between the strategy formulators and employees as well as the lack of information by employees regarding their contributions on the overall achievement of their organisation's goals and objectives.

Effective and two-way communication is vital for companies to translate strategy into action to create a better environment as well as common understanding among employees (Thanyawatpornkul et al. 2015). Pella et al. (2013) studied strategy implementation practice of an Indonesian company and found out that the most significant problem impeding strategy implementation is that the strategic objectives of the company are not sufficiently and effectively communicated, understood, and internalized by employees. The researchers pointed out that, due to the lack of understanding of the key performance indicators by employees, the company fails to implement its strategies effectively (Pella et al. 2013). Ineffective communication causes the loss of the trust of employees and this in turn undermines the successful implementation of the strategy (Dobni 2003).

Effective communication contributes significantly to strategy implementation by increasing strategic consensus through the promotion of shared attitudes and values (Yang et al. 2008). The message of the communication shall entail the new responsibilities and duties of the affected employees as well as the fundamental reasons for adopting the selected strategy (Yang et al. 2008). When vertical communication of strategy is enhanced, the shared understanding of strategic priorities will be improved and this in turn leads to strategic consensus among the employees and managers (Yang et al. 2008). Thus, based on the above ground, the following hypothesis has been proposed:

H₃: Strategy communication is positively and significantly related to strategy implementation success.

3.3.2.2 Strategy Cascading

Strategy cascading is the ability of an organisation to effectively align the strategy (the strategic objectives) to its operations (units and individual objectives) (Srivastava and Sushil 2017; Kilic and Aktuna 2015 and Kaplan and Norton 2008). Various authors on strategy implementation claimed that the capability of an

organisation to cascade the strategy to units and individual levels affects the success of the strategy implementation (Srivastava and Sushil 2017; Kilic and Aktuna 2015; Kaplan and Norton 2008).

Strategy-operation alignment is one of the major factors hindering the strategy implementation endeavour (Srivastava and Sushil 2017). When there is a lack of linkage between strategy and operations, vague and contradicting priorities may arise among different units of the organisation and this, in turn, leads to ineffective strategy implementation (Srivastava and Sushil 2017). To institutionalize the strategy, organisational objectives shall be effectively cascaded into the unit and individual objectives so that individual and unit performances shall be measured based on the contributions they have made in achieving the corporate objectives and goals in a continuous and sustainable way (Masekela 2016 and Kaplan and Norton 2008).

To effectively implement a company's strategy, business units should have objectives that support the company's strategy and at the same time, employees are expected to be aware and motivated to implement the company's business strategy (Kaplan and Norton 2008). Organisations can achieve strategy-operation alignment through harmonizing the functions of line and staff, installing performance measures that align strategic objectives to the unit and individual objectives, and use of feedback mechanisms on operations (Srivastava and Sushil 2017). Thus, based on the above empirical findings and premises, the following hypothesis has been proposed,

H₄: Strategy cascading is positively and significantly related to strategy implementation success.

3.3.2.3 Organisational Structure Alignment

Organisational structure alignment entails the abilities of an organisation to effectively align its organisational structure to its strategy, and as a construct, it can

be measured based on the extent to which the organisation develops and implements an organisational structure that is compatible with its strategy, and also facilitates its strategy implementation process (Gacheru 2016; Waititu 2016; Mwanje 2016; Mutie and Irungu 2014). Various authors on strategy implementation noted that organisations should align their organisational structure to their strategy to enhance the success of their strategy implementation (Srivastava and Sushil 2017; Gacheru 2016; Waititu 2016; Mwanje 2016; Nkosi 2015; Mbaka and Mugambi 2014; Mutie and Irungu 2014; Hunger and Wheelen 2011 and Yang et al. 2008; Freedman 2003).

For effective strategy implementation, an organisation should develop an organisational structure that supports bottom-up communication, sets clear reporting lines, enhances the corporate governance system, and facilitates the smooth implementation of the strategy (Gacheru 2016 and Kirui 2013). An optimum span of control, clear reporting, and communication line are very significant factors for effective strategy implementation (Mwanje 2016 and Kirui 2013).

Nkosi (2015) found out that, after inadequate financial resources, a weak organisational structure is one of the major impediments to strategy implementation in the municipality. He argued that organisations should properly review their organisational structure after reviewing their strategy in order to enhance the effectiveness and efficiency of their strategy implementation effort (Nkosi 2015). Yang et al. (2008) claimed that effective alignment of organisational structure is one of the key variables that impact strategy implementation and pointed out that if firms lag behind adjusting their organisational structure based on changes in the environment, it may derail the implementation of their strategies. Hunger and Wheelen (2011) identified organisational structure as a strategic implementation variable and argued that either centralization or decentralization will have an impact on the success of strategy implementation. The rigidity of organisational structure has also a negative impact on the successful implementation of a strategy

(Warugongo 2014). Therefore, based on the above premises, the following hypothesis has been proposed:

H₅: Organisational structure alignment, i.e. alignment of organisational structure to the strategy, is positively and significantly related to strategy implementation success.

3.3.2.4 Incentives and Rewards Alignment

Incentives and rewards alignment includes the abilities of an organisation to suitably align incentives and rewards to the strategy of the organisation, checks whether incentives and rewards have been properly tied to the strategy of the organisation, and facilitates the strategy implementation process of the organisation (Mwanje 2016; Mutie and Irungu 2014; Cater and Pucko 2010).

Numerous researchers on strategy implementation noted that organisations should align incentives and reward systems to their strategy to implement a strategy successfully (Siddique and Shadbolt 2016; Thanyawatpornkul et al. 2015; Mbaka and Mugambi 2014; Mutie and Irungu 2014; Cater and Pucko 2010; Van Der Maas 2008; Shah 1996). Shadbolt (2016) pointed out the importance of a reward system in strategy implementation and underscored that, for effective strategy implementation, organisations need to link their appraisal system to the incentive and reward system of the organisation. Mbaka and Mugambi (2014) commended that an organisation should consider an effective reward and incentive system as a key capability of the organisation to enhance its strategy implementation process.

In their study on 172 sampled Slovenian business companies, Cater and Pucko (2010) found out that one of the major obstacles to effectively implementing strategy is the existence of inadequate reward system in the organisations. They noted that the implementation of a balanced scorecard system as a strategy implementation tool would be enhanced if it is supported by an appropriate reward system. Mutie and Irungu (2014) underlined that organisations should develop an appropriate

incentive and reward system to enhance employees' commitment to effectively implementing their strategy. Van Der Maas (2008) pointed out that a competent and aligned incentive and reward system is a key success factor for strategy implementation as it is important for staff motivation and making appropriate behaviour in strategy implementation. Thus, based on the above empirical findings, the following hypothesis has been proposed:

H₆: Incentives and rewards alignment, i.e. the alignment of incentives and reward to the strategy, is positively and significantly related to strategy implementation success.

3.3.2.5 Organisational Culture Alignment

Organisational culture is defined as “the shared values, beliefs, ideologies, and norms held by organisational members that influence their behaviour (Bushardt et al. 2011, p.2). Organisational culture alignment entails the abilities of an organisation to effectively align its organisational culture to its strategy and as a construct, it checks whether the culture of the organisation is compatible with the strategy and facilitates strategy implementation (Mwanje 2016).

Several researchers indicated that the effectiveness of the strategy implementation is positively affected by the proper alignment of organisational culture to the strategy of an organisation (Galpin, 2018; Obeidat et al. 2017; Siddique and Shadbolt 2016; Kibicho 2015; Nyamboga and George 2014; Jiang and Carpenter 2013; Ali and Hadi 2012; Hunger and Wheelen 2011; Alamsjah 2011; Musyoka 2011). Nyamboga and George (2014, p.142) pointed out that organisational culture is an important factor for strategy implementation success as “it facilitates the mode of communication, decision-making, control, company relationships as well how the organisation relates to the external environment”.

The incompatibility of organisational culture with the strategy is the major impeder to strategy implementation (Galpin 2018; Ndungi 2017; Ali and Hadi 2012). If the

cultural setting of an organisation is not compatible with the new strategy, the culture of the organisation needed to be properly adjusted to effectively implement the strategy; otherwise it will impede the implementation of the strategy (Mukhalasie 2014 and Hunger and Wheelen 2011).

Resistance to implementing the strategy as well as demotivation of employees will be resulted if there is a discrepancy between the strategy and the organisational culture (Musyoka 2011). When culture positively influences the actions of the employees towards the current strategy, strategy implementation effort in the organisation will be reinforced (Musyoka 2011). As the result, organisations should develop the necessary capabilities that enable them to align the culture of the organisation to the new strategy (Musyoka 2011). Therefore, based on the above grounds, the following hypothesis has been proposed:

H₇: Organisational culture alignment, i.e. alignment of organisational culture to the strategy, is positively and significantly related to strategy implementation success.

3.3.2.6 Strategy Monitoring and Evaluation

Strategy monitoring and evaluation incorporates the abilities of an organisation to effectively monitor and evaluate its strategy and checks whether the organisation has an effective strategy monitoring and evaluation system (Oliveira et al. 2018 and Otieno 2016). Various researchers pointed out that the ability to install proper monitoring and evaluation system for strategy implementation is one of the key factors that affect the effectiveness of implementation of a strategy (Obeidat et al. 2017, Maiche and Oloko 2016; Mbaka and Mugambi 2014; Pournasir 2013).

The existence of effective monitoring and evaluation system positively influences the success of strategy implementation (Maiche and Oloko 2016). The major monitoring and evaluation factors that should be considered for effective monitoring and evaluation are the frequency of the monitoring and evaluation, the promptness of

action after monitoring and evaluation, the level of change communication, the organisational control system, and the quality and frequency of training on monitoring and evaluation (Maiche and Oloko 2016).

In order to implement their strategy successfully, organisations should have an effective performance monitoring system that enables them to track the status of the implementation in a timely manner and corrective action shall be made if there is any deviation of results from the planned action (Mbaka and Mugambi 2014). Leibbrandt and Botha (2014) have reinforced the importance of a systematic performance monitoring and evaluation system in ensuring successful strategy implementation. Micheli and Mura (2017) stressed that a comprehensive performance measurement system enables companies to implement their strategies successfully. Thus, based on the above premises, the following hypothesis has been proposed:

H₈: Strategy monitoring and evaluation is positively and significantly related to strategy implementation success.

3.3.3 Strategy Implementation Performance

On top of the individual components of strategy implementation capability, the study has proposed and tested a research hypothesis that assesses the relationship between strategy implementation capability, as a single construct, and strategy implementation success to answer research question 3 (**RQ3**). Two hypotheses are also proposed to examine the mediating roles of strategy implementation capability on the two critical strategy implementation-related resources and strategy implementation success thereby addressing research question 6 (**RQ6**).

RQ3: How does strategy implementation capability affect strategy implementation success?

RQ6: How does strategy implementation capability mediate the relationship between critical strategy implementation-related resources and strategy implementation success?

As specified in the previous section, the study operationalizes strategy implementation capability as a second-order construct composed of various first-order constructs that include strategy communication, strategy cascading, incentives and rewards alignment, organisational structure alignment, organisational culture alignment, and strategy monitoring and evaluation (Alharthy et al. 2017; Bernardo et al. 2017; Srivastava and Sushil 2017; Obeidat et al. 2017; Siddique and Shadbolt 2016; Kilic and Aktuna 2015; Cater and Pucko 2010; Kaplan and Norton 2008; Van Der Maas 2008; Brenes et al. 2007). Strategy implementation capability is a bundle of organisations' strategy implementation abilities that contribute to strategy implementation success and it is very vital for effective strategy implementation (Huber 2011). Accordingly, the following hypothesis has been proposed:

H₉: Strategy implementation capability positively and significantly affects strategy implementation success.

The resource-based view commends that organisational effectiveness is highly influenced by an organisation's abilities in converting its resources into capability. Under the resource capability approach, resources such as managerial skills and managerial social capital are critical sources for creating a capability that enables organisations to implement their strategies successfully (Gupta et al. 2018; Baškarada and Hanlon 2017; Kamboj et al. 2015; Grant 1991). The study presumes that the key drivers of effective strategy implementation are the critical components of strategy implementation capability and resources within the firm that are used as input for translating the formulated strategy into a successful strategy implementation endeavour (Morgan et al. 2012). Various researchers underscore the significant roles of strategy implementation-related resources (such as managerial skills and

managerial social capital) and organisational capabilities (such as strategy implementation capability) and their interrelation for the successful implementation of a strategy (Mwanje 2016; Chiuri 2015; Kibicho 2015; Kemperet et al. 2013; Morgan et al. 2012). Thus, the following two hypotheses have been proposed:

H₁₀: Strategy implementation capability mediates the relationship between managerial skills and strategy implementation success.

H₁₁: Strategy implementation capability mediates the relationship between managerial social capital and strategy implementation success.

3.4 Chapter Summary

By reviewing the extant strategy implementation literature and the resource-capability approach of the resource-based view, six components of strategy implementation capability that are assumed to affect strategy implementation success were identified. Two critical strategy implementation-related resources that are presumed to affect the strategy implementation capability were also pinpointed. The study established a conceptual framework that incorporates three major components: strategy implementation-related resources, strategy implementation capability and its components, and strategy implementation performance. To answer the research questions of the study, about eleven hypotheses were pinpointed.

Two research hypotheses were proposed to examine the relationship between critical strategy implementation-related resources and strategy implementation capability.

H₁: Managerial skills are positively and significantly related to strategy implementation capability.

H₂: Managerial social capital is positively and significantly related to strategy implementation capability.

Six research hypotheses on the relationship between strategy implementation success and the presumed components of strategy implementation capability were also proposed.

H₃: Strategy communication is positively and significantly related to strategy implementation success.

H₄: Strategy cascading is positively and significantly related to strategy implementation success.

H₅: Organisational structure alignment is positively and significantly related to strategy implementation success.

H₆: Incentives and rewards alignment is positively and significantly related to strategy implementation success.

H₇: Organisational culture alignment is positively and significantly related to strategy implementation success.

H₈: Strategy monitoring and evaluation is positively and significantly related to strategy implementation success.

Finally, three additional hypotheses were proposed to assess the association between strategy implementation capability and strategy implementation success as well as the mediating roles of strategy implementation capability.

H₉: Strategy implementation capability positively and significantly affects strategy implementation success.

H₁₀: Strategy implementation capability mediates the relationship between managerial skills and strategy implementation success.

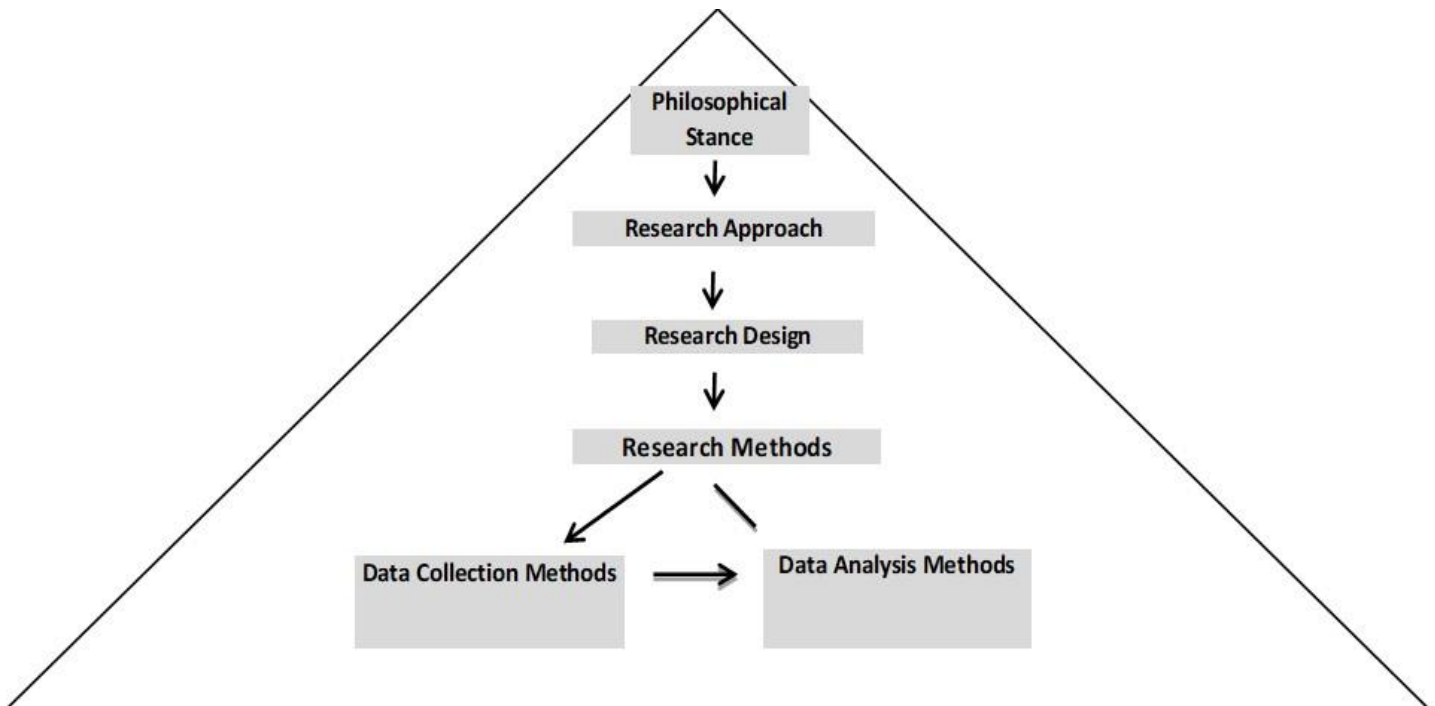
H₁₁: Strategy implementation capability mediates the relationship between managerial social capital and strategy implementation success.

CHAPTER FOUR

RESEARCH METHODOLOGY

4.1 Introduction

This chapter deals with the research methodology that entails the philosophical stance, the research approach, the research design, and the research methods adopted in the study. It further clarifies the research methods that incorporate the design of the data collection instrument, sampling procedure, and data analysis methods. It also discusses how the target population, sampling frame, sample size, and sampling method have been determined. The chapter elaborates on various types of statistical tests and the quantitative and qualitative data analysis techniques adopted in the study. Finally, the chapter highlights ethical considerations and concludes with the chapter summary. The overall research design followed in the study can be summarized in Figure 4.1.



Source: Researcher's own compilation based on Sandy (2018), Creswell (2014) and Saunders et al. (2007)

Figure 4.1: The overall Design of the Research

4.2 Philosophical Stance

Burns and Burns (2008) define research philosophies or research paradigms as a collection of principles that sets rules on how research could be conducted. Research philosophies can be better explained in terms of ontological (the nature of the reality), epistemological (how do we know what we know) and axiology (the role of values in the enquire) (Creswell 2014 and Lincoln and Guba 1985). Positivists/post positivist, Constructivist/ interpretivist and pragmatics are the major research philosophies that are widely discussed in the literature. The positivists/post positivists argue that there is objective reality that is independent of human perception (Burns and Burns 2008) and factors/ causes determine the results or outcomes of a given phenomenon (Creswell 2014). An important feature of positivists/post positivists is that the researcher is external to the research process and does not be in a position to influence the research process and outcome (Saunders et al. 2007). In the positivist philosophy, the enquire is value free and it doesn't be influenced by the values of the researcher (Lincoln and Guba 1985). The positivists/post positivists believe that a structured and scientific method (quantitative methods) is appropriate to acquire knowledge on the subject of the study (Burns and Burns 2008).

Constructivists/ interpretivist, on other hand, assume that one cannot separate the reality with human perceptions and reality is subjective and highly dependent on the perceptions of individuals (Burns and Burns 2008). They argue that the enquire is highly influenced by the values of the researcher (Lincoln and Guba 1985). Creswell (2014) further explained that humans construct meanings while observing and interpreting a given object or phenomenon. Constructivists/ interpretivist advocate the differences among human beings as social actors, and they commend that the researcher needs to enter in their social world and comprehend their point of view by understanding their way of interpretations (Saunders et al. 2007). The constructivists/ interpretivist argue that detail analysis using qualitative methods is the suitable way to acquire knowledge on the subject of the study (Burns and Burns

2008). Table 4.1 depicts the difference between Positivism and Interpretivism based on various aspects of research.

Table 4.1: Difference between Positivism and Interpretivism

Aspect of research	Positivism	Interpretive
Purpose	Test theory or theoretical prediction	Develop descriptive theory
Using extant literature	Identify theory to test, identify hypotheses to test the theory	Identify need for theory. Develop or sensitizing concepts
Form of inquiry	Develop hypotheses as posited relationships between variables	Explore social world to develop key questions and new theory
Tactic in conducting study	Hypotheses are fixed in order to test a theory. Theory is expanded, reinforced, confirmed, qualified or rejected.	Hypotheses emerge as meaning is constructed using building block of local integrating descriptive theory.

Source: Hallebone and pries (2009)

The pragmatists apply the two philosophies and claim that both philosophies may be used depending on the research problems of the study (Creswell 2014). The pragmatists argue that the most determinant factor for choosing the right research philosophy is the research question as one research philosophy may be appropriate over the other in fairly addressing the research questions (Saunders et al. 2007). Mixed methods, both quantitative and qualitative methods, can be applied to properly address the research problem and research questions within a single study (Saunders et al. 2007).

The study has been conducted based on pragmatism paradigm to properly address the research problem and research questions of the study. This philosophy is considered to be appropriate for the study as applying both quantitative and

qualitative procedures in different phases of the study can properly address the research problem and research questions of the study. The pragmatists commend that the usage of both quantitative and qualitative approaches enhances the validity of the study since findings from one approach can be substantiated by the other approach (Robson and McCartan 2016). Mixing both quantitative and qualitative design also provides a complete and comprehensive picture of the research problem by offsetting the limitations of each approach while capitalizing on their strengths (Robson and McCartan 2016). Both quantitative and qualitative approaches were utilized in the study as the main purpose of the research was to establish an effective strategy implementation framework by testing various research hypotheses. These hypotheses testing could be better performed through quantitative data collection and analysis in the first part of the study. Subsequently, the second phase of the study further explained the quantitative relationships and results using qualitative data collection and analysis.

4.3 Research Approaches

After defining the research philosophy of the study, the next step is determining the research approach. Generally, there are three types of research approaches: quantitative, qualitative, and mixed methods. Considering the research aspects of the three approaches, the study employed mixed methods research approach to suitably answer the research questions and achieve the objectives of the study. The mixed methods research approach is believed to be suitable for the study considering the following major advantages of mixed methods research approach (Robson and McCartan 2016):

- Combining both quantitative and qualitative approaches gives a complete and comprehensive picture of the research problem.
- Mixed methods research design can help to offset the limitations of each approach while capitalizing on their strengths.

- Mixed methods research approach is suitable for handling the research problems of the study better than the single method approach (i.e., either quantitative approach or qualitative approach).
- Using qualitative data collection and analysis, the study aims to better explain the findings from the quantitative analysis. This can be specifically valuable when unexpected findings emerge.
- Usage of both quantitative and qualitative approaches in a single study enhances the validity of the study as findings from the quantitative approach will be substantiated by the qualitative approach.

4.4 Research Designs

After determining the overall plan or the research approach of the study, the next step was the selection of a specific research design for the study. Considering the nature of the research problem and research questions of the study, the study employed the explanatory sequential mixed methods research design (quantitative dominated mixed methods research) that employs quantitative data collection and analysis in the first phase of the study and then supports or further explains the findings of the quantitative study with qualitative data collection and analysis. Explanatory sequential mixed methods research design was chosen for the study as the main purpose of the research is to establish an effective strategy implementation framework in the Ethiopian banking industry by testing various research hypotheses. These hypotheses testing can be better performed through quantitative data collection and analysis in the first phase of the study. Subsequently, the next phase of the study further props and explains the quantitative relationships and findings using qualitative data collection and analysis.

For the first phase of the study, cross-sectional survey research was employed using a questionnaire for data collection and statistical methods for data analysis to generalizing from a sample to a population at a specific time. Cross-sectional survey research was selected for the quantitative phase of the study because the study aims

to establish a strategy implementation framework through the identification of strategy implementation related factors, investigate the relationship between these factors (strategy communication, strategy cascading, organisational structure alignment, organisational culture alignment, incentives and rewards alignment; strategy monitoring and evaluation) and strategy implementation success based on the data collected from a sample of senior and middle-level managers in commercial banks in Ethiopia (refer 4.5.1.2 for detail). Cross-sectional survey research was chosen for the quantitative phase for its suitability in testing various hypotheses and examining the relationship between the dependent and independent latent variables (Tharenou et al. 2007). Cross-sectional survey research is appropriate for the study as it is also economical, efficient in data collection, and relatively convenient for the respondents (Creswell 2014 and Newman 2014).

For the second phase of the study, separate qualitative data collection and analysis were conducted to support and further explain the quantitative findings derived from the quantitative phase of the study. The study employed semi-structured interview methods for the qualitative data collection. Identification of themes, trends, patterns, and relationships has been performed during the qualitative data analysis to address the research questions of the study in great depth. The specific data collection and analysis methods utilized for both the quantitative and qualitative phases are explored below.

4.5 Research Methods

After determining the research design of the study, the research methods of the study should be specified. To properly address the research questions and problems of the study both quantitative and qualitative data collection and analysis methods were employed in different phases of the study and they are explored in the following sections.

4.5.1 Quantitative Phase of the Study

4.5.1.1 Quantitative Data Collection Instrument

To properly answer the research questions of the study and test the proposed hypotheses, the study used a quantitative data collection method that incorporates a structured questionnaire as a data collection instrument. A questionnaire was employed to collect the required data and the Likert type scale which is anchored on a five-point scale was used. Before conducting the full scale data collection, a pilot study was conducted to verify the reliability and validity of the measures in the data collection instrument. During the pilot study, primary data was collected from a small number of respondents such as 5% (≈ 28) of the population (564) using the designed questionnaire to check the reliability and validity of the constructs of the study. It was recommended that a lower threshold of 25 samples could be considered for a pilot study for instrument development (Hertzog 2008). Reliability measures the degree to which a given measurement is free from error and produce a consistent result under different condition (Sreejesh et al. 2014). Whereas, validity checks whether a particular measure what intended to measure (Sreejesh et al. 2014). As shown in the Table 4.2 below, the Cronbach's alpha values of all constructs of the study in the pilot study were above 0.7 which indicates the reliability of the constructs (refer 5.2.8.1 for reliability analysis for constructs in the full scale data collection).

Table 4.2 Reliability Test/ Statistics of Constructs

Constructs	Cronbach Alpha	No. of Items
Strategy Implementation Success	.886	4
Managerial Skill	.914	5
Managerial Social Capital	.846	6
Strategy Communication	.820	4
Strategy Cascading	.817	4
Incentive and Reward Alignment	.866	4
Organizational Structure Alignment	.787	4
Organizational Culture Alignment	.803	5
Strategy Monitoring and Evaluation	.779	6
All variables	.744	42

To improve the validity of the measures, in addition to the supervisor's review, comments from respondents were incorporated to improve the questions, formats, and scales of the data collection instrument. In the course of review, some measurement items with unclear and vague statements were rephrased based on the given comments. In addition, some statements that were not answered as expected were revised (refer 5.2.8.2 for validity analysis for constructs in the full scale data collection).

To enhance the validity and reliability of the measures in the instrument, the constructs in the study were operationalized based on a detailed review of literature. The study put a clear definition and scope for each construct so that it can be measured unequivocally (refer chapter 2 for detail). The widely applicable measures of reliability that include indicator loading, Cronbach's alpha, and composite reliability have been used (Ali et al. 2017 and Hair et al. 2017) to assess the reliability of the

measures in the data analysis stage. The study has employed statistical tests including the average variance extracted (AVE) and the Fornell-Larcker criterion to assess the convergent and discriminant validity of the measurement, respectively, as recommended by different researchers (Ali et al. 2017 and Hair et al. 2012). The assessment of the reliability and validity of the measurements for the full scale data collection was imparted in section 5.2.8 in detail. The questionnaire was provided in Appendix I and contains the following sections.

Section A

This section entails elements of strategy implementation success and the statements in this section measure the level of strategy implementation success at the bank over the last three years.

Section B

This section is concerned with managerial skills and managerial social capital as critical strategy implementation-related resources and the statements in this section measure the level of managerial skills and managerial social capital in the bank.

Section C

This section deals with the presumed components of strategy implementation capability that include strategy communication, strategy cascading, incentives and reward alignment, organisational structure alignment, organisational culture alignment, and strategy monitoring and evaluation.

The questionnaire entails questions on the critical resources and components of strategy implementation capability, and it was developed based on the key measures developed by various researchers on the field of strategy implementation (refer from Table 4.3 to Table 4.12 for list of measures with corresponding author for each construct of the study). The study tested various relationships between strategy implementation success and other latent variables of the study that include Strategy Communication, Strategy Cascading, Incentives and Rewards Alignment,

Organisational Structure Alignment, Organisational Culture Alignment, Strategy Monitoring and Evaluation, and two critical resources that incorporate Managerial Skills and Managerial Social Capital.

To properly answer the research questions of the study, quantitative data was collected using a structured questionnaire that entails measurement items for all variables of the study. The following sections present the measurement items incorporated in the questionnaire for collecting quantitative data on all latent variables of the study.

I. Strategy Implementation Success

In the study, strategy implementation is defined as “the sum total of the activities and choices required for the execution of a strategic plan” (Hunger and Wheelen 2011, p.199). Strategy Implementation Success is one of the endogenous latent variables in the study and as a variable of the study, it is measured by the extent to which the strategy plan of the respective commercial banks is implemented. The measurement items for strategy implementation are presented in Table 4.3.

Table 4.3 Measures for Strategy Implementation

S.No.	Indicators/Questions
1.	Bank’s strategy implementation efforts were generally considered a great success by involved and concerned parties.
2.	Comparing actual performance and a priori expectations, the strategy implementation activities of the Bank were considered a success.
3.	Our Bank’s implementation efforts are an example of effective strategy implementation.
4.	Overall, the implementation activities in the Bank were effective.

Source: Adopted from Huber (2011)

II. Managerial Skills

Managerial skills are defined as “a set of abilities possessed by managers and it incorporates technical, human, and conceptual skills” (Mwanje 2016, p. 55). Technical skills include managerial abilities to employ specific knowledge and skills in a particular field, and human skill is defined as the capacity to make a positive relationship with employees and motivate them for a result (Chiuri 2015). Conceptual skill is the ability to understand and explain the theoretical constructs of a given phenomenon (Mwanje 2016). The measurement items for managerial skills are presented in Table 4.4.

Table 4.4 Measures for Managerial Skills

S.No.	Indicators/Questions
1.	One of Bank’s management greatest strengths is achieving results by organizing and motivating people.
2.	One of Bank’s management greatest strengths is organizing resources and coordinating tasks.
3.	One of Bank’s management greatest strengths is its ability to delegate effectively.
4.	One of Bank’s management greatest strengths is its ability to supervise, influence, and lead people.
5.	Bank’s management make resource allocation decisions that achieve maximum results with limited resources

Source: Adopted from Guo et al. 2013

III. Managerial Social Capital

As a variable of the study, managerial social capital is defined as “the actual and potential benefits engrained in, available through, and resulting from managerial networks or relationships” (Kemper et al. 2013, p. 590). In the study, managerial social capital possesses benefits from both the networks as well as the resources

associated with the managerial networks and contains the following three major dimensions: the structural, relational, and cognitive dimensions (Nahapiet and Ghoshal 1998). The measurement items for managerial social capital are presented in table 4.5 (two measurement items for each of the structural, cognitive, and relational dimensions of managerial social capital respectively).

Table 4.5 Measures for Managerial Social Capital

S.No.	Indicators/Questions
1.	Bank's management engages in open and honest communication with one another.
2.	Bank's management willingly shares information with one another.
3.	Bank's management shares the same ambitions and vision for the Bank.
4.	Bank's management enthusiastically pursues collective goals and mission.
5.	Bank's management members are usually considerate of one another's feelings.
6.	Overall, managers in this Bank are trustworthy.

Source: Adapted from Leana and Pil (2006).

IV. Strategy Communication

In the study, strategy communication refers to the ability of banks to effectively communicate their strategy to their stakeholders such as employees, management, board of directors, shareholders, and customers (Oliveira et al. 2018; Anyieni and Areri 2016 and Otieno 2016). Strategy communication, as a variable of the study, is measured by the extent to which the strategy of the respective banks is communicated to their stakeholders. The measurements for strategy communication are presented in Table 4.6.

Table 4.6 Measures for Strategy Communication

S.No.	Indicators/Questions
1.	The Bank engages its managers in the communication efforts about strategy and its execution.
2.	The Bank uses multiple communication means (billboard, meeting, reports, and emails) in order to disseminate information about strategy.
3.	The management promotes information flow bottom-up from employees to managers and laterally between areas/peers.
4.	The management shares information about the strategy and related actions, responsible persons, deadlines, goals, results, and adjustments in a broad and comprehensive manner.

Source: Adapted from Oliveira et al. (2018).

V. Strategy Cascading

As a variable of the study, it is defined as the ability of banks to effectively align their strategy (the strategic objectives) to their operations (units and individual objectives) (Srivastava and Sushil 2017; Kilic and Aktuna 2015; Kaplan and Norton 2008). In the study, strategy cascading is measured by evaluating the extent to which the respective banks have cascaded their strategic objectives to their departments/ units as well as individuals (Srivastava and Sushil 2017; Kilic and Aktuna 2015; Kaplan and Norton 2008). The measurement items for strategy cascading are presented in Table 4.7.

Table 4.7 Measures for Strategy Cascading

S.No.	Indicators/Questions
1.	Strategic objectives of the Bank were cascaded effectively to departmental and unit objectives.
2.	Strategic objectives of the Bank were cascaded effectively to individual objectives ⁵ .
3.	Employees know how they contribute to the strategy implementation of the Bank.
4.	There is a good alignment of the strategy and operations of the Bank.

Source: Adapted from Kilic and Aktuna (2015) and Srivastava and Sushil (2017).

VI. Organisational Structure Alignment

As a variable of the study, organisational structure alignment entails the banks' ability to effectively align their organisational structure to their strategy, and in this study, it is measured by the extent to which banks develop and implement an organisational structure that is compatible with their strategy and facilitates their strategy implementation process (Gacheru 2016; Waititu 2016; Mwanje 2016; Mutie and Irungu 2014). The measurement items for organisational structure alignment are presented on Table 4.8.

⁵ Objectives to be attained at employee's level.

Table 4.8 Measures for Organisational Structure Alignment

S.No.	Indicators/Questions
1.	Accountability for critical tasks, decisions, and outcomes is well defined in the Bank.
2.	Roles and responsibilities are organized to support the strategy of the Bank.
3.	The level of centralization matches the strategy of the Bank.
4.	The level of specialization matches the strategy of the Bank.

Source: Adapted from Srivastava and Sushil (2017).

VII. Incentives and Rewards Alignment

In the study, incentives and rewards alignment refer to banks' ability in aligning incentives and rewards to their strategy and it measures whether incentives and rewards facilitate the strategy implementation process of banks (Mwanje 2016; Kaonda 2014; Mutie and Irungu 2014; Cater and Pucko 2010). Incentives and rewards alignment, as a variable of the study, is measured by the extent to which the incentives and rewards of respective banks are aligned to their strategy. The measurements for incentives and rewards alignment are presented in Table 4.9.

Table 4.9 Measures for Incentives and Rewards Alignment

S.No.	Indicators/Questions
1.	The Bank has developed an incentive and reward system that stimulates strategy implementation.
2.	The Bank establishes rewards for exemplary performance that motivate employees toward effective strategy implementation.
3.	Bank's incentive and reward system enables managers at various levels in recognizing good performers.
4.	Bank's incentive and reward system provide mechanism and strategies to implement strategy effectively.

Source: Adapted from Kaonda (2014).

VIII. Organisational Culture Alignment

In the study, organisational culture alignment is defined as the banks' ability to effectively align their organisational culture to their strategy, and in this study, organisational culture alignment is measured by the extent to which banks develop and implement an organisational culture that facilitates their strategy implementation process (Mwanje 2016). The measurements for organisational culture alignment are presented below on Table 4.10.

Table 4.10 Measures for Organisational Culture Alignment

S.No.	Indicators/Questions
1.	The implementation of a strategy often encounters rough going because of deep-rooted cultural biases.
2.	The employees see changes as threatening and tend to favor "continuity" and "security".
3.	The culture of the Bank discourages innovation.
4.	There is a lack of compatibility between strategy and culture.
5.	There is resistance to the implementation of the Bank's strategy.

Source: Adapted from Gacheru (2016).

IX. Strategy Monitoring and Evaluation

As a variable of the study, strategy monitoring and evaluation incorporates the abilities of banks to effectively monitor and evaluate their strategy and checks whether an effective strategy monitoring and evaluation system is emplaced in the bank (Oliveira et al. 2018 and Otieno 2016). The measurement items for strategy monitoring and evaluation capability are presented in the Table 4.11.

Table 4.11 Measures for Strategy Monitoring and Evaluation

S.No.	Indicators/Questions
1.	The Bank adopts a set of procedures to monitor and evaluate results.
2.	The Bank usually identifies changes in the internal and external environment.
3.	The Bank usually analyses the collected data on results attained, changes in the internal or external environment.
4.	The Bank makes managers accountable based on the analysis of collected data.
5.	The Bank engages managers and employees in the definitions of adjustments to execution-related actions, goals, or deadlines.
6.	The Bank involves top management whenever a change in strategy is necessary.

Source: Adapted from Oliveira et al. (2018).

4.5.1.2 Quantitative Sampling

For many research questions and objectives, it will not be advisable to collect and analyse data from the entire population (census) owing to restrictions of time, money and access as well as greater speed of data collection and accuracy of sampling as compared to census (Burns and Burns 2008 and Saunders et al., 2007). Thus, the study uses sampling rather than census to collect primary data. The systematic steps of sampling include the following: defining the population, identifying the sampling frame, determining the sample size, and selecting a sampling technique to obtain the sample elements (Burns and Burns 2008).

Before conducting the sampling, the population of the study has to be identified. The population of the study (unit of observation) entails senior and middle-level management members working in commercial banks considering the fact that they are presumed to have a good knowledge and involvement in their respective bank's strategy formulation and implementation endeavour. After defining the population of

the study, the second step is identifying the sampling frame. The sampling frame of the study includes senior managers (Presidents and Vice Presidents) and middle-level managers (Directors) working in 17 Ethiopian commercial banks; the total population is summed to be 564 (Please refer Table 4.10 below). The third step in the systematic sampling procedure is determining the appropriate sample size. Accordingly, the sample size of the study was determined using the widely applicable sample size determination formula (Weiers 2002) as follows:

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

Where n= required sample size,

N = Population size

Z = Z value for the desired level of confidence

p = the estimated value of the population proportion

e = maximum likely acceptable error

While determining the sample size of the study, adequate care has been taken to strike a balance between the quality and cost of the research. For the study, as a conservative approach, the p- value, which is the estimated value of the population proportion, has been taken as 0.5, the desired level of confidence interval set as 95%, and the maximum likely error to be accepted fixed as 5%. **As the population (N) size is 564, the sample size has been calculated using the above formula as depicted below:**

$$n = 0.5(1 - 0.5) / ((0.05^2 / 1.96^2) + (0.5(1 - 0.5) / 564)) = 229$$

Thus, a sample size of 229, which is 41% of the population size, has been selected for the study. As a rule of thumb, a sample size of 10% of the total population is believed to be sufficient to represent a population (Mugenda and Mugenda 2008 cited in Mwanje 2016). The minimum sample size can also be determined using the

ten times rule of thumb for estimating sample size for structural equation modelling (SEM). In this method, the minimum sample size is expected to be greater than the maximum number of inner or outer model links pointing at any latent variable in the SEM (Kock and Hadaya 2018). In the study, the maximum number of links pointing to a given latent variable is about eight, and based on the ten times rule of thumb, the minimum sample size required for the SEM is 80 (10×8). Alternatively, as rule of thumb, the minimum sample size can be calculated by total items in the questionnaire multiplied by five (i.e., $42 \times 5 = 210$). Thus, based on the above scenarios, it can be fairly concluded that a sample size of 229 (or 41% of the population) taken for this study is adequate to represent the population of the study.

The final step in the systematic sampling procedure is selecting a sampling technique to obtain the sample elements. To enhance the representativeness of the sample for different-sized banks and ensure that there is an equal chance for sampling units being selected from the population, the study adopted a proportional stratified sampling method (Saunders et al. 2007). Accordingly, a sample of 229 senior and middle-level managers was drawn randomly from each commercial bank based on the proportion of their respective sizes as depicted in Table 4.12.

Table 4. 12 Population and Sample Size of the Study⁶

S.No.	Commercial Banks	Target Population	Sample Size⁷
1	Commercial Bank of Ethiopia	76	31
2	Awash Bank	50	20
3	Dashen Bank	53	22
4	Bank of Abyssinia	42	17
5	Wegagen Bank	33	13
6	Hibret Bank	43	17
7	Nib International Bank	33	13
8	Cooperative Bank of Oromia	41	17
9	Lion International Bank	24	10
10	Zemen Bank	21	9
11	Oromia International Bank	24	10
12	Buna Bank	22	9
13	Birhan Bank	27	11
14	Abay Bank	25	10
15	Addis Bank	14	6
16	Debab Global Bank	18	7
17	Enat Bank	18	7
Total		564	229

Source: Researcher's own compilation

4.5.1.3 Quantitative Data Analysis

In quantitative research, it is worthwhile to check for data encoding and data entry errors, missing values, outliers and normality in order to conduct valid analysis and

⁶ The population represents commercial banks in Ethiopia except recently opened banks. Five commercial banks were excluded from the population; as they were operating in the industry for less than 1 year.

⁷ Sample size = total sample size* target population/ total population.

make useable inferences (Raykov and Marcoulides 2006). Before proceeding to the data analysis phase, verification of the data for data coding and data entry errors as well as checking for missing values, outliers and normality were conducted to make valuable analysis and inferences.

The analysis of the data was performed on two levels. First, descriptive statistics such as means and standard deviations with respect to each variable of the study were conducted using SPSS V.20. Second, using SmartPLS-3 software, Partial Least Squares Structural Equation Modelling (PLS-SEM), was employed to test the research hypotheses and model the relationship among the exogenous and endogenous latent variables. The following section discusses concepts related to PLS-SEM and why PLS-SEM is used in the study and elaborates on the model specification, estimation, and evaluation as basic components of PLS-SEM.

a) Statistical Model Used

The study employed PLS-SEM as a statistical modelling tool to analyse and model the relationships among the independent and dependent latent variables of the study. SEM represents two important aspects of the procedure in analysing and modelling relationships among variables: first, the structural relationship among variables is expressed in terms of a series of regression equations and second; these structural relationships are depicted pictorially for a clearer understanding of the theory under investigation (Byrne 2010). SEM is “an extension of the general linear model (GLM) that enables a researcher to test a set of regression equations simultaneously” (The University of Texas 2002). It is a family of statistical techniques that contains path analysis models, confirmatory factor analysis models, structural regression models, and latent change models (Raykov and Marcoulides 2006). SEM is vital for testing hypotheses among the observed and latent variables (these are unobserved variables that are measured indirectly using observed variables), and its overall aim is to test whether the theoretical model hypothesized by the researcher

is supported by the empirical data gathered from a sample of respondents (Schumacker and Lomax 2010 and McCoach 2003).

SEM has become an increasingly popular statistical tool in the last 20 years as compared to first generation data analysis and modelling tools such as regression analysis, multiple logistic regression, and analysis of variance (Hair et al. 2017; Schumacker and Lomax 2010; Byrne 2010; Raykov and Marcoulides 2006; McCoach 2003). The reasons for SEM popularity as data analysis and modelling tool emanates from the following advantages. First, unlike most traditional statistical modelling tools, SEM tests and models complex relationships (both indirect and direct) among several independent and dependent variables simultaneously (Schumacker and Lomax 2010; Raykov and Marcoulides 2006; McCoach 2003). Most traditional statistical data analysis and modelling tools only examine relationships among a few dependent and independent variables (Schumacker and Lomax 2010). Second, SEM considers measurement errors in conducting data analysis and modelling of relationships among variables as opposed to traditional statistical modelling tools that ignore measurement errors (Hair et al. 2017; Byrne 2010; Schumacker and Lomax 2010; Raykov and Marcoulides 2006; McCoach 2003). SEM gives higher emphasis on the reliability and validity of measurements by enabling a measurement of latent variables or constructs, using observed variables, through acknowledgment of measurement errors both on the dependent and independent variables (Schumacker and Lomax 2010). Third, there are several Microsoft Windows-based and user-friendly softwares such as LISREL, EQS, AMOS, and M-Plus that conduct structural equation modelling (McCoach 2003).

The study employed structural equation modelling as a data analysis and modelling tool considering the following three major reasons. First, SEM has a capability to analyse and model complex relationships among various dependent and independent latent variables that cannot be handled by traditional data analysis and modelling tools (Schumacker & Lomax 2010). Using SEM, the study aims to answer

the research questions of the study by testing several hypotheses and modelling the relationship between: key components of strategy implementation capability (as independent latent variables) and strategy implementation success (as dependent latent variable), two key idiosyncratic resources (as independent latent variables) and strategy implementation capability (as dependent latent variable). Second, SEM is appropriate for analysing relationships among observed and latent (unobserved) variables. Latent variables can be indirectly measured using observed or manifest variables. The study incorporated both dependent and independent latent variables which necessitate the application of SEM as a data analysis and modelling tool. Third, SEM explicitly takes measurement errors into consideration in data analysis and modelling which is more practical and beneficial as compared to traditional statistical data analysis and modelling tools. McCoach (2003, p. 36) hails the suitability of SEM as a data analysis and modelling tool by claiming that “the ability to separate measurement error or “error variance” from “true variance” is one of the reasons that SEM provides such powerful analyses”.

There are two main approaches of estimation in structural equation modelling: covariance based structural modelling (CB-SEM) and variance based approach, commonly named as Partial Least Squares Structural Equation Modelling (PLS-SEM) (Müller et al. 2018; Duarte and Amaro 2018; Hair et al. 2017). The two approaches differ in their estimation objective (Duarte and Amaro 2018 and Hair et al. 2017). CB-SEM is a confirmatory oriented approach that aims to minimize the discrepancies between the covariance matrixes of the theoretical model and that of empirical model (Hair et al. 2017). PLS-SEM is, on the other hand, a prediction oriented approach that intends to maximize the explained variance of the endogenous variables (Duarte and Amaro 2018). PLS-SEM is a composite based approach that uses linear combination of indicators to explain the variance of the construct under investigation (Müller et al. 2018; Henseler 2017; Ali et al. 2017; Hair et al. 2012). Although the two approaches share the same roots (structural equations with unobservable variables and measurement error), CB-SEM employs stringent

assumptions and rules, if not met; the validity of the analysis can be highly compromised (Duarte and Amaro 2018 and Valle and Assaker 2015). These assumptions include normality of the data, the inclusion of reflective constructs (the constructs causes the indicators), requirement of minimum sample size, and the need for a strong theoretical base of the model being tested. PLS-SEM, on the other hand, does not restrict itself with those strict assumptions and rules that characterize CB-SEM (Duarte and Amaro 2018 and Valle and Assaker 2015).

The study employed PLS-SEM as a data analysis and modelling tool based on the following reasons. The study aims to predict and identify factors that maximize the success of strategy implementation by investigating the structural relationships between selected latent variables, and that of strategy implementation. As a result, a prediction oriented approach (i.e., PLS-SEM) is appropriate in testing and modelling the relationship among various independent and dependent latent variables of the study. In addition, PLS-SEM is suitable for the study since it incorporates both reflective and formative indicators for measuring the latent exogenous and endogenous variables of the study. Furthermore, the study prefers PLS-SEM as statistical data analysis and modelling tool considering the fact that PLS-SEM does not necessitate stringent assumptions in terms of sample size and data distributions as compared to that of CB-SEM.

b) Model Specification

SEM has two major components: the measurement (outer) model and the structural (the inner) model (Hair et al. 2017; Henseler 2017; Valle and Assaker 2015; Hair et al. 2012). The measurement model depicts the relationships between the indicators or manifest variables (denoted by rectangles) and the underlying latent variable (denoted by ovals) (Hair et al. 2017; Henseler 2017; Valle and Assaker 2015; Hair et al. 2012). The structural model, on the other hand, presents relationships and the structural path among the latent variables in SEM (Hair et al. 2017; Henseler 2017; Valle and Assaker 2015; Hair et al. 2012). Generally, the measurement model is

classified into two main types that include reflexive and formative measurement models (Hair et al. 2017 and Eboli et al. 2017). Reflexive measurement model assumes that the latent variable causes the indicators underlining the latent variable (Hair et al. 2017; Eboli et al. 2017; Henseler 2017). If there is a change in the latent variable, the indicators will also be changed and interchanging or missing one or more of the indicators will not have an effect on the latent variable (Hair et al. 2017; Eboli et al. 2017; Henseler 2017). In formative measurement model, the direction of the arrows is from the indicators to the construct and the indicators are assumed to aggregately define the latent variable (Hair et al. 2017 and Eboli et al. 2017). In addition, in formative measurement model, interchanging or missing one or more of the indicators will have an impact on the latent variable (Hair et al. 2017 and Eboli et al. 2017).

The study employed both formative and reflective indicators to measure the latent variables of the study. Strategy Communication, Strategy Cascading, Incentives and Rewards Alignment, Organisational Structure Alignment, Organisational Culture Alignment, Strategy Monitoring and Evaluation and Strategy Implementation Success were measured reflectively. On the other hand, strategy implementation capability as second-order construct was measured formatively.

To simplify the modelling process, two separate structural models were proposed. The first structural model, termed as strategy implementation success model, depicts the relationships between strategy implementation success (D_2) and components of strategy implementation that include strategy communication (C_1), strategy cascading (C_2), incentives and rewards alignment (C_3), organisational structure alignment (C_4), organisational culture alignment (C_5), strategy monitoring and evaluation (C_6). The proposed strategy implementation success model that shows the relationship among the latent variables of the study is specified below.

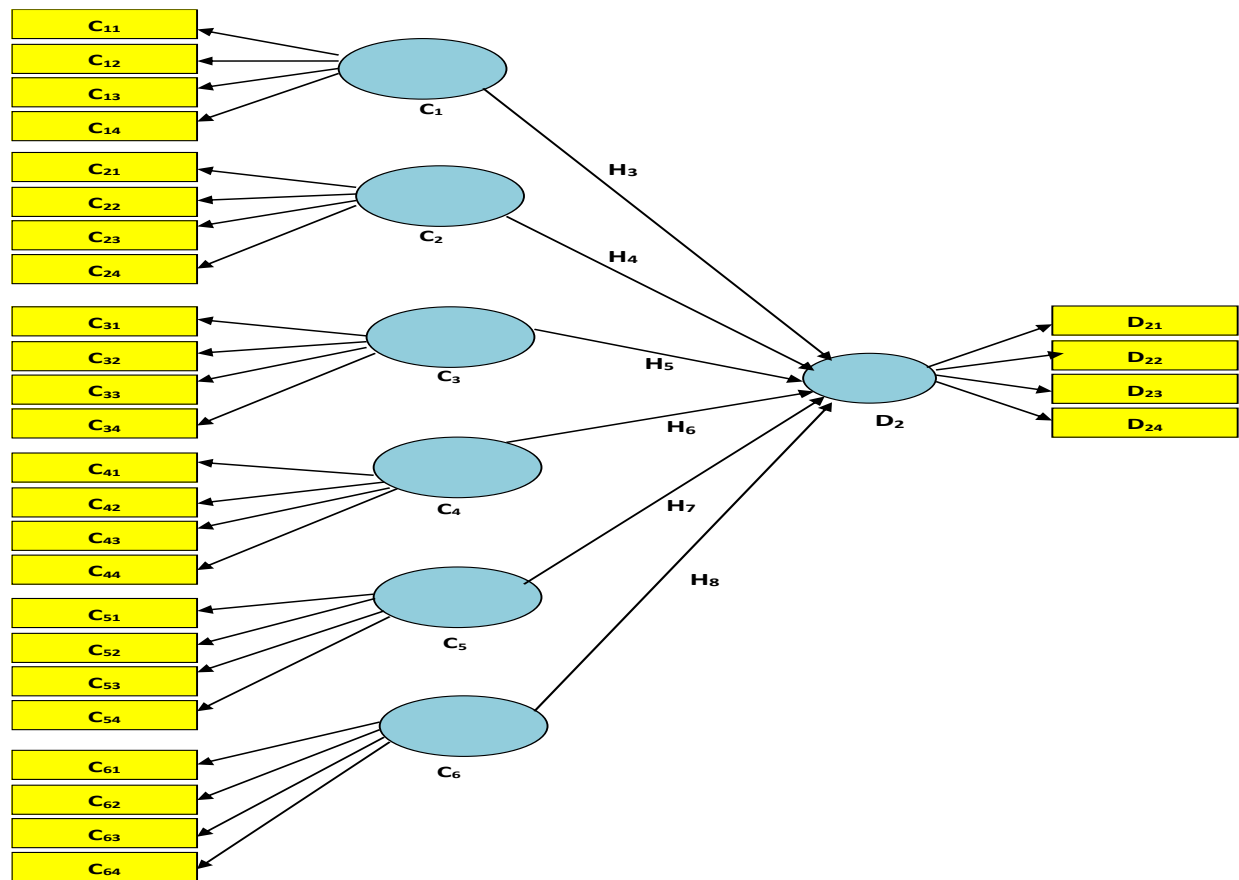


Figure 4.2: Proposed Strategy Implementation Success Model

Based on the results of the above strategy Implementation Success Model, six hypotheses (H₃-H₈) were tested in the model evaluation stage to answer the research questions of the study.

The second structural model, termed as strategy implementation model, depicts the relationship between strategy implementation capability (D₁) and its antecedents (managerial skills (A₁) and managerial social capital (A₂)) as well as indirect relationships of managerial skills (A₁) and managerial social capital (A₂) with strategy implementation success (D₂). As discussed in the previous chapter, two latent variables (managerial skills and managerial social capital) were identified to establish the antecedents of strategy implementation capability. Strategy implementation capability as a construct was established as a second-order multidimensional

reflective-formative latent variable that entails a set of strategy implementation capability components that are presumed to affect the success of strategy implementation. Reflective-formative second-order latent variable is characterized by formative relationships between the first (lower) order and the second-order latent variables, and the first-order latent variable is measured using reflective indicators (Hair et al. 2017).

Based on the results of the strategy implementation success model, among the six components of strategy implementation capability, those strategy implementation components that significantly influence strategy implementation success were retained as candidate formative indicators for the strategy implementation capability construct. The proposed strategy implementation model that shows the relationship between strategy implementation capability (D_1) and its antecedents (managerial skills (A_1) and managerial social capital (A_2)) as well as indirect relationships of managerial skills (A_1) and managerial social capital (A_2) with strategy implementation Success (D_2) is specified below.

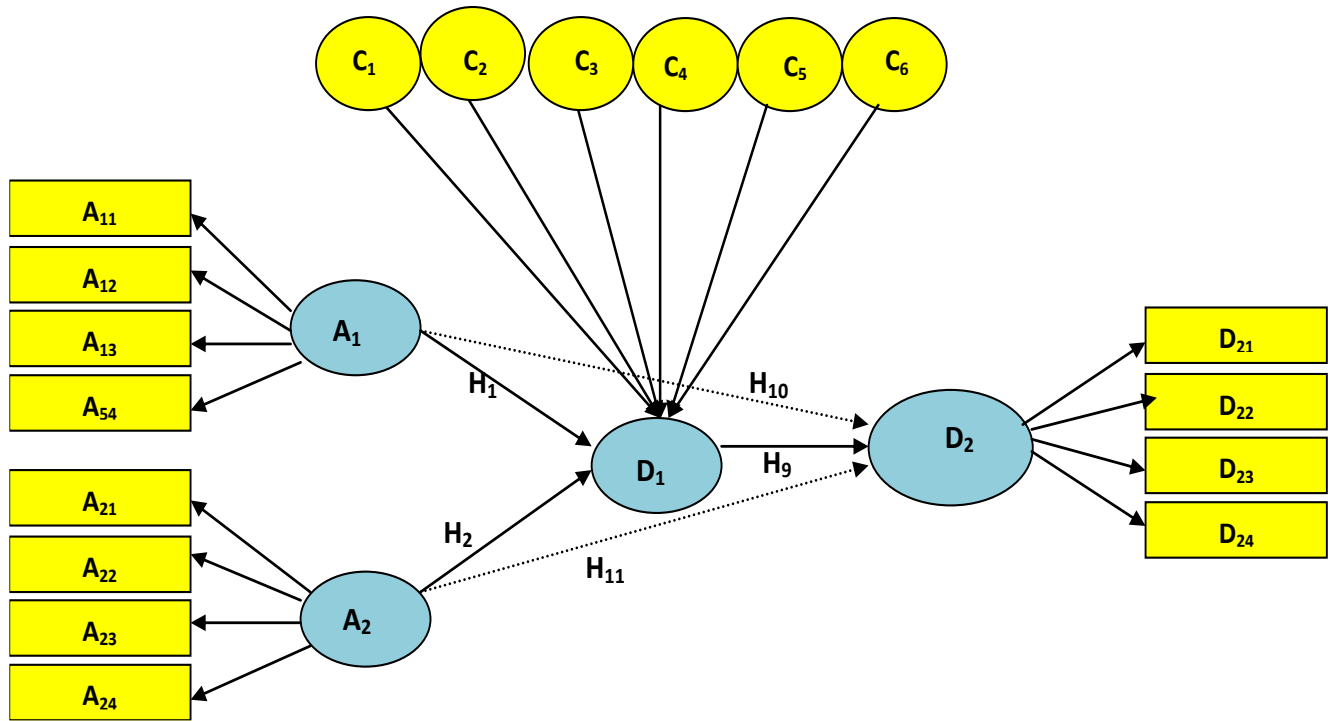


Figure 4.3: Proposed Strategy Implementation Model

To address the other research questions of the study, the five (H_1 – H_2 & H_9 – H_{11}) hypotheses were tested in the model evaluation stage based on the results of the above strategy implementation model.

c) Model Estimation

The PLS-SEM algorithm employs the indicator data to iteratively determine the latent variable score, the indicator loading, indicator weight, the path coefficients, R^2 and other statistics (Hair et al. 2017). PLS-SEM algorithm first calculates the latent variable scores and then moves on to the determination of other unknown parameters in PLS-SEM and it runs until it converges or the maximum number of iteration is reached (Hair et al. 2017 and Valle and Asskar 2015). According to Henseler and Sarstedt (2012), PLS-SEM algorithm entails three main stages: (a) the

determination of latent variables score, (b) the estimation of indicator weight, indicator loading, and path coefficients, and (c) estimation of location parameters. The first stage is done iteratively and contains four steps that entail outer approximation of the latent variable scores, estimation of the inner weights, inner approximation of the latent variable scores, and estimation of the outer weights (Henseler and Sarstedt 2012). Specifically, the algorithm finds the values of the measurement model that specifies the relationship between the latent variables and respective indicators and then, on top of calculating the R^2 value for endogenous variables, the PLS-SEM algorithm calculates the values of path coefficients that detect the relationship between exogenous and endogenous latent variables (Hair et al. 2017; Valle and Asskar 2015; Henseler and Sarstedt 2012).

As indicated in the preceding section, the strategy implementation model contains the construct strategy implementation capability as a second-order variable. As the second-order latent variable derives its indicators from the first (lower) order level latent variables, the approach for determining the scores for this second-order latent variable should be specified. Three approaches, namely repeated indicator, two-stage and hybrid approaches are generally applied to estimate the parameters of the second-order latent variable (Riel et al. 2017). In the repeated indicator approach, the latent variable score is determined by reusing the indicators of the first-order latent variables. In the two-stage approaches, the score for the second-order latent variable is determined based on two-stage processes (Riel et al. 2017 and Hair et al. 2017). First, the latent variables' score for the first-order latent variables is determined without the inclusion of the second-order latent variable and then, the computed latent variable scores will be used as input for computing the second-order latent variable score (Riel et al. 2017 and Hair et al. 2017). Finally, in the hybrid approach, the indicators of the first-order latent variable will randomly split in half and the first half is used to estimate the first-order latent variable score and the remaining half is used as an input for estimating the second-order latent variable score (Riel et

al. 2017). The hybrid approach is not as such developed and seldom used in practice (Riel et al. 2017).

Several issues arise while applying the repeated indicator approach to estimate the score of reflective-formative second-order latent variable. In estimating the score of reflective-formative second-order latent variable using the repeated indicator approach, almost all of the variance of the second-order latent variable may be explained by its first-order latent variable (i.e., $R^2 \approx 1.0$) and as a result, any further path coefficients, other than by those of first-order latent variables, becomes insignificant in pointing a relationship with the second-order latent variable (Hair et al. 2017). To solve this problem, researchers employ both the repeated indicators approach and the use of latent variable scores in a two-stage approach (Hair et al. 2017). Accordingly, the study used the two-stage approach to estimate the latent variable score of the strategy implementation capability construct as a second-order reflective-formative latent variable.

Finally, in order to run PLS-SEM algorithm, important parameters that include weighting scheme, initial values to start the algorithm, the stop criterion, and the maximum number of iterations should be specified (Hair et al. 2017 and Valle and Asskar 2015). Accordingly, as per the recommendation of Hair et al. (2017), the study employed the path weighting option as it maximizes the value of R^2 and set the initial values, the stop criterion and a maximum number of iterations to +1, $1 \cdot 10^{-7}$, and 300 respectively.

d) Model Assessment

The assessment of PLS-SEM requires two-stage evaluations that include the assessment of the measurement model and structural model (Hair et al. 2017 and Ali et al. 2017). The following section describes statistical measures that evaluate the quality of the measurement and the structural model in PLS-SEM.

i) The assessment of the measurement mode

The assessment of the measurement model deals with the evaluation of the constructs' reliability and validity (Ali et al. 2017). Reliability can be defined as the degree to which a given measurement is free from error and produces a consistent result under different condition (Sreejesh et al. 2014). It measures the extent to which a research instrument gives stable results over time (Kibicho 2015).

In SEM, the assessment of measurement model draws on different approaches depending on whether a construct has measured using reflective or formative indicators (Ali et al. 2017; Hair et al. 2017; Valle and Assaker 2015; Hair et al. 2012). To assess the constructs' reliability in the reflective measurement model, the widely applicable measures that include indicator loading, Cronbach's alpha, and Composite reliability were used in the study (Ali et al. 2017 and Hair et al. 2017). Cronbach's alpha, as a traditional measure of reliability, provides an estimate of the reliability based on the inter-correlations of the observed indicator variables (Hair et al. 2017). Cronbach's alpha considers equal loadings of all measurement items and usually tends to underestimate the reliability estimates (Hair et al. 2017). Composite reliability, on the other hand, accounts for the different outer loading of indicators and is likely to overestimate the internal consistency reliability thereby resulting in comparatively higher reliability estimates (Hair et al. 2017). Therefore, it is viable to employ both Cronbach's alpha and composite reliability for measuring internal consistency reliability (Hair et al. 2017). The indicator loading, the correlation coefficient between the latent variable and the indicator, should be higher than 0.7 to warrant indicator reliability, and Cronbach's alpha and composite reliability should be larger than 0.7 to ensure internal consistency reliability (Ali et al. 2017 and Valle and Asskar 2015).

Validity checks whether a particular instrument measures what it intended to measure (Sreejesh et al. 2014). It measures the extent to which the testing instrument measures what it is supposed to measure (Burns and Burns 2008). If a

measure captures what it is intended to measure, scores on that measure should be more correlated to scores on a similar construct (convergent validity) and not or less related to scores on a different construct (discriminant validity) (Tharenou et al. 2007). To assess the convergent and discriminant validity of a reflective measurement model, the study employed the average variance extracted (AVE), and the Fornell-Larcker criterion respectively as recommended by different researchers (Ali et al. 2017 and Hair et al. 2012). The average variance extracted (AVE) should be larger than 0.5 to exhibit convergent validity (Müller et al. 2018; Ali et al. 2017; Hair et al. 2012).

Assessing the formative measurement model with the same reliability and validity measures as reflective measurement model is not appropriate (Hair et al. 2017). Instead, the quality of the formative measurement model should be assessed using different criteria. Indicator weight is widely applied to evaluate the indicator's contribution to the construct (Hair et al. 2017 and Hair et al. 2012). By using bootstrapping in PLS-SEM, indicator weights' significance is also utilized to assess formative measurement model quality (Hair et al. 2017). Multicollinearity between indicators shall also be assessed considering the fact that higher multicollinearity between indicators may lead to inconsistent indicator weights and over-stated standard errors, thereby eliciting type II errors (Hair et al. 2017 and Hair et al. 2012). In light of that, the study employed indicator weight with significance tests as well as the widely applicable measure, Variance Inflation Factor (VIF), for the test of multicollinearity to assess the quality of the formative measurement model.

ii) The assessment of the structural mode

Unlike CB-SEM, PLS-SEM has no agreed global goodness-of-fit measures (Hair et al. 2017; Ali et al. 2017; Nitzl 2016). This is because fit statistics for CB-SEM is derived from the discrepancies between the covariance matrix of the theoretical model and that of empirical model, whereas PLS-SEM focuses on the discrepancies between the value of endogenous latent or observed variable and the value

estimated by the model (Hair et al. 2017; Ali et al. 2017; Valle and Assaker 2015). As the result, researchers that use PLS-SEM usually rely on measures that evaluate predicative capabilities of the model (Hair et al. 2017). The major criteria for assessing the quality of a structural model in PLS-SEM are the evaluation of multicollinearity, coefficient of determination (R^2), the significance of the path coefficients, the effect size (f^2), the predictive relevance (Q^2), and the effect size (q^2) (Hair et al. 2017; Ali et al. 2017; Hair et al. 2012).

Evaluation of multicollinearity among the exogenous constructs is one of the major criteria for evaluating the quality of the structural model (Hair et al. 2017). To assess the multicollinearity level between constructs, one can use tolerance and VIF values as the case in assessing the multicollinearity level in the formative measurement model (Hair et al. 2017). As a tolerance value below 0.20 (VIF value above 5) in the exogenous constructs shows critical levels of multicollinearity, either eliminating or merging the constructs should be considered to avoid the multicollinearity problem (Hair et al. 2017 and Hair et al. 2012).

Coefficient of determination (R^2) measures the model's predictive power and it is one of the widely applicable criteria for evaluating the structural (inner) model (Hair et al. 2017; Ali et al. 2017; Nitzl 2016; Hair et al. 2012). R^2 elucidates the explained variance of each endogenous latent variable by that of exogenous variables (Hair et al. 2017). The value of R^2 ranges from 0 to 1 and the higher the value of R^2 the higher the predictive accuracy (Hair et al. 2017; Ali et al. 2017; Hair et al. 2012). Though the exact interpretation of the value of R^2 depends on the type and nature of the research, in general, R^2 values of 0.25, 0.50, and 0.75 for endogenous latent variable are taken as weak, moderate, and strong, respectively (Hair et al. 2017).

The significance of the path coefficients is another measure to evaluate the significance and direction of the relationships among the latent variables in the structural mode (Ali et al. 2017; Hair et al. 2017; Nitzl 2016; Hair et al. 2012). After running, PLS-SEM, estimates are obtained for the path coefficients that show the

hypothesized relationships among variables in the structural model (Ali et al. 2017; Nitzl 2016; Hair et al. 2012). The path coefficients are standardized values that range from -1 to 1 of which values close to +1 show a high positive relationship and -1 for a strong negative relationship (Hair et al. 2017). Based on the bootstrap standard error, computing the t and p value is needed for assessing the significance of the path coefficients in the structural model (Hair et al. 2017 and Ali et al. 2017).

On top of evaluating R^2 for all endogenous variables in the model, evaluating the extent of change in R^2 when a certain exogenous variable is excluded in the specified model is vital for checking whether the omitted exogenous variable has a substantial impact on the endogenous variable (Ali et al. 2017; Hair et al. 2017; Nitzl 2016; Hair et al. 2012). This type of measurement is termed as the effect size (f^2). The value of effect size (f^2) can be computed using the following formula (Hair et al. 2017).

$$f^2 = (R^2_{\text{included}} - R^2_{\text{excluded}}) / (1 - R^2_{\text{included}})$$

R^2_{included} is the value of R^2 when the construct under consideration is included in the specified model whereas R^2_{excluded} refers to the value of R^2 when the construct is excluded from the model. As evaluation guideline, f^2 values of 0.02, 0.15 and 0.35 represent small, medium, and large effects of the exogenous variable on the endogenous latent variable, respectively (Hair et al. 2017; Ali et al. 2017; Hair et al. 2012).

The predictive relevance (Q^2) measures the model's out-of-sample predictive power using the blindfolding procedure (Hair et al. 2017). Blindfolding is "a sample reuse technique that omits every d^{th} data point in the endogenous construct's indicators and estimates the parameters with the remaining data points" (Hair et al. 2017, p. 202). The difference between the omitted data points and the predicted value will be used as input for Q^2 measure (Hair et al. 2017). In the structural model, Q^2 values greater than zero for a given endogenous variable show the model's predictive power for a particular endogenous construct (Hair et al. 2017, Ali et al. 2017; Hair et al.

2012). Q^2 can be calculated using two approaches: cross-validated redundancy and cross-validated communality (Hair et al. 2017). Cross-validated redundancy uses both the structural and measurement model information to predict the missing points whereas cross-validated communality predicts the missing data points without considering the information on the structural model (Hair et al. 2017). The study used a cross-validated redundancy approach due to its suitability in the PLS-SEM approach as well as its inclusion of the structural model information in the estimation of the missing data points (Hair et al. 2017).

In addition to Q^2 , evaluating the extent to which the predictive relevance Q^2 is altered when a particular exogenous variable is excluded is important for verifying whether the omitted exogenous variable has a substantial effect on a given endogenous variable in the model (Hair et al. 2017, Ali et al. 2017; Hair et al. 2012). This measurement is referred to as the effect size (Q^2). The value of effect size (Q^2) can be computed using the following formula (Hair et al. 2017).

$$Q^2 = (Q^2_{\text{included}} - Q^2_{\text{excluded}}) / (1 - Q^2_{\text{included}})$$

Q^2_{included} is the value of Q^2 when the construct under consideration is included in the specified model whereas Q^2_{excluded} refers to the value of Q^2 when the construct is excluded from the model. As a relative measure of predictive relevance, Q^2 values of 0.02, 0.15, and 0.35 represent small, medium, and large predictive relevance of the exogenous variable on the endogenous latent variable, respectively (Hair et al. 2017, Ali et al. 2017; Hair et al. 2012). Thus, the study employed the major criteria that include evaluation of multicollinearity, coefficient of determination (R^2), path coefficients' significance, the effect size (f^2), the predictive relevance (Q^2) (using cross-validated redundancy approach), and the effect size (q^2) for assessing the quality of the structural model in PLS-SEM.

4.5.2 Qualitative Phase of the Study

4.5.2.1 Qualitative Data Collection Instrument

For the qualitative phase of the study, separate qualitative data collection was conducted by administering semi-structured interview questions for selected respondents. Interview is one of the most popular and frequently used data collection instruments in social research (MacDonald and Headlam 2009 and Dawson 2007). There are three types of interviews in social research: structured interviews, semi-structured interviews, and unstructured interviews (Dawson 2007). In structured interviews, interview questions are specific and predetermined whereas in unstructured interviews, there is no predetermined pattern of questions rather questions emerge in the course of the interview (MacDonald and Headlam 2009). The semi-structured interview is a commonly used technique that follows a framework to address a specific pattern rather than specific questions (MacDonald and Headlam 2009). A semi-structured interview technique was selected for the study to take the advantage of both the structured and unstructured interview techniques. The semi-structured interview technique enables a researcher to be focused while giving some freedom to the interviewees and the interviewer in expressing their insights (Zikmund et al. 2009).

The semi-structured interview entails questions on all latent variables of the study and has been revised based on the results of the quantitative data collection and analysis phase of the study. The interview questions aimed to explore the relationships among variables of the study and the results of the quantitative phase in great detail. The interview questions also attempted to seek clarifications for unexpected results obtained from the quantitative phase (Please refer Appendix II for interview questions).

On top of the semi-structured interview, documents obtained from the commercial banks, including banks' strategic plans, annual plans, and periodic performance reports, were used as input for aiding the qualitative data analysis.

4.5.2.2 Respondent Selection

The study employed purposive (non-probability) sampling to collect qualitative data from selected Ethiopian commercial banks. Out of 17 commercial banks' managers responsible for leading and coordinating respective bank's strategy implementation endeavour, about 8 management members were selected for the interview. The respondents were selected for the interview because these management members were presumed to have ample knowledge on banks' strategy implementation activities. They are responsible for strategy formulation and implementation related tasks of their corresponding banks. These management members' names and job titles were made public on their banks' websites. Considering the similarity of bank behaviour in Ethiopia (Lelissa 2017), the sample of 8 strategy implementation management leaders from different commercial banks remained adequate to reach the saturation level. The saturation level in qualitative research is the point at which no additional data is revealed from conducting an additional interview (Mason 2010 and Saunders et al. 2007). The required data has been collected from the selected interviewees as they are believed to have ample knowledge and experience in their respective bank's strategy implementation activities.

4.5.2.3 Qualitative Data Analysis

In the second phase of the study, qualitative data analysis was conducted using the data collected from the semi-structured interviews of concerned management members of respective commercial banks. It aims to further explain the "how" components of the research questions of the study, and based on the findings from the quantitative analysis, the study explored how one variables of the study is related to the other. It also attempted to give clarifications for any unexpected results obtained from the quantitative phase of the study.

The study employed a thematic analysis approach to examine the qualitative data. To achieve the intended objectives from the qualitative data collection and analysis phase of the study, the identification of themes, trends, patterns, and relationships

in the qualitative data has been performed to address the research questions of the study in great depth. After conducting the interviews, the interviews were transcribed and assessed to identify themes, categories, and relationships among the qualitative data. Specifically, the following steps were employed to analyse the qualitative data: getting to know the data, focussing the analysis, categorising information, identifying patterns and connections within and between categories and finally, making interpretation (Taylor-Powell and Renner 2003). In addition, to assist the data analysis, significant statements from the transcribed interview were exhibited in the qualitative data presentation to explain the findings from the qualitative study.

4.6 Reliability and Validity

4.6.1 Reliability and Validity in Quantitative Study

It is very vital to address the issue of validity and reliability of measurements in a study in order to produce reliable and valid research outputs. Reliability measures the degree to which a given measurement is free from error and produce a consistent result under different condition (Sreejesh et al. 2014). To assess the reliability of the measures in the study, the widely applicable measures that include indicator loading, Cronbach's alpha, and Composite reliability were used (Ali et al. 2017 and Hair et al. 2017). Cronbach's alpha provides an estimate of the reliability of the measure based on the inter-correlations of indicators (Hair et al. 2017). Cronbach's alpha assumes equal loadings of all measurement items and it tends to underestimate the reliability estimates (Hair et al. 2017). Composite reliability accounts the different outer loading of indicators and usually produces higher reliability estimates (Hair et al. 2017). Therefore, the study employed both Cronbach's alpha and composite reliability for the measurement of reliability (Hair et al. 2017). The indicator loadings should be higher than 0.7 to warrant indicator reliability, and Cronbach's alpha and composite reliability should be larger than 0.7 to ensure internal consistency reliability (Ali et al. 2017 and Valle and Asskar 2015).

Validity checks whether a particular measure what intended to measure (Sreejesh et al. 2014). Construct validity, as one type of validity, checks whether a particular item measures what intended to measure (Sreejesh et al. 2014). if a measure captures what it is intended to measure, scores on that measure should be more correlated to scores on other similar construct (i.e., convergent validity) and not or less related to scores on different construct (i.e., discriminant validity) (Tharenou et al. 2007). Face validity on the other hand refers to a collective agreement of experts or researchers on the validity of a certain measure at face value (Sreejesh et al. 2014). Tharenou et al. (2007) stated that face validity is subjective because a measure appears to measure what it claims to measure and there is no guarantee that it measures what it intends to measure.

To assess the convergent and discriminant validity of the measurement, the study employed the average variance extracted (AVE), and the Fornell-Larcker criterion respectively as recommended by different researchers (Ali et al. 2017 and Hair et al. 2012). The average variance extracted (AVE) should be larger than 0.5 to exhibit convergent validity (Müller et al. 2018; Ali et al. 2017; Hair et al. 2012).

By using bootstrapping in PLS-SEM, indicator weights' significance is also utilized to assess the measurement quality for the formative measurement model (Hair et al. 2017). Multicollinearity between indicators was also assessed considering the fact that higher multicollinearity between indicators might led to inconsistent indicator weights and over-stated standard errors, thereby eliciting type II errors (Hair et al. 2017 and Hair et al. 2012). In light of that, the study has employed indicator weight with significance tests as well as the widely applicable measure, Variance Inflation Factor (VIF), and tolerance value for the test of multicollinearity to assess the quality of the formative measurement model employed in the quantitative phase of the study. Reliability and validity of the study constructs were evaluated in detail in the evaluation of the measurement model of the structural equation modelling in section 5.2.8.

Validity of a research can also be classified into two major types: external validity and internal validity. External validity refers to the degree to which the relationships observed among variables in a sample can be generalized into the population of the study or outside of the scope of the study (Mitchell 2018 and Roe and Just 2009). The key measure in improving the external validity of the research design is to employ representative sampling (Mitchell 2018). To enhance the external validity of the study and augment the representativeness of the sample for different-sized banks and ensure that there is an equal chance for sampling units being selected from the population, the study has adopted a proportionate stratified random sampling method. That means, proportional number of respondents were drawn from each commercial banks to participate in the study. Accordingly, a sample size of 229, which is 41% of the population size, has been selected for the study.

Internal validity, on the other hand, refers to the degree to which the observed causal relationship among variables is warranted on the basis of the study (Mitchell 2018). Major threats for internal validity include history, maturation (due to biological or psychological forces), selection of respondents, testing, instrumentation, regression, and mortality (participant drop out) (Salkind 2012). In the study, second-generation multivariate analysis and modelling tool such as Structural Equation Modelling (SEM) has been used and it has the capability to analyse and model complex relationships among various dependent and independent latent variables that cannot be handled by traditional data analysis and modelling tools (Schumacker & Lomax 2010). In addition, stratified random sampling, which is one of the probability sampling type, has been employed in the study to select representative samples from the population of the study. Structured questionnaire that entails appropriate indicators on all constructs of the study has been designed to collect the required data. The questionnaire has been developed based on the key measures developed by various researchers in the field of strategy implementation.

4.6.2 Trustworthiness in Qualitative Study

To enhance the trustworthiness in the qualitative phase of the study, the qualitative research criteria of credibility (internal validity), transferability (external validity), dependability (reliability) and confirmability (objectivity) were addressed. Credibility checks whether the subject of the investigation was properly recognized and described. A credible study is a study that provides assurance that the data is properly collected and analysed so that the findings and conclusions reflect and represent the true picture of the existing situation (Yin 2016). Creating a strong sense of trustworthiness is one of the major ways of building the credibility of a qualitative study (Yin 2016). Prolonged engagement in the process of data collection and analysis is important to enhance the trustworthiness of a study (Yin 2016 and Davis 2013). In this regard, a fair amount of time was allocated for engagement in data collection and analysis to enhance in-depth understanding of the research. Furthermore, Knowledgeable and experienced management members were selected for the interview so that they could provide the required data in great detail and as per the expectation. To enhance the credibility of the qualitative study, the semi-structured interview, the data collection instrument for the qualitative phase of the study, was also outlined based on the results of the quantitative data analysis and great care has been taken to make it simple and understandable by the interviewees.

Transferability, as one of qualitative research criteria, assesses whether data from one circumstance be used in another that is sufficiently similar to allow generalization (Lincoln and Guba 1985). The transferability of the qualitative study was enhanced by providing the tick description of the context of the study (Stahl and King 2020) such as clearly identifying the target population, stating the inclusion and exclusion criteria, determining the sampling size, methods of data collection, clarification of the interview guide, etc. To improve the transferability of the study, the data collection instrument, the sampling technique, the profile of the interviewees as well as the data analysis process were explicitly revealed and discussed.

The dependability of the qualitative study can be achieved by following rigorous, methodical, and well-documented research procedure (Lincoln and Guba 1985). By confirming that the results were established despite any adjustments in the research setting, the qualitative study's dependability can be proven (Moon et al. 2016). In order to increase the dependability of the qualitative data and enable future replication of the study, a detailed explanation of the methodology and design was done (Moon et al. 2016). The study employed a thematic analysis approach to examine the qualitative data. To achieve the intended objectives from the qualitative data collection and analysis phase of the study, the identification of themes, trends, patterns, and relationships in the qualitative data has been performed to address the research questions of the study in great depth. Specifically, clear methodical steps such as getting to know the data, focussing the analysis, categorising information, identifying patterns and connections within and between categories and finally, making interpretation was conducted to analyse the qualitative data (Taylor-Powell and Renner 2003). Conformability assures whether the entire study procedure has been documented and the results follow naturally from the data (Lincoln and Guba 1985). In order to enhance the conformability of the qualitative study, the findings and conclusions were directly connected in a fashion that was easy to understand and could be repeated as a process (Moon et al. 2016). Confirmability of the study was also improved by offering a thorough methodological explanation, demonstrating how the data, as well as constructs and ideas derived from it (Moon et al. 2016).

4.7 Ethical Considerations

While conducting the study, the following ethical issues were considered:

- The information collected from respondents has been kept strictly confidential and no information on any respondents will be given to a third party.
- The anonymity of the respondents is essential and has been taken care of.

- Informed consent and permission letter were received from the respondents and surveyed commercial banks respectively.
- Data collection was conducted after securing an ethical clearance certificate from the School of Business Leadership's Ethical Review Committee.

4.8 Chapter Summary

The study was conducted based on the pragmatism paradigm to properly address the research problem and research questions of the study. This philosophy was considered to be appropriate for the study as applying both quantitative and qualitative procedures in different phases of the study could properly address the research problem and research questions of the study.

Considering the research aspects of the three approaches (i.e., quantitative, qualitative, and mixed), the study has employed mixed methods research approach to suitably answer the research questions and achieve the objectives of the study. The study used the explanatory sequential mixed methods research design (quantitative dominated mixed methods research) that employs quantitative data collection and analysis in the first phase of the study and the findings were supported or further explained using the qualitative data collection and analysis.

For the quantitative phase, the study utilized a cross-sectional survey research design. Accordingly, the study has employed a quantitative data collection method that incorporates a structured questionnaire as a data collection instrument and uses sampling to collect primary data. To enhance the representativeness of the sample for different-sized Ethiopian commercial banks and ensure that there is an equal chance for the sampling units being selected, the study has adopted a proportional stratified sampling method and a sample of 229 senior and middle-level managers was drawn randomly from a population of 564 top and middle-level managers working in 17 commercial banks in Ethiopia.

The quantitative data analysis has been performed in two-stages. First, descriptive statistics such as means and standard deviations have been conducted using SPSS V.20. Second, using SmartPLS-3 software, Structural Equation Modelling (SEM) was used to test the research hypotheses and model the relationships between the independent and dependent latent variables of the study. According to its predictive nature and its related advantages, Partial Least Squares Structural Equation Modelling (PLS-SEM) was employed in the study to test the research hypotheses and model the relationship between the independent and dependent latent variables of the study.

For the qualitative phase of the study, a separate qualitative data collection and analysis has been conducted to support and further explain the findings derived from the quantitative phase of the study. The study employed semi-structured interview methods for data collection. In the qualitative data analysis, identification of themes, trends, patterns, and relationships was performed to address the research questions of the study in great depth.

CHAPTER FIVE

QUANTITATIVE AND QUALITATIVE DATA PRESENTATION AND ANALYSIS

5.1 Introduction

As specified in the previous chapters, the major objective of the study is to develop a comprehensive framework that augments the effectiveness of strategy implementation. Specifically, the study addressed the following specific objectives: identifying the key components of strategy implementation capability that affect strategy implementation success, assessing the effect of these components of strategy implementation capability on strategy implementation success, assessing the effects of strategy implementation capability⁸ on strategy implementation success, identifying the critical strategy implementation related resources that affect strategy implementation capability, assessing the effect of these strategy implementation-related resources on strategy implementation capability, examining the mediating roles of strategy implementation capability on the relationship between critical strategy implementation-related resources and strategy implementation success, and developing a model for effective strategy implementation. As detailed in the methodology part of the study, an explanatory sequential mixed methods research design (quantitative dominated mixed methods research) was adopted. The study employed quantitative data collection and analysis in the first phase of the study, and then further explains the results of the quantitative study with qualitative research findings. Accordingly, the chapter presents both the quantitative and qualitative results in the subsequent sections.

5.2 Quantitative Research Results

The quantitative data analysis was performed on two levels. First, descriptive statistics such as means and standard deviations were computed using SPSS V.25

⁸ Treated as single multi-dimensional construct.

to assess the strategy implementation practices of commercial banks in Ethiopia. Second, using SmartPLS-3 software, Partial Least Squares Structural Equation Modelling (PLS-SEM) was employed to test the research hypotheses and model the relationship between the independent and dependent latent variables. To make valuable data analysis and inferences, the next sections present the response rate analysis and data cleaning and preparation before proceeding to present the results of the data analysis.

5.2.1 Response Rate

Currently, about 22 commercial banks are operating in Ethiopia. The population of the study was 564 top and middle-level managers (CEO, Vice Presidents and Directors) working in 17 commercial banks in Ethiopia. Five commercial banks were excluded from the population of the study as the banks were established recently and had no prior experience in implementing a strategic plan. A sample of 229 questionnaires was distributed and the researcher managed to collect 187 (82%) completed questionnaires from the 15 commercial banks in Ethiopia. Two commercial banks did not provide a permission letter for data collection and data were not collected from them. Considering the good response rate of 82% (Saunders et al. 2007), it is acceptable to proceed with the data analysis stage.

5.2.2 Data Cleaning and Preparation

After the quantitative data collection, the data were encoded and entered in SPSS V.25. Before proceeding to the quantitative data analysis and results, it is vital to verify the collected data for data coding and data entry errors, missing values, outliers, and normality. Hence, this section discussed the data cleaning and preparation to pave the way for valuable data analysis and inferences.

5.2.3 Missing Value

To identify the number of missing values in the data set, missing value analysis was conducted using SPSS V.25. Accordingly, two questionnaires were removed from the data set as the number of missing values in the two questionnaires was above

the 15% threshold. It is also commended that if the number of missing values is less than 5% per variable, mean value replacement method is an appropriate method to replace the missing value (Hair et al. 2017). In mean value replacement, the missing values of a variable are replaced with the mean of valid values of that variable. As the amount of missing value for each variable of the study was less than 5%, mean value replacement method was used to replace the missing value for conducting further statistical analysis.

5.2.4 Outliers

To maintain the quality of the data, outliers were identified and addressed as they affect the quality of the data analysis. Outliers are extreme cases in the data that distort the results of the data analysis and inferences (Hair et al. 2017). There are two types of outliers: univariate (an extreme value on a given variable) and multivariate outliers (abnormal combination of values on several variables) (Kline 2016). Accordingly, data were assessed for univariate outliers using SPSS and no univariate outlier was identified in the data set as the absolute value of Z scores of all the items were not above 3. Multivariate outliers can be identified using mahalanobis distance statistics (Hair et al. 2017 and Kline 2016). Multivariate outliers in a given record can be pinpointed when the distance in variance between a profile score of a case and a vector of a sample mean of other cases differ significantly. Accordingly, by employing a mahalanobis distance test using SPSS V.25 of the regression analysis, data were assessed for multivariate outliers. The mahalanobis value of the items ranges from 10.9 to 72.5 with p-value ranging from 0.01 (for four items) to 1.00. As the p-value of each item was not less than 0.01, no multivariate outliers that significantly distort the data analysis were identified in the data set. Thus, all the data sets (185 questionnaires) were retained for further analysis.

5.2.5 Normality

As the study has utilized a non-parametric statistical method, i.e., PLS-SEM as a data analysis tool, the data distribution does not strictly require to be normally distributed unlike that of CB-SEM (Hair et al. 2017). However, it is vital to check whether the data distribution is not far from that of the normal distribution as extreme non-normality may pose a problem in the assessment of parameters' significance (Hair et al. 2017). To check whether the data are being normally distributed, two measures of distribution—skewness and kurtosis were used (Hair et al. 2017 and Kline 2016). Accordingly, the data were assessed for skewness and kurtosis by computing descriptive statistics for all items in the questionnaire using SPSS V.25. It was found that 3 items (6.5%) had a negative skewness score ranging from -1.73 to -1.42. About 4 items (8.7%) had kurtosis scores between -1.02 and 2.78. The absolute value of skewness and kurtosis scores of the other items were less than 1. As per the recommendations of Kline (2016), the absolute skewness scores for all items were less than 3.0 and the kurtosis scores were less than 10, showing the normality of the data. Moreover, as the study has utilized a non-parametric statistical method, i.e., PLS-SEM, the data distribution does not strictly require to be normally distributed (Hair et al. 2017).

5.2.6 Profile of the Respondents

To identify the demographic and characteristics of the respondents, respondents were asked about their sex, qualification, experience, and age. The demographic information is indicated in Table 5.1 below.

Table 5. 1 Profile of Respondents

Demographic Variables		Frequency	Percentage (%)
Sex	Female	38	21.2
	Male	141	78.8
	Total	179	100
Qualification	Degree	31	17.4
	Masters	147	82.6
	Doctorate	-	-
	Others	-	-
	Total	178	100.0
Experience	Less than 5 years	28	15.6
	5 to 10	51	28.5
	11-20	84	46.9
	Above 20	16	8.9
	Total	179	100.0
Age	Less than 40 year	107	59.8
	40-50	66	36.9
	51-60	6	3.4
	Above 60		
	Total	179	100.0

Source: Researcher's Own Survey

As indicated in Table 5.1 above, the majority of the respondents (78.8%) were male. This figure indicates that most of the middle and top-level managerial positions in the surveyed commercial banks are dominantly occupied by males. While assessing the qualification of the respondents, 82.6% and 17.4% of the respondents were master's and BSC/BA degree holders, respectively. About 46.9% of the respondents had eleven to twenty years of experience followed by 28.5% of respondents with work experience ranging from five years to ten years. Close to 8.9% of the

respondents indicated that they had more than 20 years of experience. The figures on qualification and years of experience are expected as the respondents are middle and top-level managers in which the required qualification and experience are presumed to be high. Regarding respondents' age, 59.8% of them are aged below 40 years, 36.9% of the respondents are aged between 40 to 50 years, and 3.4% of the respondents are aged between 50 and 60 years. The data on respondents' age indicates that the number of management members whose age is above 50 is very small compared to the other age groups.

5.2.7 Descriptive Statistics on Study Constructs

Descriptive statistics such as mean and standard deviation were computed for all items in the questionnaire to assess the strategy implementation practice in the Ethiopian banking industry. The widely applicable classification for Likert scale developed by Zaidatol and Bagheri (2011) was used to interpret the results of the descriptive statistics. According to this classification, for a five-point Likert Scale, a mean score of greater than 3.8 is considered as high, between 3.4 to 3.79 is considered moderate, and a mean score of less than 3.39 is considered low.

5.2.7.1 Descriptive Statistics on Strategy Implementation Success

Respondents were asked four questions to measure the strategy implementation success of commercial banks in Ethiopia.

Table 5. 2 Descriptive Statistics on Strategy Implementation Success

No.	Statement	Mean	S.D
1	Bank's strategy implementation efforts were generally considered a great success by involved and concerned parties.	3.55	1.14
2	Comparing actual performance and a priori expectations, the strategy implementation activities of the Bank were considered a success.	3.31	1.16
3	Our Bank's implementation efforts are an example of effective strategy implementation.	3.09	1.11
4	Overall, the implementation activities in the Bank were effective.	3.11	1.06
Strategy Implementation Success		3.27	1.12

Source: Researcher's Own Survey

As depicted in Table 5.2, the mean scores of the questionnaire items measuring strategy implementation success range from 3.09 to 3.55 with standard deviations varying from 1.06 to 1.16. Among the questionnaire items, the statement "Bank's strategy implementation efforts were generally considered a great success by involved and concerned parties" has got the highest mean score of 3.55 with a standard deviation of 1.14. Whereas, the statement "Our Bank's implementation efforts are an example of effective strategy implementation" has got the lowest mean score of 3.09 with standard deviations of 1.11. In general, the average score of strategy implementation success of commercial banks in Ethiopia was computed to be 3.27 out of 5 with a standard deviation of 1.12. Thus, based on the average score of strategy implementation success, the strategy implementation success of commercial banks in Ethiopia was rated at a lower level. The major reasons identified behind the low strategy implementation success in the industry were inadequate strategy communication, insufficient organisational structure alignment, low

organisational culture alignment, poor incentives and rewards alignment, inadequate managerial skills, limited organisational social capital, and insufficient strategy monitoring and evaluation.

5.2.7.2 Descriptive Statistics on Managerial Skills

Five questions were asked to respondents to assess the managerial skills of commercial banks' management. Table 5.3 below portrays that the mean scores of the items measuring the managerial skills construct lay between 3.31 and 3.51 with standard deviations ranging from 1.02 to 1.11.

Table 5. 3 Descriptive Statistics on Managerial Skills

No.	Statement	Mean	S.D
1	One of the greatest strengths of the bank's management is its ability in achieving results by organizing and motivating people.	3.38	1.11
2	One of the greatest strengths of the bank's management is its ability in organizing resources and coordinating tasks.	3.51	1.02
3	One of the greatest strengths of the bank's management is its ability to delegate effectively.	3.31	1.07
4	One of the greatest strengths of the bank's management is its ability to supervise, influence, and lead people.	3.44	1.10
5	Bank's management makes resource allocation decisions that achieve maximum results with limited resources	3.46	1.05
Managerial Skills		3.42	1.07

Source: Researcher's Own Survey

The statements "One of the greatest strengths of the bank's management is its ability to delegate effectively" and "One of the greatest strengths of the bank's management is its ability in organizing resources and coordinating tasks" have got the lowest and maximum mean scores of 3.31 and 3.51, respectively. As shown in Table 5.3 above,

the ability of managers to delegate effectively and achieve results by organizing and motivating employees were rated low among the statements measuring managerial skills with a mean score of 3.31 and 3.38, respectively. In general, the average score of managerial skills in commercial banks in Ethiopia was computed to be 3.42 out of 5 with a standard deviation of 1.07. Thus, based on the average score of the construct, managerial skills in commercial banks in Ethiopia was rated moderate. However, among the major component of managerial skills, the ability of managers to delegate effectively and achieve results by organizing and motivating employees were rated low in the industry which necessitates appropriate interventions to improve the managerial skills in commercial banks.

5.2.7.3 Descriptive Statistics on Managerial Social Capital

Respondents were asked six questions to measure the managerial social capital of commercial banks' management as indicated below.

Table 5. 4 Descriptive Statistics on Managerial Social Capital

No.	Statement	Mean	S.D
1	Bank's management engages in open and honest communication with one another.	3.36	1.04
2	Bank's management willingly shares information with one another.	3.64	0.88
3	Bank's management shares the same ambitions for the Bank.	3.54	1.00
4	Bank's management enthusiastically pursues collective goals and mission.	3.58	0.97
5	Bank's management members are usually considerate of one another's feelings.	3.40	0.82
6	Overall, managers in this Bank are trustworthy.	3.69	0.91
Managerial Social Capital		3.54	0.94

Source: Researcher's Own Survey

The mean scores of the items measuring managerial social capital range from 3.36 to 3.69 with standard deviations varying from 0.82 to 1.04. Among the statements of measuring managerial social capital, “Overall, managers in this Bank are trustworthy” has got the highest mean score of 3.69 with a standard deviation of 0.91. On the other hand, the statement “Bank’s management engages in open and honest communication with one another” was rated low with a mean score of 3.36 and a standard deviation of 1.04. In general, as shown in Table 5.4 above, the average score of managerial social capital in commercial banks in Ethiopia was computed to be 3.54 out of 5 with a standard deviation of 0.94. Thus, from the average score of managerial social capital, the managerial social capital in commercial banks in Ethiopia was rated moderate. However, among the elements of managerial social capital, management engagement in making open and honest communication with one another was rated low in the industry which necessitates appropriate interventions to improve the managerial social capital in commercial banks.

5.2.7.4 Descriptive Statistics on Strategy Communication

Four questions were asked to respondents to evaluate the strategy communication practice of commercial banks in Ethiopia. As depicted in Table 5.5 below, the average score of strategy communication in commercial banks in Ethiopia was computed to be 3.63 with a standard deviation of 0.93. Table 5.5 also shows that the mean scores of all the items measuring strategy communication construct were above 3.5 out of 5 with standard deviations ranging from 0.86 to 0.98. Thus, based on the average score of strategy communication, the strategy communication practice of commercial banks in Ethiopia was found at a moderate level.

Table 5. 5 Descriptive Statistics on Strategy Communication

No.	Statement	Mean	S.D
1	The Bank engages its managers in the communication efforts about strategy.	3.72	0.86
2	The Bank uses multiple communication means (billboards, meetings, reports, and emails) in order to disseminate information about the strategy.	3.69	0.98
3	The management promotes the information flow from employees to managers and laterally between areas/peers.	3.55	0.92
4	The management shares information about the strategy in a broad and comprehensive manner.	3.55	0.97
Strategy Communication		3.63	0.93

Source: Researcher's Own Survey

5.2.7.5 Descriptive Statistics on Strategy Cascading

Respondents were asked four questions to assess the strategy cascading practices of commercial banks in Ethiopia as indicated below. The mean scores of the items measuring strategy cascading vary between 3.15 and 3.74 with standard deviations ranging from 0.98 to 1.04. Among the questionnaire items, the statement “Strategic objectives of the Bank were cascaded effectively to departmental and units’ objectives” has got the highest mean score of 3.74 with a standard deviation of 1.01. Whereas, the statement “Employees know how they contribute to the strategy implementation of the Bank” has got the lowest mean score of 3.15 with a standard deviation of 0.98. In general, as shown in Table 5.6 below, the average score of strategy cascading in commercial banks in Ethiopia was computed to be 3.35 out of 5 with a standard deviation of 1.02. Thus, as per the average score of strategy cascading construct, the strategy cascading practice of commercial banks in Ethiopia was rated low which requires appropriate intervention mechanisms to improve the strategy cascading practice of commercial banks.

Table 5. 6 Descriptive Statistics on Strategy Cascading

No.	Statement	Mean	S.D
1	Strategic objectives of the Bank were cascaded effectively to departmental and units' objectives.	3.74	1.01
2	Strategic objectives of the Bank were cascaded effectively to individual objectives.	3.30	1.04
3	Employees know how they contribute to the strategy implementation of the Bank.	3.15	0.98
4	There is a good alignment of the strategy to the operations of the Bank.	3.22	1.04
Strategy Cascading		3.35	1.02

Source: Researcher's Own Survey

5.2.7.6 Descriptive Statistics on Incentives and Reward Alignment

Four questions were asked to respondents to examine the incentive and reward alignment practice of commercial banks in Ethiopia.

Table 5. 7 Descriptive Statistics on Incentive and Reward Alignment

No.	Statement	Mean	S.D
1	The Bank has developed an incentive and reward system that stimulates strategy implementation.	3.16	1.06
2	The Bank establishes rewards for exemplary performance that motivate employees toward effective strategy implementation.	3.17	1.08
3	Bank's incentive and reward system enables managers at various levels in recognizing good performers.	3.29	1.00
4	Bank's incentive and reward system provide mechanism and strategies to implement strategy effectively.	3.18	0.98
Incentive and Reward Alignment		3.20	1.03

Source: Researcher's Own Survey

Table 5.7 above shows that the mean scores of all the items measuring incentive and reward alignment were rated low and they are below 3.5 with standard deviations ranging from 0.98 to 1.08. Among the statements measuring incentives and reward alignment, the statement “Bank’s incentive and reward system enables managers at various levels in recognizing good performers” has got the highest mean score of 3.29 with a standard deviation of 1.0. In general, the average score of incentives and reward alignment in commercial banks in Ethiopia was computed to be 3.2 out of 5 with a standard deviation of 1.03. Thus, based on the average score of incentive and reward alignment, the incentive and reward alignment practice of commercial banks in Ethiopia was rated low which demands appropriate actions to improve the incentive and reward alignment practice of commercial banks.

5.2.7.7 Descriptive Statistics on Organisational Structure Alignment

Respondents were asked four questions to assess the organisational structure alignment practice of commercial banks in Ethiopia as indicated below.

Table 5. 8 Descriptive Statistics on Organisational Structure Alignment

No.	Statement	Mean	S.D
1	Accountability for critical tasks, decisions, and outcomes is well defined in the Bank.	3.56	0.97
2	Roles and responsibilities are organized to support the strategy of the Bank.	3.64	0.95
3	The level of centralization matches with the strategy of the Bank.	3.25	0.93
4	The level of decentralization matches with the strategy of the Bank.	3.21	0.96
Organisational Structure Alignment		3.42	0.95

Source: Researcher’s Own Survey

As depicted in Table 5.8 above, the mean scores of the items measuring organisational structure alignment lay between 3.21 and 3.64 with standard deviations ranging from 0.93 to 0.97. The statement “Roles and responsibilities are organized to support the strategy of the Bank” has got a maximum mean score of 3.64 with a standard deviation of 0.95. On the other hand, the statement “The level of decentralization matches with the strategy of the Bank” has got a lowest mean score of 3.21 with a standard deviation of 0.96. In general, the average score of organisational structure alignment in commercial banks in Ethiopia was computed to be 3.42 out of 5 with a standard deviation of 0.95. Thus, from the average score of organisational structure alignment, the organisational structure alignment practice of commercial banks in Ethiopia was found at a moderate level. However, among the components of organisational structure alignment, the match between the level of centralization/ decentralization with that of the strategy was rated low in the industry which necessitates appropriate intervention to improve organisational structure alignment practice of commercial banks in Ethiopia.

5.2.7.8 Descriptive Statistics on Organisational Culture Alignment

Five negatively phrased questions (the lower score the higher organisational alignment) were asked to respondents to examine the organisational culture alignment practice of commercial banks in Ethiopia. The mean scores of the items measuring organisational culture alignment range from 2.66 to 3.33 with standard deviations varying from 0.92 to 1.02.

Table 5. 9 Descriptive Statistics on Organisational Culture Alignment

No.	Statement	Mean	S.D
1	The implementation of a strategy often encounters rough going because of deep-rooted cultural biases.	3.33	0.94
2	The employees see changes as threatening and tend to favor “continuity” and “security”.	3.17	0.92
3	The culture of the Bank discourages innovation.	2.66	0.99
4	There is a lack of compatibility between strategy and culture.	3.02	1.02
5	There is resistance to the implementation of Bank’s strategy.	2.91	1.01
Organisational Culture Alignment⁹		3.00	0.99

Source: Researcher’s Own Survey

Among the statements measuring organisational culture alignment construct, the statement “The implementation of a strategy often encounters rough going because of deep-rooted cultural biases” has got the highest mean score of 3.33 with a standard deviation of 0.94. Whereas, the statement “The culture of the Bank discourages innovation” has got the lowest mean score of 2.66 with a standard deviation of 0.99. In general, as shown in Table 5.9 above, the average score of organisational culture alignment in commercial banks in Ethiopia was computed to be 3.00 out of 5 with a standard deviation of 0.99. Thus, from the average score of organisational culture alignment, the organisational culture alignment practice of commercial banks in Ethiopia was rated at a low level.

⁹ Considering the negatively phrased statements, the responses were transposed to calculate the mean and SD scores of the construct.

5.2.7.9 Descriptive Statistics on Strategy Monitoring and Evaluation

Respondents were asked six questions to assess the strategy monitoring and evaluation practice of commercial banks in Ethiopia as indicated below.

Table 5. 10 Descriptive Statistics on Strategy Monitoring and Evaluation

No.	Statement	Mean	S.D
1	The Bank adopts effective procedures to monitor and evaluate results.	3.62	0.99
2	The Bank usually identifies changes in the internal and external environment in a timely and comprehensive manner.	3.37	1.05
3	The Bank usually makes effective data analyses on results attained and changes in the internal or external environment.	3.47	1.05
4	The Bank makes managers accountable based on the analysis of collected data.	3.22	1.05
5	The Bank engages managers and employees in the adjustments of execution-related actions, goals, or deadlines whenever necessary.	3.41	0.98
6	The Bank involves top management whenever a change in strategy is necessary.	3.92	0.92
Strategy Monitoring and Evaluation		3.50	1.01

Source: Researcher's Own Survey

As shown in the table above, the mean scores of the items measuring strategy monitoring and evaluation vary between 3.22 and 3.92 with standard deviations ranging from 0.92 to 1.05. Among the questionnaire items, the statement “The Bank involves top management whenever a change in strategy is necessary” has got the highest mean score of 3.92 with a standard deviation of 0.92. The statement “The Bank makes managers accountable based on the analysis of collected data”, however, has got the lowest mean score of 3.22 with a standard deviation of 1.05. In general, the average score of strategy monitoring and evaluation construct in

commercial banks in Ethiopia was computed to be 3.5 with a standard deviation of 1.01. Thus, from the average score of strategy monitoring and evaluation, it can be concluded that the strategy monitoring and evaluation practice of commercial banks in Ethiopia was found at a moderate level. However, among the major component of strategy monitoring and evaluation, the identification of changes in the internal and external environment in a timely and comprehensive manner as well as making managers accountable based on the analysis of collected data were rated low in the industry which requires serious attention to improve the strategy monitoring and evaluation practice of commercial banks. The following table depicts the level of strategy implementation practices of commercial banks in Ethiopia based on the rating procedure developed by Zaidatol and Bagheri (2011)¹⁰.

Table 5. 11 Summary of Strategy Implementation Practices of Commercial Banks in terms of the Study Constructs

S.No.	Constructs	Mean	S.D	Level
1.	Strategy Implementation Success	3.27	1.12	Low
2.	Managerial Skills	3.42	1.07	Moderate
3.	Managerial Social Capital	3.54	0.94	Moderate
4.	Strategy Communication	3.63	0.93	Moderate
5.	Strategy Cascading	3.35	1.02	Low
6.	Incentive and Reward Alignment	3.20	1.03	Low
7.	Organisational Structure Alignment	3.42	0.95	Moderate
8.	Organisational Culture Alignment	3.00	0.99	Low
9.	Strategy Monitoring and Evaluation	3.50	1.01	Moderate

Source: Researcher's Own Survey

As shown in Table 5.11 above, the strategy implementation practices of commercial banks in Ethiopia, expressed in terms of the study constructs were found at low and

¹⁰ As per this classification, a mean score of greater than 3.8 is considered as high, between 3.4 to 3.79 is considered as moderate and a mean score of less than 3.39 is considered as low.

moderate levels. The strategy implementation success, strategy cascading, incentive and reward alignment, and organisational culture alignment practices of commercial banks were rated low. Whereas, managerial skills, managerial social capital, strategy communication, organisational structure alignment, and strategy monitoring and evaluation practices of commercial banks in Ethiopia were rated at a moderate level.

5.2.7.10 Descriptive Statistics on Factors Affecting Strategy Implementation Success (Open-ended Questions)

In the last part of the questionnaire, respondents were asked to state the major factors that hinder or improve strategy implementation success in the context of their bank. The results of the open-ended questions were tallied and regrouped based on a common theme. After regrouping the responses to the open-ended questions, frequency distribution was performed for the summarized items as shown in Table 5.12 below.

**Table 5.12 Descriptive Statistics on Factors Affecting Strategy Implementation
Success (Open-ended Questions)**

Factors	Frequency	Percentage	Rank
Strategy communication	44	14.1%	1
Monitoring and evaluation	41	13.2%	2
Organisational culture	24	7.7%	3
Strategy Alignment/cascading	21	6.8%	4
Resource allocation	20	6.4%	5
Managerial skills/Competence	15	4.8%	6
Organisational Structure	14	4.5%	7
External environment (Working environment, Government policies, Political uncertainty, Economic environment)	14	4.5%	8
Change management (adaptability, flexibility)	13	4.2%	9
Incentive and reward system	12	3.9%	10
Employee skill/capacity	11	3.5%	11
Stakeholder participation	10	3.2%	12
Quality of the Strategy	10	3.2%	13
commitment of employees/Managers	8	2.6%	14
Decision making	7	2.3%	15
Ownership of the strategy	7	2.3%	16
Employee engagement	6	1.9%	17
Strategy buy in	6	1.9%	18
knowledge gap	5	1.6%	19
Accountability	4	1.3%	20
Training of employees	4	1.3%	21
Sense of urgency	3	1.0%	22
Other Factors	12	3.9%	23
Total	311	100.0%	

Source: Researcher's Own Survey

As depicted in Table 5.12 above, strategy communication (14.1%), monitoring and evaluation (13.2%), organisational culture (7.7%), and strategy alignment/cascading (6.8%) were the major strategy implementation success/hindrane factors identified from the results of the open-ended questions. Resource allocation (6.4%), Managerial skills/Competence (4.8%), Organisational Structure (4.5%), External environment (4.5%), Change management (4.2%), Incentive and reward system (3.9%) were also the other identified factors that affect strategy implementation success. Even though many of the strategy implementation success/hindrane factors were identified, most of them were, in one way or another, incorporated as components of the study constructs. For example, resource allocation and decision-making were treated as components of the managerial skills construct. The monitoring and evaluation construct also incorporates the external environment, the accountability, and the change management issues as elements of the construct. The other identified factors presumed to affect strategy implementation were alluded by an insignificant number of respondents.

5.2.8 Evaluation of the Measurement Model

The assessment of Partial Least Square-Structural Equation Modelling (PLS-SEM) requires two-stage evaluations that include the assessment of the measurement model and that of the structural model. In order to address the research questions of the study, several hypotheses were tested using PLS-SEM by specifying two separate models (strategy implementation success model and strategy implementation model). Before preceding to examine the relationships among the study constructs (hypothesis testing), the reliability and validity of the constructs shall be verified through the assessment of the measurement model for the two separate models.

In structural equation modelling, the evaluation of the measurement model draws on different approaches depending on whether a construct has been measured using reflective or formative indicators (Ali et al. 2017; Hair et al. 2017; Valle and Assaker

2015; Hair et al. 2012). The study employed both formative and reflective indicators to measure the latent variables of the study. Strategy Communication, Strategy Cascading, Incentives and Rewards Alignment, Organisational Structure Alignment, Organisational Culture Alignment, Strategy Monitoring and Evaluation and Strategy Implementation Success measured reflectively. On the other hand, strategy implementation capability as second order construct measured formatively. The following section describes various statistical measures used for evaluating the quality of the measurement models (for reflective constructs) in the study. The quality of the measurement model for formative construct was dealt in section 5.2.9.2 (b).

5.2.8.1 Reliability

Reliability measures the degree to which a given measurement is free from error and produce a consistent result under different condition (Sreejesh et al. 2014). The widely applicable reliability measures that include indicator loading, Cronbach's alpha and Composite reliability were used to measure the reliability of the study constructs (Ali et al. 2017 and Hair et al. 2017). The indicator loading measures the correlation between the construct and the indicators measuring the construct. The indicator loading should be high, preferably above 0.7, to indicate individual item reliability. Table 5.12 below shows the indicator loading of all the 42 indicators in the questionnaire.

Table 5. 13 Individual Item Reliability

Constructs	Indicators	Indicator Loading¹¹
Strategy Implementation Success	StImpS1	0.806
	StImpS2	0.914
	StImpS3	0.929
	StImpS4	0.898
Managerial Skills	MSkill5	0.874
	MSkill6	0.897
	MSkill7	0.813
	MSkill8	0.911
	MSkill9	0.816
Managerial Social Capital	MScap10	0.862
	MScap11	0.822
	MScap12	0.845
	MScap13	0.864
	MScap14	0.773
	MScap15	0.818
Strategy Communication	StCom16	0.836
	StCom17	0.830
	StCom18	0.817
	StCom19	0.854
Strategy Cascading	StCas20	0.807
	StCas21	0.843
	StCas22	0.906
	StCas23	0.913
Incentive and Reward Alignment	IncAI24	0.880
	IncAI25	0.925
	IncAI26	0.890

¹¹ Separately performed for each construct.

Constructs	Indicators	Indicator Loading¹¹
	IncAI27	0.892
Organisational Structure Alignment	OrgStAI28	0.839
	OrgStAI29	0.865
	OrgStAI30	0.850
	OrgStAI31	0.839
Organisational Culture Alignment	OrgCulAI32	0.608
	OrgCulAI33	0.556
	OrgCulAI34	0.796
	OrgCulAI35	0.873
	OrgCulAI36	0.765
Strategy Monitoring and Evaluation	StME37	0.810
	StME38	0.842
	StME39	0.854
	StME40	0.764
	StME41	0.836
	StME42	0.842

Source: Researcher's Own Survey

As rule of thumb, the indicator loading should be greater than 0.7 to warrant indicator reliability (Ali et al. 2017 and Valle and Asskar 2015). However, as per the suggestions by Hair et al. (2017) and Hulland (1999), indicators with loading score of less than 0.4 shall be dropped automatically from the scale. As indicated the in the Table 5.13 above, the outer loading scores of all 40 indicators in the questionnaire were above 0.7 and for the two indicators (OrgCulAI32 and OrgCulAI33), the indicator loading were below 0.7 but above 0.5. As deleting the two indicators (OrgCulAI32 and OrgCulAI33) from the scale wouldn't increase the composite reliability (or the average variance extracted) of the construct above the suggested threshold value, all the 42 indicators were retained for further analysis.

To assess constructs' reliability, Cronbach's alpha and Composite reliability were used in the study. Cronbach's alpha provides an estimate of the reliability of the construct based on the inter-correlations of indicators (Hair et al. 2017). Cronbach's alpha considers equal loadings of all measurement items and usually tends to underestimate the reliability estimates (Hair et al. 2017). Composite reliability, on the other hand, accounts the different outer loading of indicators and likely to overestimate the internal consistency reliability (Hair et al. 2017). Therefore, as recommended by Hair et al. (2017) both Cronbach's alpha and composite reliability were employed for measuring internal consistency reliability. Table 5.14 below depicts Cronbach's alpha and Composite reliability value of the constructs of the study.

Table 5.14 Cronbach's Alpha and Composite Reliability of Constructs

Constructs	Cronbach's Alpha	Composite Reliability
Incentive and Reward Alignment	0.919	0.943
Organisational Culture Alignment	0.783	0.847
Organisational Structure Alignment	0.870	0.911
Strategy Cascading	0.896	0.925
Strategy Communication	0.854	0.901
Strategy Implementation Success	0.910	0.937
Strategy Monitoring & Evaluation	0.906	0.927
Managerial Skills	0.914	0.936
Organisational Social Capital	0.910	0.931
Strategy Implementation Capability ¹²	-	-

Source: Researcher's Own Survey

The Cronbach's alpha and composite reliability should be larger than 0.7 to ensure internal consistency reliability (Ali et al. 2017 and Valle and Asskar 2015). As shown

¹² It is a reflective-formative second order construct.

in the Table 5.14 above, the Cronbach's alpha and composite reliability values of all constructs of the study are above 0.7 which indicates the reliability of the constructs.

5.2.8.2 Validity

Construct validity checks whether a particular item measures what intended to measure (Sreejesh et al. 2014). If a measure captures what it is intended to measure, scores on that measure should be more correlated to scores on other similar construct (i.e., convergent validity) and not or less related to scores on different construct (i.e., discriminant validity) (Tharenou et al. 2007). Face validity on the other hand refers to a collective agreement of experts or researchers on the validity of a certain measure at face value (Sreejesh et al. 2014). Tharenou et al. (2007) stated that face validity is subjective because a measure appears to measure what it claims to measure and there is no guarantee that it measures what it intends to measure. The average variance extracted (AVE) and the cross loading/ Fornell-Larcker criterion were employed to assess the convergent and discriminant validity, respectively.

a) Convergent Validity

Convergent validity measures the extent to which an indicator correlates positively with the other indicators of the same construct (Hair et al. 2017). The average variance extracted (AVE) should be larger than 0.5 to exhibit convergent validity (Müller et al. 2018; Ali et al. 2017; Hair et al. 2012). As shown in Table 5.15 below, all the study constructs exhibited convergent validity as the average variance extracted (AVE) of all constructs were computed to be above 0.5.

Table 5.15 Convergent Validity Assessment Results

Constructs	Average Variance Extracted (AVE)
Incentive and Reward Alignment	0.804
Organisational Culture Alignment	0.532
Organisational Structure Alignment	0.720
Strategy Cascading	0.755
Strategy Communication	0.696
Strategy Implementation Success	0.788
Strategy Monitoring & Evaluation	0.681
Managerial Skills	0.746
Organisational Social Capital	0.691
Strategy Implementation Capability ¹³	-

Source: Researcher's Own Survey

b) Discriminant validity

Discriminant validity shows the extent to which a given construct is truly distinct from the other constructs (Hair et al. 2017). As one criteria, the cross loading was employed to assess the discriminant validity of constructs in the study. Table 5.16 below illustrates discriminant validity assessment results of the study constructs based on cross loading criteria.

¹³ It is a reflective-formative second order construct.

Table 5.16 Convergent Validity Assessment Results (Cross Loading Criteria)

Constructs/ Indicators¹⁴	Incentive and Reward Alignment	Org. Culture Alignment	Org. Structure Alignment	Strategy Cascading	Strategy Comm.	Strategy Imp. Success	Strategy M&E
IncAI24	0.880	0.338	0.507	0.526	0.331	0.521	0.516
IncAI25	0.925	0.278	0.471	0.491	0.344	0.499	0.462
IncAI26	0.890	0.227	0.435	0.439	0.308	0.417	0.425
IncAI27	0.892	0.307	0.477	0.446	0.380	0.506	0.480
OrgCulAI32	0.080	0.608	0.165	0.108	0.003	0.245	0.200
OrgCulAI33	0.054	0.556	0.090	0.013	0.064	0.148	0.062
OrgCulAI34	0.268	0.796	0.329	0.321	0.223	0.342	0.351
OrgCulAI35	0.323	0.873	0.415	0.348	0.325	0.443	0.360
OrgCulAI36	0.319	0.765	0.313	0.327	0.275	0.368	0.420
OrgStAI28	0.424	0.340	0.839	0.437	0.431	0.523	0.545
OrgStAI29	0.477	0.372	0.865	0.544	0.428	0.531	0.626
OrgStAI30	0.488	0.337	0.850	0.483	0.389	0.554	0.524
OrgStAI31	0.396	0.291	0.839	0.508	0.415	0.441	0.514
StCas20	0.394	0.231	0.475	0.807	0.330	0.302	0.511
StCas21	0.430	0.232	0.463	0.843	0.360	0.223	0.419
StCas22	0.452	0.302	0.508	0.906	0.552	0.396	0.485
StCas23	0.538	0.385	0.549	0.913	0.455	0.534	0.555
StCom16	0.339	0.195	0.394	0.386	0.836	0.397	0.304
StCom17	0.324	0.168	0.417	0.377	0.830	0.366	0.242
StCom18	0.337	0.291	0.433	0.484	0.817	0.418	0.382

¹⁴ For strategy Implementation Success Model

Constructs/ Indicators ¹⁴	Incentive and Reward Alignment	Org. Culture Alignment	Org. Structure Alignment	Strategy Cascading	Strategy Comm.	Strategy Imp. Success	Strategy M&E
StCom19	0.273	0.224	0.389	0.421	0.854	0.404	0.333
StImpS1	0.349	0.368	0.415	0.304	0.395	0.806	0.464
StImpS2	0.451	0.377	0.529	0.349	0.439	0.914	0.555
StImpS3	0.591	0.440	0.606	0.493	0.448	0.929	0.633
StImpS4	0.516	0.417	0.585	0.450	0.410	0.898	0.607
StME37	0.432	0.392	0.590	0.483	0.314	0.473	0.810
StME38	0.424	0.365	0.543	0.530	0.320	0.468	0.842
StME39	0.404	0.376	0.557	0.499	0.312	0.506	0.854
StME40	0.485	0.273	0.477	0.430	0.290	0.498	0.764
StME41	0.489	0.357	0.525	0.473	0.333	0.614	0.836
StME42	0.377	0.323	0.544	0.447	0.313	0.583	0.842
Constructs/ Indicators ¹⁵	Managerial Skill		Organisational Social Capital		Strategy Implementation Success		
MScap10	0.687		0.862		0.570		
MScap11	0.615		0.822		0.532		
MScap12	0.563		0.845		0.562		
MScap13	0.653		0.864		0.633		
MScap14	0.580		0.773		0.566		
MScap15	0.571		0.818		0.553		
MSkill5	0.875		0.627		0.652		
MSkill6	0.898		0.616		0.653		
MSkill7	0.813		0.665		0.529		
MSkill8	0.911		0.668		0.650		
MSkill9	0.817		0.595		0.570		
StImpS1	0.612		0.547		0.805		
StImpS2	0.640		0.611		0.913		
StImpS3	0.646		0.653		0.929		
StImpS4	0.622		0.616		0.898		

Source: Researcher's Own Survey

¹⁵ For strategy Implementation Model

According to the cross loading criteria, the outer loading scores between the construct and its indicators shall not be lower than the maximum score of the outer loading between the construct's indicators and other constructs to establish the discriminant validity of the construct (Hair et al. 2017). As shown in the Table 5.16 above, the outer loading scores between any of the study construct and its corresponding indicators were found to be higher than any of the outer loading scores between the construct's indicators and the other study constructs. The results, therefore, confirms the discriminant validity of the study constructs. On top of the cross loading, the Fornell-Larcker criterion was also employed to assess the discriminant validity of constructs. Table 5.17 below depicts discriminant validity assessment results of the study constructs based on the Fornell-Larcker criterion.

Table 5. 17 Discriminant Validity Assessment Results (Fornell-Larcker Criterion)

Constructs¹⁶	1	2	3	4	5	6	7
Incentive and Reward Alignment (1)	0.897						
Organisational Culture Alignment (2)	0.324	0.729					
Organisational Structure Alignment (3)	0.529	0.397	0.848				
Strategy Cascading(4)	0.533	0.349	0.580	0.869			
Strategy Communication (5)	0.382	0.265	0.489	0.502	0.834		
Strategy Implementation Success (6)	0.545	0.452	0.608	0.456	0.476	0.888	
Strategy Monitoring & Evaluation (7)	0.528	0.420	0.652	0.576	0.381	0.641	0.825
Constructs¹⁷	8		9		10		11
Managerial Skill (8)	0.864						
Organisational Social Capital (9)	0.734		0.831				
Strategy Implementation Capability ¹⁸ (10)	0.655		0.730		-		
Strategy Implementation Success(11)	0.710		0.685		0.736		0.888

Source: Researcher's Own Survey

As per The Fornell-Larcker criterion, the square root of AVE of the construct shall be higher than the correlations between the construct and all other constructs in the model to exhibit discriminant validity (Hair et al. 2017). The square roots of AVE for all the exogenous constructs, as shown in Table 5.17, were computed to be above the correlation coefficients among the constructs in the model which establishes the discriminant validity of the constructs.

¹⁶ For Strategy Implementation Success Model

¹⁷ For Strategy Implementation Model

¹⁸ It is a reflective-formative second order construct.

5.2.9 Evaluation of the Structural Model

The structural model presents relationships and the structural path among the latent variables of the study. To simplify the modelling process, two separate structural models were proposed. The first structural model, strategy implementation success model, depicts the relationships between strategy implementation success and components of strategy implementation capability that include strategy communication, strategy cascading, incentives and rewards alignment, organisational structure alignment, organisational culture alignment and strategy monitoring and evaluation.

The second structural model, strategy implementation model, shows the relationship among strategy implementation capability and its antecedents (managerial skills and managerial social capital) as well as indirect relationships of managerial skills and managerial social capital with strategy implementation success.

PLS-SEM has no agreed global goodness-of-fit measures unlike that of covariance based SEM (Hair et al. 2017; Ali et al. 2017; Nitzl 2016). Hence, evaluation of the quality of structural model in PLS-SEM usually depend on measures that evaluate predicative capabilities of the model (Hair et al. 2017). To evaluate the quality of structural model, evaluation of multicollinearity, significance of the path coefficients (Hypotheses Testing), coefficient of determination (R^2), the effect size (f^2), the predictive relevance (Q^2) and the effect size (q^2) were used as recommended by different researchers (Hair et al. 2017; Ali et al. 2017; Hair et al. 2012).

5.2.9.1 Evaluation of multicollinearity

Evaluation of multicollinearity among the exogenous constructs is one of the major criteria for evaluating the quality of the structural model (Hair et al. 2017). Multicollinearity between the constructs shall be assessed considering the fact that higher multicollinearity between indicators may lead to inconsistent indicator weights and over stated standard errors, thereby eliciting type II errors (Hair et al. 2017 and Hair et al. 2012). As recommended by various researchers, Tolerance and Variance

Inflation Factor (VIF) values were computed to assess the multicollinearity level among constructs (Hair et al. 2017).

Table 5. 18 Multicollinearity Assessment Results

Constructs¹⁹	Collinearity Statistics	
	Tolerance	VIF
Incentive and Reward Alignment	0.613	1.632
Organisational Culture Alignment	0.787	1.270
Organisational Structure Alignment	0.458	2.185
Strategy Cascading	0.514	1.944
Strategy Communication	0.683	1.464
Strategy Monitoring & Evaluation	0.480	2.085
Constructs²⁰		
Managerial Skills	0.457	2.188
Organisational Social Capital	0.457	2.188

Source: Researcher's Own Survey

As tolerance value below 0.20 (VIF value above 5) in the exogenous constructs shows critical levels of multicollinearity, either eliminating or merging the constructs should be considered to avoid the multicollinearity problem (Hair et al. 2017). As shown in the Table 5.18 above, the exogenous constructs didn't show critical levels of multicollinearity as the Tolerance and VIF scores of all constructs were above 0.2 and below 5, respectively.

5.2.9.2 Hypothesis Testing

The significance of the path coefficients is another measure to evaluate significance and direction of the relationships among the latent variables in the structural model

¹⁹ For Strategy Implementation Success Model

²⁰ For Strategy Implementation Model

(Ali et al. 2017; Hair et al. 2017; Nitzl 2016; Hair et al. 2012). Two structural models, i.e., strategy implementation success model and strategy implementation model were proposed and being tested using PLS-SEM to examine the research hypotheses of the study.

a) Strategy Implementation Success Model

After running PLS-SEM, estimates were obtained for the path coefficients that show the hypothesized relationships among constructs in the structural model. Table 5.19 below shows the results of PLS-SEM algorithm for the Strategy Implementation Success Model.

Table 5. 19 PLS-SEM Algorithm Result for Strategy Implementation Success Model

Paths	Path Coefficients (β)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Strategy Communication -> Strategy Implementation Success	0.191	0.064	2.966	0.003
Strategy Cascading -> Strategy Implementation Success	-0.102	0.070	1.470	0.142
Organisational Structure Alignment -> Strategy Implementation Success	0.187	0.076	2.463	0.014
Incentive and Reward Alignment -> Strategy Implementation Success	0.201	0.063	3.192	0.002
Organisational Culture Alignment -> Strategy Implementation Success	0.158	0.061	2.585	0.010
Strategy Monitoring & Evaluation -> Strategy Implementation Success	0.333	0.078	4.279	0.000

Source: Researcher's Own Survey

As shown in Table 5.19 above, the t and p value were computed to assess the significance of the path coefficients in the strategy implementation success model and to test the following hypothesized relationships among the study constructs.

H₃: Strategy communication is positively and significantly related with strategy implementation success.

The hypothesis test was sought to assess the relationship between strategy communication and strategy implementation success. Table 5.19 indicates that the p-value =.003 with β = .191 for the path strategy communication -> strategy implementation success. The results confirm that strategy communication is

positively and significantly related to strategy implementation success ($\beta = .191$, $p < .05$). The β value indicates that for every increase of one unit in strategy communication, strategy implementation success increases by 0.191.

H4: Strategy cascading is positively and significantly related to strategy implementation success.

The hypothesis test was conducted to examine the relationship between strategy cascading and strategy implementation success. For the path strategy cascading \rightarrow strategy implementation success, Table 5.19 shows that the p-value = .142 with $\beta = -.102$. The results showed that the hypothesis “strategy cascading is positively and significantly related with strategy implementation success” was not supported in the study. Though, it is insignificant, the finding showed that there is negative relationship between strategy cascading and strategy implementation success. As some of the surveyed commercial banks hurriedly cascaded their corporate strategy to units and individuals without creating adequate ownership and consensus on the strategy to be cascaded, employees were reluctant to implement the strategy effectively and as the result, the cascading practice adopted by those banks were negatively affecting their strategy implementation effort. Thus, before cascading strategies to units and individual level, banks shall first create ownership and consensus on the strategy to be cascaded by conducting continuous awareness creation activities. The qualitative nature of some measures adopted by commercial banks especially at Head office level also created its own negative impact on the strategy cascading practices of banks. Specifically, the subjectivity exhibited in performance evaluation of employees has dissatisfied some employees which in turn negatively affects the strategy implementation effectiveness of banks.

H5: Organisational structure alignment is positively and significantly related to strategy implementation success.

The hypothesis test was made to assess the relationship between organisational structure alignment and strategy implementation success. Table 5.19 above shows that the p-value = .014 with $\beta = .187$ for the path organisational structure alignment -> strategy implementation success. The results confirmed that organisational structure alignment is positively and significantly related to strategy implementation success. The organisational structure alignment coefficient result indicates that for every increase of one unit in organisational structure alignment, strategy implementation success increases by 0.187.

H₆: Incentives and rewards alignment is positively and significantly related to strategy implementation success.

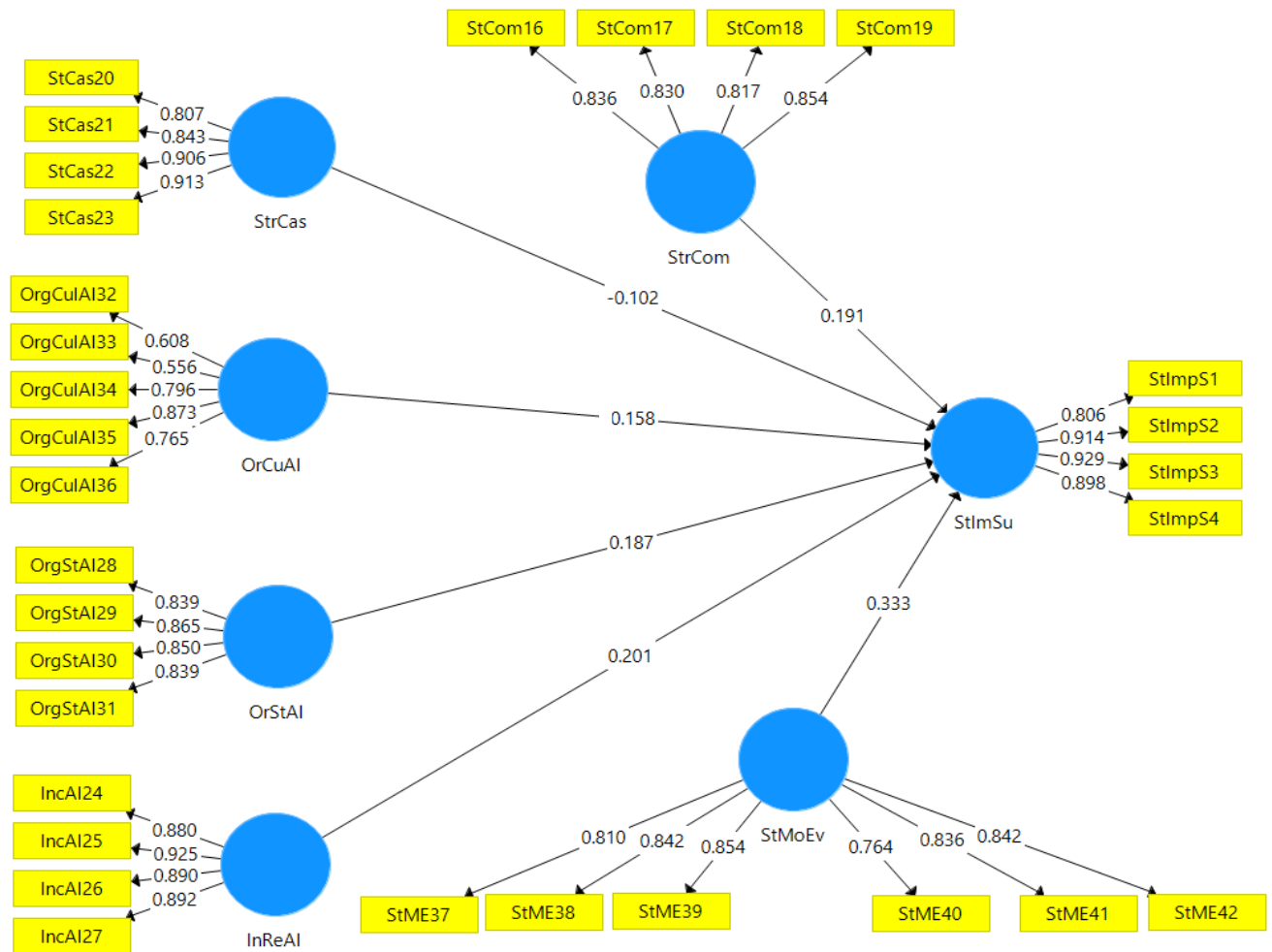
The hypothesis test was conducted to examine the relationship between incentives and rewards alignment and strategy implementation success. For the path incentive and reward Alignment -> strategy implementation success, the p-value = .002 with $\beta = .201$, as indicated in Table 5.19. The results establish that incentive and reward Alignment is positively and significantly related to strategy implementation success ($\beta = .201$, $p < .05$). As indicated in the β value, for every increase of one unit in incentive and reward Alignment, strategy implementation success increases by 0.201.

H₇: Organisational culture alignment is positively and significantly related with strategy implementation success.

The relationship between organisational culture alignment and strategy implementation success was examined using hypothesis testing. Accordingly, Table 5.19 indicates that the p-value = .010 with $\beta = .158$ for the path organisational culture alignment -> strategy implementation success. The results indicate that organisational culture alignment is positively and significantly related to strategy implementation success. For every increase of one unit in organisational culture alignment, strategy implementation success increases by 0.158.

H₈: Strategy monitoring and evaluation is positively and significantly related to strategy implementation success.

The hypothesis test was sought to assess the relationship between strategy monitoring and evaluation and strategy implementation success. For the path strategy monitoring and evaluation -> strategy implementation success, the p-value =.000 with $\beta = .333$, as indicated in Table 5.19. The results establish that strategy monitoring and evaluation is positively and significantly related to strategy implementation success ($\beta = .333$, $p < .05$). The β value shows that for every increase of one unit in strategy monitoring and evaluation, strategy implementation success increases by 0.333. Figure 5.1 below depicts the results of PLS-SEM algorithm for the Strategy Implementation Success Model in pictorial form.



Source: Researcher's own computation using PLS-SEM

Figure 5. 1 PLS-SEM Algorithm Result for Strategy Implementation Success Model

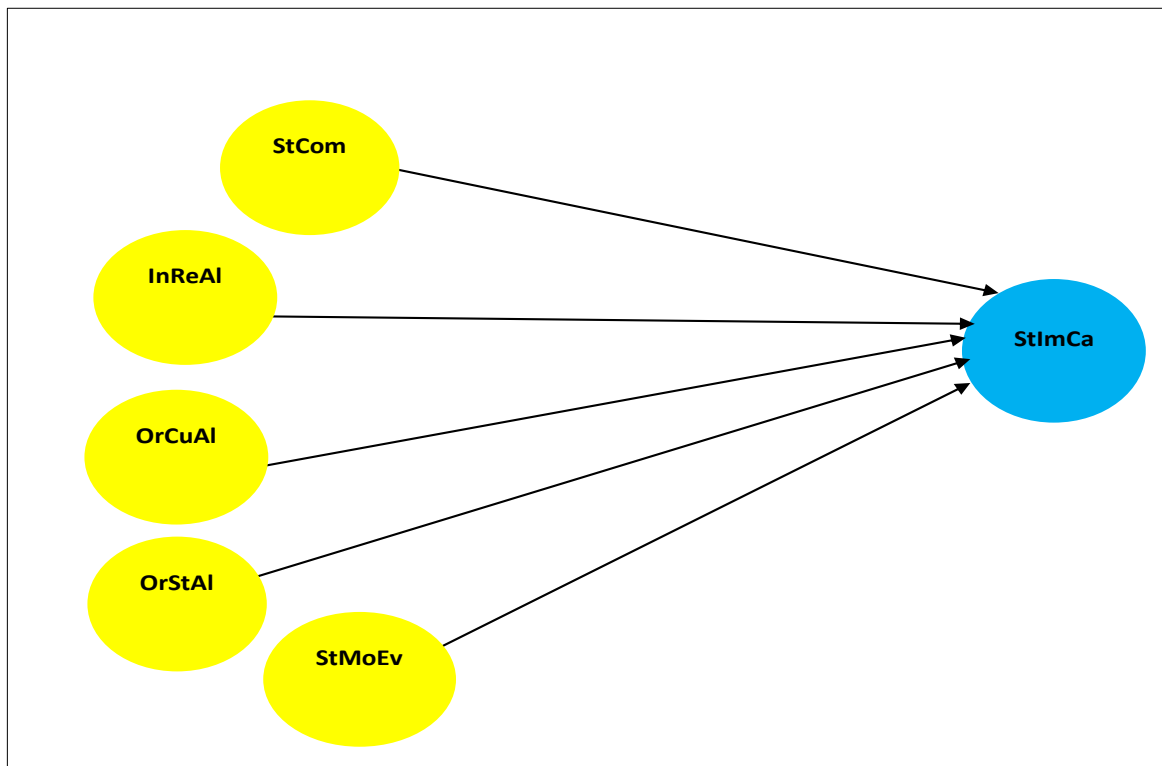
As recommended by Hair et al. (2017), the standardized path coefficients of the constructs in the structural model should also be evaluated by comparing the standardized coefficient of one construct with the other to assess the relative impact

of the exogenous constructs on the endogenous construct. The path coefficients in strategy implementation success model show the relative impact of the exogenous constructs (strategy communication, strategy cascading, incentives and rewards alignment, organisational structure alignment, organisational culture alignment and strategy monitoring and evaluation) on the endogenous construct (strategy implementation success). As portrayed in the Figure 5.1 above, strategy monitoring and evaluation has a higher effect on strategy implementation success with $\beta = .333$ followed by incentive and reward alignment and strategy communication with $\beta = .201$ and $\beta = .191$, respectively. Organisational structure alignment and organisational culture alignment followed one another with $\beta = .187$ and $\beta = .158$, respectively.

b) Validating the Strategy Implementation Capability as a Second Order Construct

For making hypothesis testing for other hypothesized relationships, the second model, i.e., strategy implementation model, has to be specified and tested. However, the strategy implementation model entails one second order formative-reflective latent variable that needs to be constructed and validated before testing the model.

Based on the results of the strategy implementation success model, among the six proposed components of strategy implementation capability, those strategy implementation components that significantly influence strategy implementation success were retained as candidate formative indicators for the strategy implementation capability construct. Accordingly, Strategy Implementation Capability (StImCa) was constructed as a second order reflective-formative construct composed of Strategy Communication (StCom), Incentive and Reward Alignment (InReAl), Organisational Culture Alignment (OrCuAl), Organisational Structure Alignment (OrStAl) and Strategy Monitoring and Evaluation (StMoEv). Figure 5.2 below depicts the components of strategy implementation capability.



Source: Researcher's own compilation

Figure 5. 2 Strategy Implementation Capability Construct

As shown in previous sections, the reliability and validity of constructs measured using reflective indicators were assessed based on various reliability and validity measures. However, the same validity and reliability measures could not be used for those constructs measured formatively as the evaluation of the measurement model draws on different approaches depending on whether the construct has been measured using reflective or formative indicators.

As per the recommendations of various researchers, the construct validity of strategy implementation capability as a second order reflective-formative construct were examined in three ways: by conducting multicollinearity assessment among first-order exogenous constructs, checking the nomological validity and assessing the outer weight significance (Hair et al. 2017 and Huber 2011).

First, as indicated in the Table 5.20 below, multicollinearity assessment was made and no serious collinearity problem was observed among the five exogenous constructs (strategy communication, incentive and reward alignment, organisational culture alignment, organisational structure alignment and strategy monitoring and evaluation) as the Tolerance and Variance Inflation Factor (VIF) scores of all constructs were above 0.2 and below 5, respectively as shown in the Table 5.20.

Table 5. 20 Multicollinearity Assessment Result for Strategy Implementation Capability Construct

Constructs	Collinearity Statistics	
	Tolerance	VIF
Incentive and Reward Alignment	0.644	1.552
Organisational Culture Alignment	0.789	1.268
Organisational Structure Alignment	0.473	2.116
Strategy Monitoring and Evaluation	0.506	1.976
Strategy Communication	0.735	1.360

Source: Researcher's Own Survey

Second, it is vital to examine the nomological validity at the second-order construct level. This enables to check whether the formative construct carries the intended meaning or not. This may be demonstrated by checking whether the relationship between the second-order formative construct and other construct in the research model is significant. To establish nomological validity, there should be a strong and significant relationship between the second-order formative construct and other constructs in the model as suggested by the underlining theory (Henseler 2017). The results in strategy implementation model, shown in Table 5.22, indicates a substantial positive association between strategy implementation capability and strategy implementation success, consistent with underlying theory, indicating nomological validity.

Third, all the outer weight scores of the five constructs were computed and they were found to be significant at 5% significance level as shown in Table 5.21. This indicates that all the five indicators are truly contribute forming the strategy implementation capability construct.

Table 5. 21 PLS-SEM Algorithm Results for Strategy Implementation Capability Construct

Paths	Outer Weight	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Incentive and Reward Alignment -> Strategy Implementation Capability	0.232	0.075	3.109	0.002
Organisational Culture Alignment -> Strategy Implementation Capability	0.137	0.069	1.987	0.047
Organisational Structure Alignment-> Strategy Implementation Capability	0.243	0.096	2.543	0.011
Strategy Monitoring and Evaluation -> Strategy Implementation Capability	0.422	0.081	5.231	0.000
Strategy Communication -> Strategy Implementation Capability	0.274	0.076	3.586	0.000

Source: Researcher's Own Survey

Thus, the assessment results of multicollinearity, nomological validity and significance of the outer weights indicate that strategy implementation capability as second order reflective-formative construct is a valid construct that contains five dimensions: Strategy Communication, Incentive and Reward Alignment, Organisational Culture

Alignment, Organisational Structure Alignment and Strategy Monitoring and Evaluation.

c) Strategy Implementation Model

By conducting the bootstrapping procedure, the t statistics and p value for each path in the strategy implementation model were computed to assess the significance of the path coefficients and to test the hypothesized relationships among the study constructs. The results of PLS-SEM algorithm for the strategy implementation model that shows the relationship between strategy implementation capability and its antecedents (managerial skill and managerial social capital) as well as indirect relationships of managerial skills and managerial social capital with strategy implementation success is depicted below.

Table 5. 22 PLS-SEM Algorithm Result for Strategy Implementation Model

Path	Path Coefficients (β)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Managerial Skills -> Strategy Implementation Capability	0.258	0.090	2.851	0.004
Managerial Skills -> Strategy Implementation Success	0.341	0.074	4.637	0.000
Managerial Social Capital -> Strategy Implementation Capability	0.541	0.079	6.868	0.000
Managerial Social Capital -> Strategy Implementation Success	0.130	0.081	1.602	0.109
Strategy Implementation Capability -> Strategy Implementation Success	0.417	0.068	6.144	0.000
Managerial Skills -> Strategy Implementation Capability -> Strategy Implementation Success	0.108	0.042	2.576	0.010
Managerial Social Capital -> Implementation Capability -> Strategy Implementation Success	0.226	0.053	4.283	0.000

Source: Researcher's Own Survey

The following hypothesized relationships among the study constructs were tested and the results of the hypotheses testing were discussed as follow.

H₁: Managerial skills are positively and significantly related to strategy implementation capability.

The hypothesis test was sought to assess the relationship between managerial skills and strategy implementation capability. Table 5.22 above indicates that the p-value =.004 with β = .258 for the path managerial skills -> strategy implementation

capability. Since p-value is less than .05, the null hypothesis that states no relationship ($H_0: \beta=0$) between managerial skills and strategy implementation capability shall be rejected at 5% significance level and can be concluded that the β value is significantly different from zero. The results confirmed that managerial skills is positively and significantly related to strategy implementation capability ($\beta = .258, p>.05$). The β value indicates that for every increase of one unit in managerial skills, strategy implementation capability increases by 0.258.

H₂: Managerial social capital is positively and significantly related to strategy implementation capability.

The hypothesis test was conducted to examine the relationship between managerial social capital and strategy implementation capability. For the path managerial social capital \rightarrow strategy implementation capability, Table 5.22 above shows that the p-value = .000 with $\beta = .541$. Since p-value is less than .05, we shall reject the null hypothesis of no relationship ($H_0: \beta=0$) at 5% significance level and conclude that the parameter (β) is significantly different from zero. The results showed that the hypothesis “Managerial social capital is positively and significantly related to strategy implementation capability” was supported in the study. The β value shows that for every increase of one unit in managerial social capital, strategy implementation capability increases by 0.541.

H₃: Strategy implementation capability positively and significantly affects strategy implementation success.

The hypothesis test was sought to assess the association between strategy implementation capability and strategy implementation success. Table 5.22 above depicts that the p-value = .000 with $\beta = .417$ for the path strategy implementation capability \rightarrow strategy implementation success. Since p-value is less than .05, we shall reject the null hypothesis of no relationship ($H_0: \beta=0$) and conclude that the β value is significantly different from zero. The results confirm that strategy

implementation capability is positively and significantly related to strategy implementation success. The strategy implementation capability coefficient indicates that for every increase of one unit in strategy implementation capability, strategy implementation success increases by 0.417.

d) Mediation Analysis

On top of the direct relationships among constructs, analyses of the indirect effects of constructs was also conducted using mediation analysis. Mediation happens when a third construct intervene in the relationship between two related constructs. Specifically, mediation occurs when an exogenous construct causes a change in a mediator variable and the mediator variable in turn affects the results of the endogenous construct. The mediating role of strategy implementation capability on the relationship between strategy implementation-related resources (managerial skills and managerial social capital) and strategy implementation success was assessed to test the following two hypotheses.

H₁₀: Strategy implementation capability mediates the relationship between managerial skills and strategy implementation success.

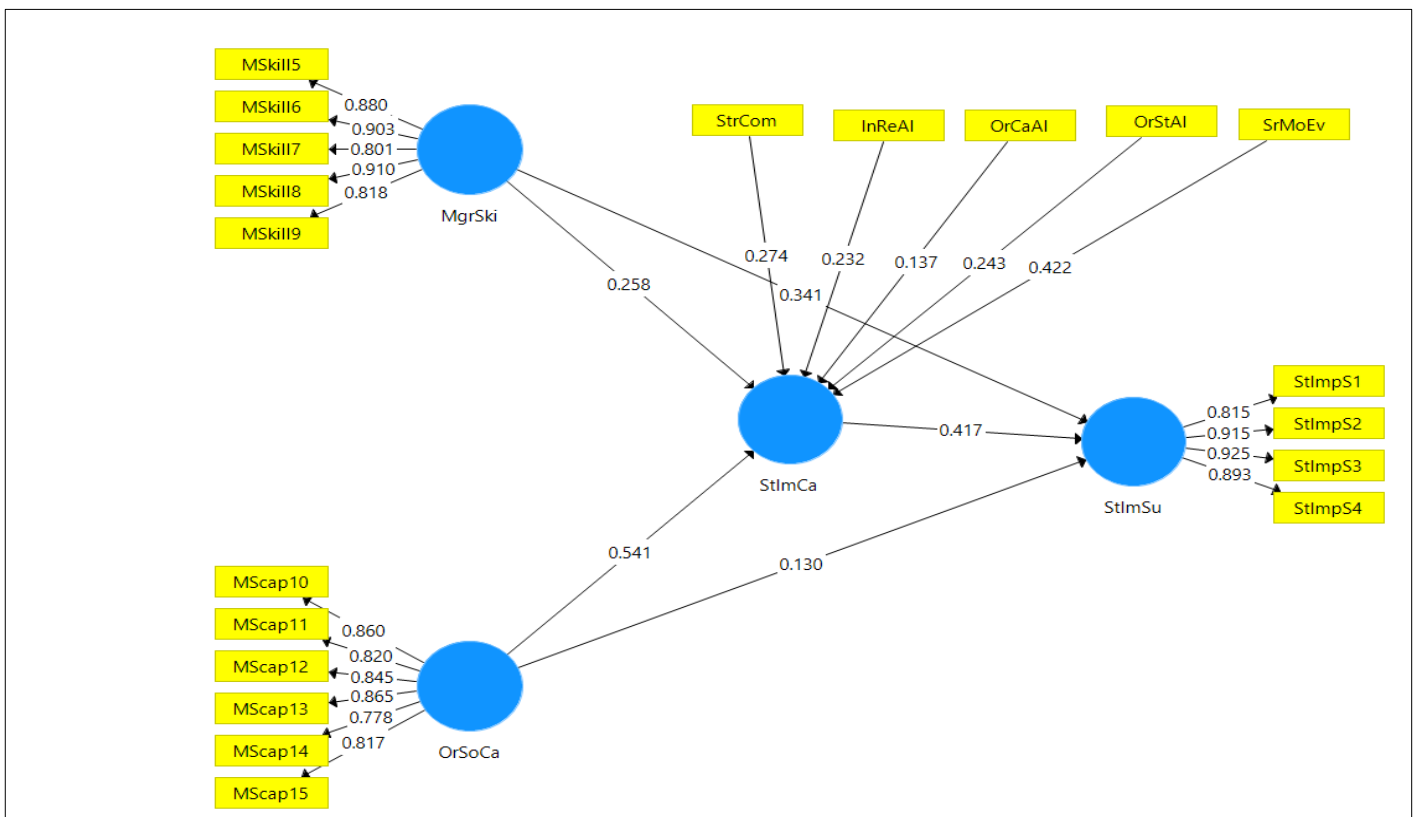
Mediation analysis was conducted to examine the mediation role of strategy implementation capability between managerial skills and strategy implementation success. The mediation results in Table 5.22 indicates that the p-value = .010 with $\beta = .108$ for the path managerial skills \rightarrow strategy implementation capability \rightarrow strategy implementation success. The direct and indirect effect of managerial skills on strategy implementation success was significant at 5% significance level with $\beta = 0.341$ and $\beta = 0.108$, respectively. The indirect effect ($\beta = 0.108$) was computed by multiplying the effect of managerial skills on strategy implementation capability ($\beta = 0.258$) by the effect of strategy implementation capability on strategy implementation success ($\beta = 0.417$). Thus, the total effect of managerial skills on strategy implementation success ($\beta = 0.449$) in the strategy implementation model was found by summing the direct and indirect effect of managerial skills on strategy

implementation success. The significance of the path coefficients indicate that managerial skills positively and significantly affects strategy implementation capability which in turn positively and significantly influence strategy implementation success. The results confirmed the hypothesis that states “strategy implementation capability mediates the relationship between managerial skills and strategy implementation success”. However, as shown in the Table 5.22 above, the mediation type is that of partial mediation as there is also significant positive relationship between managerial skills and strategy implementation success. On top of directly influencing strategy implementation success, managerial skills indirectly affects strategy implementation success through affecting strategy implementation capability.

H₁₁: Strategy implementation capability mediates the relationship between managerial social capital and strategy implementation success.

Mediation analysis was also conducted to assess the mediation role of strategy implementation capability between managerial social capital and strategy implementation success. Table 5.22 above shows that the p-value = .000 with $\beta = .226$ for the path managerial social capital \rightarrow strategy implementation capability \rightarrow strategy implementation success. The indirect effect ($\beta = 0.226$) was computed by multiplying the effect of managerial social capital on strategy implementation capability ($\beta = 0.541$) by the effect of strategy implementation capability on strategy implementation success ($\beta = 0.417$). Thus, the total effect of managerial social capital on strategy implementation success ($\beta = 0.356$) in the strategy implementation model was found by summing the direct and indirect effect of managerial social capital on strategy implementation success. The results strongly supported the hypothesis “strategy implementation capability mediates the relationship between managerial social capital and strategy implementation success”. That means, managerial social capital positively and significantly influence strategy implementation capability which in turn positively and significantly affects strategy

implementation success. As shown in the Table 5.22 above, the mediation type is that of full mediation as there is no significant relationship between managerial social capital and strategy implementation success. The study affirmed that managerial social capital does not directly affect strategy implementation success instead it indirectly affects strategy implementation success through influencing strategy implementation capability. Figure 5.3 below illustrates the results of PLS-SEM algorithm for the Strategy Implementation Model in pictorial form.



Source: Researcher's own computation using PLS-SEM

Figure 5. 3 The Final Strategy Implementation Model

The path coefficients in strategy implementation model, as shown in the Figure 5.3 above, depicts the relative impact of the exogenous constructs (managerial social capital and managerial skills) on the endogenous construct (strategy implementation

capability). Managerial social capital has a higher effect on strategy implementation capability with $\beta = .541$ followed by managerial skills with $\beta = .258$. Table 5.23 below shows the summary of hypotheses test results for strategy implementation success and strategy implementation models.

Table 5. 23 Summary of Hypotheses Test Results

Hypotheses	β and P Value	Hypotheses Test Results
H ₁ : Managerial skills are positively and significantly related to strategy implementation capability.	$\beta = 0.258$, $P = 0.004 < .05$	Supported
H ₂ : Managerial social capital is positively and significantly related to strategy implementation capability.	$\beta = 0.541$, $P = 0.000 < .05$	Supported
H ₃ : Strategy communication is positively and significantly related to strategy implementation success.	$\beta = 0.191$, $P = 0.003 < .05$	Supported
H ₄ : Strategy cascading is positively and significantly related to strategy implementation success.	$\beta = -0.102$, $P = 0.142 > .05$	Not Supported
H ₅ : Organisational structure alignment is positively and significantly related to strategy implementation success.	$\beta = 0.187$, $P = 0.014 < .05$	Supported
H ₆ : Incentives and rewards alignment is positively and significantly related to strategy implementation success.	$\beta = 0.201$, $P = 0.002 < .05$	Supported
H ₇ : Organisational culture alignment is positively and significantly related to strategy implementation success.	$\beta = 0.158$, $P = 0.010 < .05$	Supported

Hypotheses	β and P Value	Hypotheses Test Results
H ₈ : Strategy monitoring and evaluation is positively and significantly related to strategy implementation success.	$\beta = .333$, $P = 0.000 < .05$	Supported
H ₉ : Strategy implementation capability positively and significantly affects strategy implementation success.	$\beta = 0.417$, $P = 0.000 < .05$	Supported
H ₁₀ : Strategy implementation capability mediates the relationship between managerial skills and strategy implementation success.	$\beta = 0.108$, $P = 0.010 < .05$	Supported
H ₁₁ : Strategy implementation capability mediates the relationship between managerial social capital and strategy implementation success.	$\beta = 0.226$, $P = 0.000 < .05$	Supported

Source: Researcher's Own Survey

As indicated in the Table 5.23 above, except one hypothesis (H₄: Strategy cascading is positively and significantly related to strategy implementation success), all the other ten hypotheses of the study were supported. The results of the hypotheses testing results confirmed the resource-capability approach that states that “possession of key resources lead to capability and then capability in turn leads to performance”. The study ratified that the key drivers of effective strategy implementation are the resources and abilities within the firm that are used as input for translating the formulated strategy into successful strategy implementation endeavour.

5.2.9.3 Coefficient of determination (R^2)

Coefficient of determination (R^2) measures model's predictive power and it is one of the widely applicable criteria for evaluating the structural (inner) model (Hair et al. 2017; Ali et al. 2017; Nitzl 2016; Hair et al. 2012). In general, R^2 values of 0.25, 0.50, and 0.75 for endogenous latent variable are taken as weak, moderate, and strong, respectively (Hair et al. 2017).

Table 5. 24 Coefficient of determination (R^2) Results

Strategy Implementation Success Model	R^2
Strategy implementation Success	0.553
Strategy Implementation Model	
Strategy implementation capability	0.564
Strategy implementation success	0.639

Source: Researcher's Own Survey

The R^2 value of strategy implementation success in strategy implementation success model were computed to be 0.55 which indicates the moderate predictive power of the model in explaining the variance of the endogenous latent variable by that of exogenous variables. On the other hand, the R^2 values of strategy implementation capability and strategy implementation success in strategy implementation model were 0.56 and 0.64, respectively. The results indicate that the predictive power of the strategy implementation model is acceptable.

5.2.9.4 The Effect Size (f^2)

On top of evaluating R^2 for all endogenous variables in the model, evaluating the extent of change in R^2 when a certain exogenous variable is excluded in the specified model is vital for checking whether the omitted exogenous variable has substantial impact on the endogenous variable (Ali et al. 2017; Hair et al. 2017; Nitzl 2016; Hair et al. 2012). This type of practical significance measurement is termed as the effect size (f^2). As evaluation guideline, f^2 values of 0.02, 0.15 and 0.35 represent small,

medium and large effect of the exogenous variable on endogenous latent variable, respectively (Hair et al. 2017; Ali et al. 2017; Hair et al. 2012). Table 5.25 below depicts the effect size (f^2) for the exogenous constructs in the two models.

Table 5. 25 Effect Size (f^2) Results

Strategy Implementation Success Model		
Exogenous Constructs	Strategy Implementation Success	
Incentive and Reward Alignment	0.055	
Organisational Culture Alignment	0.044	
Organisational Structure Alignment	0.036	
Strategy Communication	0.056	
Strategy Monitoring & Evaluation	0.119	
Strategy Implementation Model		
Exogenous Constructs	Strategy Imp mentation Capability	Strategy Implementation Success
Managerial Skills	0.070	
Organisational Social Capital	0.309	
Strategy Implementation Capability		0.210

Source: Researcher's Own Survey

As shown in the Table 5.25 above, the f^2 values of all the exogenous constructs on the indigenous constructs are above the minimum requirement of 0.02. The results

indicate that the effect size (f^2) scores of both strategy implementation success model and the strategy implementation model are acceptable.

5.2.9.5 The predictive relevance (Q^2)

The predictive relevance (Q^2) measures model's out of sample predictive power using the blindfolding procedure (Hair et al. 2017). In the structural model, Q^2 value greater than zero for a given reflective endogenous variable shows the model's predictive power for a particular endogenous construct (Hair et al. 2017, Ali et al. 2017; Hair et al. 2012). The predictive relevance (Q^2) measure usually applied to reflective endogenous constructs and endogenous single item constructs (Hair et al. 2017). Accordingly, the Q^2 value of strategy implementation success in strategy implementation success model was computed to be 0.42 which indicates the predictive power of the strategy implementation success model.

5.2.9.6 The Effect Size (q^2)

In addition to Q^2 , evaluating the extent to which the predictive relevance Q^2 is altered when a particular exogenous variable is excluded is important for verifying whether the omitted exogenous variable has substantial effect on a given endogenous variable in the model (Hair et al. 2017, Ali et al. 2017; Hair et al. 2012). As a relative measure of predictive relevance, q^2 values of 0.02, 0.15 and 0.35 represent small, medium and large predictive relevance of the exogenous variable on endogenous latent variable, respectively (Hair et al. 2017, Ali et al. 2017; Hair et al. 2012). Table 5.25 below shows the effect size (q^2) results for the exogenous constructs in strategy implementation success model.

Table 5.26 Effect Size (q^2) Results

Exogenous Construct	Q^2 excluded	Q^2 included	Q^2 included - Q^2 excluded	$1-Q^2$ included	$q^2 = (Q^2 \text{ included} - Q^2 \text{ excluded}) / (1-Q^2 \text{ included})$
Strategy Communication	0.402	0.420	0.018	0.580	0.03
Incentive and Reward Alignment	0.380	0.420	0.040	0.580	0.07
Organisational Structure Alignment	0.350	0.420	0.070	0.580	0.12
Organisational Culture Alignment	0.323	0.420	0.097	0.580	0.17
Strategy Monitoring & Evaluation	0.158	0.420	0.262	0.580	0.45

Source: Researcher's Own Survey

As shown in the Table 5.26 above, the effect size (q^2) of all the exogenous constructs are above the minimum requirement of 0.02 which indicate the predictive relevance of the strategy implementation success model.

5.3 Qualitative Research Results

To collect the qualitative data, ten semi-structured interview questions were developed based on the results from the quantitative data analysis phase of the study. The semi-structured interview question entails questions on all constructs of the study and explores the relationships among constructs, and try to explain the results of the quantitative phase of the study in detail. Using the designed semi-structured interview questions, eight management members who are responsible for leading and coordinating their respective bank's strategy implementation process were interviewed. Identification of themes, trends, patterns, and relationships in the qualitative data was undertaken to answer the research questions of the study in great depth.

5.3.1 Profile of Respondents

The study employed a purposive sampling method to collect qualitative data from key informants from the selected Ethiopian commercial banks. Eight commercial bank officials responsible for leading and coordinating their respective bank's strategy implementation activities were interviewed to get qualitative data. The respondents were selected because these management members are presumed to have ample knowledge of banks' strategy implementation activities. The profile of the respondents is depicted in Table 5.27 below.

Table 5. 27 Profile of the Respondents

S. No.	Bank Code	Position	Interviewee Code	Sex	Qualification	Year of Experience
1.	CB1	Chief Risk Officer (Ex-Director, Corporate Strategies and Change Management)	CB1-Int1	Male	MBA	11
2.	CB2	Manager, Planning and Monitoring	CB2-Int2	Male	MBA	10
3.	CB3	Chief strategy and Marketing Officer	CB3-Int3	Male	MBA	14
4.	CB4	Director, Corporate Strategies and Change Management	CB4-Int4	Male	MBA	15
5.	CB5	Chief Marketing and strategy Officer	CB5-Int5	Male	MBA	20
6.	CB6	Director, Strategy Management	CB6-Int6	Male	MBA	15
7.	CB7	Director, Strategy Implementation and Monitoring	CB7-Int7	Male	MBA	19
8.	CB8	Director, Strategy Initiation	CB8-Int8	Male	MBA	17

Source: Researcher's Own Interview

As shown in Table 6.1 above, all the participants in the interview are male. This is due to the fact that almost all of the higher-level positions in the Ethiopian commercial banking industry are occupied by males. All the respondents are master's degree holders with years of experience ranging from 10 to 20 years. The qualification and years of experience are as anticipated since the respondents are middle and top-level managers where the qualification and experience needed for the positions is presumed to be high.

5.3.2 Interview Results

The interview questions deal with the study constructs identified in the quantitative phase of the study. The study constructs include strategy implementation success, managerial skills, managerial social capital, strategy communication, strategy cascading, incentives and rewards alignment, organisational structure alignment, organisational culture alignment, and strategy monitoring and evaluation. In line with the objectives of the study, respondents were asked ten questions to address the research questions of the study in detail. The qualitative analysis was presented based on the identification of themes, trends, patterns, and relationships among the qualitative data as presented below.

5.3.2.1 Factors Affecting Strategy Implementation Success

To identify the major reasons behind the success or failure of strategy implementation, respondents were asked the following two questions: **How do you assess the effectiveness of strategy implementation in your Bank? What do you think are the reasons behind the effectiveness or the ineffectiveness of strategy implementation in the Bank?** The questions were asked primarily to establish the main reasons why some commercial banks are successful in their strategy implementation effort, while others are not. The reasons behind the effectiveness/ ineffectiveness of banks' strategy implementation were diverse. The most commonly stated reasons for strategy implementation failure in commercial banks were inadequate strategy communication, insufficient organisational structure

alignment, and inadequate organisational culture alignment to the strategy. For example, interviewees CB1-Int1 and CB3-Int3 indicated that poor strategy communication was one of the most critical factors that contribute to the ineffectiveness of strategy implementation in commercial banks:

“I think our strategic plan implementation is not effective basically in the previous years since the strategic plan was not effectively communicated down to employees. It is a mandate of the top management to communicate the strategy down to employees but at the beginning the strategy was not owned by the top management. The strategy communication, as the result, was not effective.” (Interviewee CB1-Int1.)

“In my opinion, the overall strategic implementation was not as effective as it could have been for a variety of reasons, primarily due to a lack of ownership on the part of the core management to effectively communicate the strategic plan to employees in operational and other areas of the bank processes to the bank's best satisfaction.” (Interviewee CB3-Int3).

Interviewee CB8-Int8, on the other hand, indicated the importance of strategy communication for the success of strategy implementation as follows:

“The management of the bank communicates with employees effectively using various media and communication channels. I think the clarity created on the objective between the management and the employees is the reason for the effective implementation of the strategy.” (Interviewee CB8-Int8).

Inadequate alignment of organisational structure to the strategy was also mentioned as one of the major reasons for ineffective strategy implementation. In order to make an effective strategy implementation endeavour, organisational structure has to be aligned to the newly developed strategic plan. This view was supported by the majority of respondents. For example, Interviewees CB1-Int1 and CB7-Int7 stated the following.

“Most importantly, the previous organisational structure was not in tandem with the strategic direction of the bank, and this was one of the pitfalls observed in the past strategic plan implementation.” (Interviewee CB1-Int1).

“Strategy implementation will only be wishy-washy unless we have the proper system in place in the organisation. So, there has to be a proper system in place, including the structure, working documents, policies, and procedures; and everything should be in place, including the appropriate automation or IT support, otherwise, the strategy implementation will be an uphill battle.” (Interviewee CB7-Int7).

As mentioned by the majority of the respondents, organisational culture alignment to the strategy is the other critical factor that affects strategy implementation success. They indicated that appropriate organisational culture is a prerequisite for effective strategy implementation success. For instance, Interviewee CB7-Int7 forwarded his view in relation to organisational culture as follows:

“Strategy crafting is relatively the easiest part than the implementation because in the formulation part, first, everybody is excited. Everybody is engaged and every resource can be poured towards formulating a strategy, but when the strategy formulation process is perceived to be completed, then everybody goes back to its normal routine and expects some kind of miracle will come up from the formulated strategy. But the nitty-gritty, the devil is in the details; so the implementation part is the difficult part, In order to do that, proper organisational culture has to be in place; otherwise, the culture eats the strategy for its breakfast.” (Interviewee CB7-Int7)

Inadequate managerial commitment, lack of ownership of the strategy, and absence of clarity on strategy were also mentioned by some of the respondents as factors that contribute to the failure of strategy implementation in commercial banks. Interviewees CB7-Int7 and CB1-Int1 stated the importance of managerial

commitment and ownership by top management, respectively for the success of strategy implementation, as shown below.

“Before even assessing that the strategy is good or bad, it’s very important to ensure that the leadership or top management has the commitment. The management has to believe that if the strategy is properly implemented, it will make a change. It is very difficult to go to the implementation or the execution part without having the support of the top management, even sometimes including the support of the Board of Directors. Allocating resources could be one way of manifesting the commitment of the top management, including the Board of Directors; sometimes the management could be very eager and committed, but the Board of Directors may not be willing to allocate the required resource.” (Interviewee CB7-Int7).

“The main reason behind the ineffectiveness of the strategic plan implementation of the bank is lack of ownership by the top management. The top management was focusing only on the day-to-day routine activities of the bank rather than on the strategic goals or strategic directions. So, this indicates that the top management didn't own the strategic plan.” (Interviewee CB1-Int1).

On top of the above factors, interviewee CB7-Int7 argued that clarity on the objective is a very important factor for the success of strategy implementation. He noted that to effectively implement the strategy, the top management should have clarity not only on the objective or the destination of the strategy, but also on the routes how the strategy is implemented.

“There has to be clarity on the objective. The top management needs to know the direction they're taking the bank to, even if they may not agree or are unanimous on the strategy. At the end of the day, they have to have clarity not only on the objective or the destination, but also the routes because the

strategy is not only about what to do, it's also about what not to do. So, if there is a clarity problem among the top management, then while starting the journey, the tension will pop up and the management may end up in a vicious circle of clarifying issues, discussions, and sometimes disagreements and things like that; so down the road, everybody will get exhausted. So, strategy clarity is very important for effective strategy implementation.” (Interviewee CB7-Int7).

In general, the qualitative study identified the critical elements for effective strategy implementation that include strategy communication, alignment of organisational structure, and alignment of organisational culture. Though mentioned by a few of the respondents, managerial commitment, ownership of the strategy, clarity of the strategy, and resource allocation were also identified as factors that impact strategy implementation effectiveness. Further assessment of the relationship between strategy implementation success and other constructs of the study, which are presumed to affect strategy implementation success, is presented in the subsequent sections.

5.3.2.2 Effect of Managerial skills on Strategy Implementation Success

The quantitative analysis showed that managerial skills have a positive and significant effect on strategy implementation capability. To get further insight into the relationship between Managerial Skills and Strategy Implementation Success, respondents were asked two questions: **Do you think managerial skills affect strategy implementation capability (i.e., the ability to implement strategy successfully)? If so, how? What do you think are the major skills required by managers that enable the Bank to be capable of strategy implementation?**

The qualitative data analysis indicated that managerial skills have a positive effect on strategy implementation success. Specifically, the respondents stressed the importance of communication skills for effective strategy implementation as indicated by interviewees CB1-Int1, CB3-Int3, and CB8-Int8.

“One of the managerial skills needed for effective strategy implementation is communication skill or interpersonal skill. That means, the strategy should be communicated to all employees. So, in order to make effective communication, the managers or the leaders should have communication skills.” (Interviewee CB1-Int1).

“In my opinion, managerial skills have an immense contribution towards the implementation of a strategic plan. Managers need to have a diverse set of skills and knowledge, including forecasting and communication skills to implement their strategy effectively.” (Interviewee CB3-Int3).

“The managerial capability of the bank is important for effective implementation of strategy because after all the strategy is communicated to employees through managers; so the communication skill of the top management has its own impact on the effective implementation of the strategy.” (Interviewee CB8-Int8).

Interviewee CB4-Int4 cited the importance of strategy communication skills in creating buy-in of the strategy. Buy-in of the strategy by employees creates a conducive working environment for effective strategy implementation. When managers do not effectively communicate their strategy, employees will not understand the strategy and thus, strategy buy-in becomes challenging. This, in turn, makes it difficult to implement the strategy effectively.

“The managerial skills that are very important for strategic implementation is the communication skills of managers. The way the manager communicates strategy down the line to staff and stakeholders greatly affects strategy implementation success. I think once you communicated strategy and got buy-in from the stakeholders, strategy implementation becomes smooth.” (Interviewee CB4-Int4).

Managers should also have human relationship skills to motivate and engage employees in order to make their organisation capable in their strategy implementation endeavour. Without the motivation and engagement of employees, the strategy implementation will not be successful. For example, interviewee CB3-Int3 describes the importance of employee motivation/human skills for effective strategy implementation.

“Managers at all levels are expected to motivate employees to set and implement their strategy effectively. They are expected to be equipped with the necessary knowledge and the skills in an effort to effectively implement their strategy. In general, managers need to effectively motivate, lead, coach, and mentor their subordinates at all levels to get employees on board for the achievement of the strategy.” (Interviewee CB3-Int3).

On top of communication and employee’s motivation/ human skill, managers need to possess both conceptual and technical skills. These two sets of skills are necessary to effectively implement a strategy. A conceptual skill is very important to understand the strategic nature or the whole parts of the organisation, whereas the technical skills are vital to comprehend the specific nature of the task. This view, for example, was supported by interviewee CB7-Int7.

“Because strategy is just a road map with direction, the articulation and fine-tuning comes when the respective managers are trying to take their own parts from the biggest strategy, and customize it to their business. So, in order to do that, managers need to know both the strategic issue, the how part and also know how it is going to be aligned with the specific area of responsibility. So managers need to have the technical expertise or the technical level of responsibility at the same time the strategic part of the organisation. For example, an IT manager needs to know what kind of technologies to institutionalize or acquire or develop in-house for properly implementing the

business objective of the organisation; so that kind of managerial skills, both technical and strategic skill is required.”(Interviewee CB7-Int7).

In order to implement a strategy effectively, managers need to possess a strategic thinking mind-set; otherwise, they will dwell on performing only their routine activities. Such type of managers will focus only on the day-to-day routine activities rather than focusing on the strategic goals or strategic directions of the bank. As a result, instead of being proactive, these managers tend to be firefighters. This view is reinforced by interviewees CB1-Int1 and CB8-Int8 as indicated below.

“The leadership skill/capability has its own effect on the capability of an organisation to make its strategy implementation effective and leaders should have strategic thinking mind-sets to be effective in strategy implementation.” (Interviewee CB1-Int1).

“The other skill is the strategic skill. I think it is important. Strategic leadership capability of the management has an immense effect on the effectiveness of the implementation of the strategy.” (Interviewee CB8-Int8).

All in all, the qualitative study supports the positive roles of managerial skills in the success of strategy implementation. Managerial skills that include communication skills, employee relationship /human skills, strategic/conceptual skills, and technical skills are very important elements for effective strategy implementation in commercial banks. In general, managers should possess technical, conceptual/strategical, and human skills in order to implement their strategy successfully.

5.3.2.3 Effect of Managerial Social Capital on Strategy Implementation Success

The quantitative survey finding indicated that managerial social capital has a positive and significant effect on strategy implementation capability. To get further clarification on the relationship between managerial social capital and strategy

implementation capability, respondents were asked the following question: **How do you assess the effect of managerial social capital on strategy implementation capability?** All the respondents in the qualitative study revealed that managerial social capital is an important factor in enhancing the strategy implementation capability. For example, interviewee CB1-Int1 specified that due to a lack of managerial social capital among the top management, the bank's strategy implementation performance was negatively affected.

"I think that there was a lack of managerial social capability among the leaders of the bank during the past five or more years; so this hugely affected the performance of the bank's strategy implementation, thereby negatively impacting the performance of the bank." (Interviewee CB1-Int1).

Managerial social capital deals with the trust and open communication, which is a very important ingredient for effective strategy implementation, among managers. This view was, for example, reinforced by Interviewees CB3-Int3 and CB7-Int7.

"Managerial social capital, which includes the trust among leaders and open communication between management members and the staff, is significantly affecting the strategy implementation." (Interviewee CB3-Int3).

"Managerial social capital is one of the critical factors because strategy implementation requires the commitment of everyone at every level that requires on-boarding of everybody. The motivation or the commitment from everyone involved in the strategy execution part comes only by being trusted." (Interviewee CB7-Int7).

Interviewee CB4-Int4, on the other hand, argued that managerial social capital alone does not significantly influence the strategy implementation success; instead, managerial social capital should be accompanied by other factors to establish a significant impact on strategy implementation success.

“Social capital refers to the level of confidence that employees have on their leaders. This isn't enough on its own. The manager must be capable of persuading people to follow the mission set forth for himself. So, while social capital is important, the manager must also possess the ability to exploit the potential inherent in the environment; otherwise, having only social capital is insufficient; he/she must also develop other mechanisms that enable him/ her to exploit the potential inherent in the environment.” (Interviewee CB4-Int4).

Managerial social capital involves teamwork or synergy among management members and this plays a key role in the effectiveness of strategy implementation as indicated by Interviewee CB1-Int1 below.

“Managerial social capital basically revolves particularly around teamwork or synergy among the top managers, so I view that managerial social capital is a very important ingredient for the effectiveness of strategy implementation. This is because when there is no synergy or teamwork among the leaders, there will be no common vision or common direction which in turn negatively affects strategy implementation success.” (Interviewee CB1-Int1).

The other facet of managerial social capital is the existence of a shared vision or direction among managers. It is very vital for the successful implementation of strategy as dictated by Interviewees CB1-Int1 and CB7-Int7.

“Strategy sets a common or shared vision among the whole family of any company. In this regard, social capital plays an important role in the effectiveness of strategy implementation as an effective strategy implementation by itself requires a shared vision among the top management of the entire organisation.” (Interviewee CB1-Int1).

“Having the same vision or direction by the management members is a critical one. Idea clarity among the top management or the managerial group is very vital in order to reach a consensus; either one has to convince or agree that

there might not be any. The managers might not have to reach consensus, but they have to go along with their differences and start implementing all the issues accepted by the majority and be fully committed to that objective or direction. Otherwise, the management will start a confrontation and everything will crumble in the course of strategy implementation.” (Interviewee CB7-Int7).

In general, the qualitative study found out that managerial social capital, i.e., the existence of social capital among managers, positively influences strategy implementation capability. Specifically, the components of managerial social capital that include the trust and open communication, having a shared vision or direction, and synergy and teamwork among managers have a vital role in making a strategy implementation successful.

5.3.2.4 Effect of Strategy Communication on Strategy Implementation Success

As clearly stated in chapter five, the quantitative study found out that strategy communication has a positive and significant impact on strategy implementation success. To get further insight into how strategy communication affects strategy implementation success, respondents were asked two questions: **The quantitative survey result shows that strategy communication has a significant and positive influence on strategy implementation success. Do you agree? Why? What do you think are the elements of effective strategy communication?** The findings of the qualitative study indicated that effective strategy communication has a positive contribution to the success of strategy implementation as indicated by interviewees CB1-Int1, CB3-Int3, CB7-Int7, and CB8-Int8 below.

“Strategy communication places a vital role in the effectiveness of strategic plan in our bank. However, it was not effectively communicated down to all employees as it has not been owned by the top management of the bank; so

it has affected the strategy implementation performance negatively.” (Interviewee CB1-Int1).

“For the success of strategy implementation, every employee at all levels of the bank needs to be well communicated. We need to make all employees well aware of the strategic plan prepared by the bank.” (Interviewee CB3-Int3).

“I believe that strategy communication has a significant influence, not necessarily a positive influence. It could be a negative influence because it depends on how we communicate or what our communication looks like. If we are properly communicating, then it has a positive influence; if the communication is not the way it has to be, then it will have a negative influence.” (Interviewee CB7-Int7).

“The main activity after crafting any strategy is communication. Without effective communication, it is difficult to expect better implementation, so in every point or every strategy implementation milestone, the willingness of the employees as well as the system readiness are important for effective implementation of the strategy.” (Interviewee CB8-Int8).

Strategy communication influences the success of strategy implementation in many ways. Strategy communication helps to clarify the strategies and objectives to the implementers, and this helps them to get clear direction on how to implement the strategy, clarifying the expectations and making them on the same page as described by Interviewee CB7-Int7 below.

“Strategy communication is important to have the clarity of the objectives. Communication is all about giving a clear direction to the team who is involved in the implementation. So, it has a significant influence on strategy implementation success, but not necessarily positive.” (Interviewee CB7-Int7).

Strategy communication improves strategy implementation by creating buy-in of the strategy. Without effective communication, the strategy will not be understood by the implementers and this definitely creates a gap in implementing the strategy effectively. Even the commitment of employees to implement the strategy can be achieved when the strategy is effectively communicated and buy-in from the employees is received. A strategy that is not well understood and owned by the implementers is doomed to failure. This view was supported by the interviewees CB4-Int4 and CB7-Int7 as indicated below.

“Strategy should not be in a confined and closed manner; it has to be communicated in order to get buy-in from those who are involved in the implementation of the strategy. Convincing and getting buy-in from employees through communication of the benefits that are entailed in the strategy is important and, thus, communication plays a vital role in strategy implementation.” (Interviewee CB4-Int4).

“It is obvious that it will be difficult for people or the team or everybody involved in the strategy implementation to implement the strategy unless they understand the strategy. We cannot expect commitment without communicating the strategy effectively. So in order to have the commitment of the team, the management has to tell the team where they are taking the ship.” (Interviewee CB7-Int7).

In order to enhance the strategy implementation performance, the strategy communication should be effectively performed. To conduct effective strategy communication, first, the objective of the strategy communication should be clearly articulated as indicated by interviewees CB7-Int7 and CB8-Int8 below.

“In effective strategy communications, the first element is idea clarity. We have to have a clear objective to communicate. To start with, we need to have a clear objective.” (Interviewee CB7-Int7).

“To effectively communicate their strategy, the management should first understand the content of the strategy. So, clarity at the top management level is important.” (Interviewee CB8-Int8).

Second, to make the strategy communication effective, the target group should be identified and the strategy communication shall be designed and tailored for each segment of the target group as explained by Interviewees CB1-Int1, CB7-Int7, and CB4-Int4.

“We have to segregate the audience into different groups because what we are going to communicate differs from employee to employee or from professional to nonprofessional employees. So, segregating the audience into different groups or in different categories is very crucial for the effectiveness of strategy communication.” (Interviewee CB1-Int1).

“We have to select the proper target group and align strategies or tactics for the different segments. A different communication strategy has to be followed for different target groups because the perceptions depend on the how and where that individual or that segment is from. For example, if we are being communicated with the same thing we may end up decoding it in our own perception mainly based on our social, professional level and other factors.” (Interviewee CB7-Int7).

“The audience should have similar skills. We have to identify various target groups. For example, managers, professionals, and non-clericals should be communicated in a language that is understandable to them or the way they understand the strategy. The language plays a very vital role; so audiences should be segregated according to their ability to understand the strategy.” (Interviewee CB4-Int4).

Third, selecting the appropriate medium of communication is very important to carry out an effective strategy communication as detailed below by Interviewees CB3-Int3, CB4-Int4, and CB8-Int8.

“We need to design the medium of communication. For example, we can use billboards, PowerPoint presentations, or various electronic mechanisms including outlook or email, something like that for conducting effective communication.” (Interviewee CB3-Int3).

“We have to identify the mechanisms or the methods we use to communicate the strategy. For example, if we take face-to-face communication, we get replies and responses immediately. Questions are raised and the responses are provided. The other way is communication through letters or documents; that is not as such effective because the participants don't have the right to raise questions about their concerns or the concerns that matter to the organisation. So, the face-to-face communication plays a very vital role.” (Interviewee CB4-Int4).

“The management should select proper communication media. Some strategy change champions have to be selected to increase the willingness of employees to implement the strategy.” (Interviewee CB8-Int8).

Fourth, as indicated by Interviewee CB1-Int1 below, the strategy communication shall be interactive rather than to be one-sided. To conduct effective strategy communication, there should be a feedback mechanism that allows the employees to air their views on the strategy implementation.

“There should be feedback from the audience or the communication should be interactive rather than being one-sided communication. There should be interactive communication. The audience shall raise their issues and get unanswered questions to be answered by the communicators.” (Interviewee CB1-Int1).

Fifth, the strategy communication should be conducted continuously to impact the strategy implementation performance positively as indicated below by Interviewees CB1-Int1 and CB2-Int2.

“The strategy communication should be performed continuously. It shouldn't be a one-time job. There should be continuous communication of the strategy. It could be conducted yearly or within two years' time, and so the communication should be continuous.” (Interviewee CB1-Int1).

“We have a very nice and very good strategic plan by itself. However, the implementation part has its own problem. It is due to various reasons. Specifically, the first one, I think, is a communication gap. The strategic plan has not been communicated to the grassroots level. Of course, it was done once when the strategy is inaugurated. From that day onwards, nobody has attempted to further introduce or to communicate the strategy, even the strategy documents are found only in specific areas at top management level and planning units.”(Interviewee CB2-Int2).

In general, the qualitative study indicated that strategy communication has a positive influence on strategy implementation. Effective strategy communication is very vital for the success of strategy implementation. Setting clear objectives of strategy communication, tailored communication for each target group, selecting the appropriate medium of communication, creating feedback mechanisms, and continuity of the strategy communication are the fifth important elements of effective strategy communication identified by the respondents.

5.3.2.5 Effect of Strategy Cascading on Strategy Implementation Success

As stated in chapter five, the quantitative study could not support the hypothesis “strategy cascading is positively and significantly related to strategy implementation success”. Though it is statistically insignificant, the finding shows that there is a negative relationship between strategy cascading and strategy implementation

success. Thus, to explore the reasons why a negative relationship exhibited between strategy cascading and strategy implementation success, respondents were asked the following question: **The quantitative survey result shows that strategy cascading has a negative influence on strategy implementation success. What do you think are the reasons?**

Most of the respondents stated that the strategy cascading, specifically cascading at the individual level was challenging and not as such effective in their banks' context. As detailed by the interviewees CB1-Int1 and CB4-Int4 below, strategy cascading may not give the expected benefit if the ownership or buy-in of the strategy cascading was not created. If banks hurriedly cascade their strategy to units and individual levels without building adequate consensus among the strategy implementers, strategy cascading may result in a negative influence on the effectiveness of the strategy implementation as outlined below.

"Every employee has to own the cascading process. So, the change management process should be effective in order to make the employees own the cascading process. If employees do not own the cascading process, its implementation would be difficult. So in our bank, I think the communication and the strategy cascading was not as such effective and as the result there was some resistance from some employees on the process." (Interviewee CB1-Int1).

"Those banks that cascade their strategy but do not get the intended benefit might use simply the physical cascading and even they failed in communicating the strategy and they didn't get buy-in from the employees or employees didn't understand the strategy thoroughly, so such cases might contribute for the under-implementation of the strategy." (Interviewee CB4-Int4).

Strategy cascading may not also be effective if the performance measurements are subjective in nature. The qualitative nature of some measures adopted by some commercial banks, especially at the Head Office level, creates its own negative impact on the strategy cascading practices of banks. Specifically, the subjectivity created in the performance evaluation of employees may dissatisfy employees which in turn negatively affects the strategy implementation effectiveness as specified by Interviewees CB1-Int1 and CB3-Int3.

“In branches, the measurements are objective, so we are measuring the performance correctly while the performance measurement at the Head Office units is not objective. They are subjective, but employees at the Head Office are getting higher scores without working hard which creates dissatisfaction on other employees”. (Interviewee CB1-Int1).

“If an objective is measured quantitatively, for instance, in the case of resource mobilization, it can easily be cascaded. For instance, if you plan to mobilize the 100 million Birr deposit in one year or one month, you can cascade it through the available districts and branches effectively by assigning a given number. But when it comes to some qualitative measures, like customer service and the likes, cascading would be a daunting task to cascade such qualitative aspects to a lower level.” (Interviewee CB3-Int3).

While cascading strategy at units and the individual level, care should be taken for the timing of the cascading as well as the methodology adopted for the cascading as it greatly affects the performance of the strategy implementation as outlined by Interviewee CB4-Int4 below.

“Actually, our bank has cascaded strategy at an infant stage. I think the method we used to cascade the strategy was highly rampant, it directly goes down to the employees without experiencing the effectiveness at the Directorate level or at the Division level. So I think we have cascaded the

strategy but the cascading approach and the method we have used to my understanding was not in an effective way and I think that is why the strategy cascading didn't contribute to our intended purpose.” (Interviewee CB4-Int4).

The negative perception by employees especially that of government organisations on one of the strategy cascading tools, i.e., the Balanced Scorecard System (BSC), had created a negative influence on the effectiveness of strategy cascading in some commercial banks. Employees feared that implementing strategy cascading at the employee's level may be used to punish employees using strategy cascading as a pretext. Thus, those banks that cascaded strategy at the employee's level without conducting adequate communication faced severe resistance from employees in implementing their strategy cascading effectively as shown by Interviewee CB4-Int4.

“The bank has faced a problem in strategy implementation especially after we have adopted the balanced scorecard system as a strategy formulation and implementation tool. This tool actually has negative perceptions in other organisations, especially government organisations and that might also contribute to a lot for our underperformance in cascading or in getting the intended outcome from the strategy cascading.” (Interviewee CB4-Int4).

Finally, to be effective in strategy implementation, the strategy cascading should be monitored effectively and employee's performances have to be linked with reward and incentive mechanisms as specified below by Interviewees CB1-Int1, CB3-Int3 and CB4-Int4.

“After cascading, there should be continuous monitoring and evaluation. That means, very strong monitoring is required after completing a cascading. The reason for the ineffectiveness of strategy implementation may be the monitoring and the follow-up was not stringent. This is the first reason. The second and most important reason for the ineffectiveness is that cascading is not linked with rewards. There should be a reward, when I say a reward, it

will be a positive or negative reward. Those who performed well or good should be rewarded, and those who didn't perform should be penalized.” (Interviewee CB1-Int1).

“So once you define the strategy cascading thoroughly and effectively, you need to have a comprehensive framework that rewards and motivates employees.” (Interviewee CB3-Int3).

“Employees want to know the benefits that the strategy brings to them. They raise “what is in it for me”. So if we blindly cascaded the strategy without covering the motivation and the benefits they got from the strategy, they will resist and not willing to implement the strategy as intended by the management.” (Interviewee CB4-Int4).

In general, from the findings of the qualitative study, it is evident that strategy cascading by itself is not a problem but adequate care should be taken while cascading the strategy, specifically cascading at the employees' level; otherwise, the cascading practice may negatively affect the success of strategy implementation. The issues related to the need for strategy cascading process buy-in, timing and methodology of cascading, the subjectivity of measurements, existence of effective monitoring, and linkage of performance with a reward system should be well articulated and resolved to get the best benefit out of the strategy cascading process there by enhancing the success of strategy implementation.

5.3.2.6 Effect of Incentives and Reward Alignment on Strategy Implementation Success

As stipulated in chapter five, the quantitative study found out that incentives and rewards alignment to the strategy has a positive and significant effect on strategy implementation success. Respondents were asked to assess the impact of incentives and rewards alignment on strategy implementation to get further insight into the relationship between the two constructs. The following were the questions

forwarded to the interviewees: **Do you think incentives and reward alignment influence strategy implementation success? If so how? What sort of incentive and reward alignments are needed for effective strategy implementation?** All the respondents to the interview questions agreed that incentive and reward alignment to the strategy has a positive influence on strategy implementation success. For example, interviewees CB6-Int6, CB5-Int5, and CB8-Int8 stated the following.

” Effective reward system that is aligned with the strategy has paramount importance for the effective execution of the strategy.”(Interviewee CB6-Int6).

“Referring to the relationship between reward system and strategy implementation, an incentive has a positive influence on strategy implementation.” (Interviewee CB5-Int5).

“Incentives encourage employees to work more and achieve their goals. An Incentive has a positive contribution to the strategy implementation process. We encounter punishment the other way around, though it's a hygiene factor; it has its own contribution on the implementation of a strategy.” (Interviewee CB8-Int8).

Aligning rewards and incentives to the strategy is believed to motivate employees to effectively implement their strategy. Aligning an incentive and reward system to the strategy is vital through rewarding good performers and reprimanding poor-performing employees. Interviewees CB1-Int1 and CB4-Int4, for example, justified the importance of aligning incentives and rewards for enhancing the effectiveness of strategy implementation.

“Incentives and rewards greatly affect strategy implementation. That means, if there is no reward system, we are discouraging good performers as we are not rewarding them. On the other hand, we are encouraging poor performance because nothing is done to poor performers. As the result, there

will not be accountability attached to both the high performing and the low-performing employees; so attaching the reward system with the implementation of the strategic plan is an important ingredient for the effectiveness of strategy implementation. Thus, aligning the reward system with the strategy is very important for strategy implementation.” (Interviewee CB1-Int1).

“Actually, for the employees, if we expect them to do very well, we have to make them accountable for the outcome that they produced. Best performance would be rewarded, and underperformance would be reprimanded. The equity and the fairness that we exercise while we incentivize employees matter a lot. People by their very nature want to see fairness, equity, and equality in their day-to-day activities. So, these are the conditions that we should take into account.” (Interviewee CB4-Int4).

On top of the other factors, strategy implementation will be effective if there is good alignment between the organisation’s objectives and employees or personal objectives as outlined by Interviewee CB7-Int7 below.

“If, as a staff, my personal objectives are aligned with organisational objectives, it seems like it's an ideal case scenario. But that is the ultimate goal. If somebody is successful in doing that, I will do to achieve my own objectives. When my personal objectives are met and when personal objectives of employees who are involved in the strategy implementation are met, at the end of the day, the organisation’s objectives will be achieved if it is properly aligned. So, in order to motivate me, I have to get some kind of incentive.”(Interviewee CB7-Int7).

To enhance strategy implementation effectiveness by motivating and creating accountability, various types of financial and non-financial incentives and rewards should also be provided to employees. Financial and non-financial incentives and

rewards may include bonuses, promotions, salary increments, certificates of recognition, arranging special trainings/visits, and others as stated below by Interviewees CB1-Int1, CB3-Int3, and CB8-Int8.

“The basic incentive I suggest or I think is that paying bonuses for a good performer could be one from the financial perspective. From the non-financial perspective, providing promotion and recognition for a good performer will be the other. Another incentive could be the availing of special trainings for those who get higher results. The training could be provided locally or abroad.” (Interviewee CB1-Int1).

“Best performance needs to be rewarded financially in terms of promotion, for instance, moving the employee up the organisational ladder in the bank. Employees should get recognition in terms of certificates by assigning them as top performers of the week, top performers of the year, etc. The award may be given by organizing an annual staff day or some events like that. It's not fair to pay an equal amount of pay for various levels of performance. Employees should be more rewarded financially, at the same time non-financially for their achievements, in my opinion.” (Interviewee CB3-Int3).

“The incentives may vary from giving bonuses to a letter of recognition for the employees. The organisation can use different incentives to encourage employees to actively participate in the implementation process.” (Interviewee CB8-Int8).

Respondents also stressed that to get highly impactful results on the strategy implementation, the focus should be given to providing rewards and incentives of which motivational effects will last long as described by interviewee CB7-Int7 below.

“There are a number of incentives, but it shouldn't be a short-term incentive because our memory is very short. So, if employees get short-term incentives, it may not last long or stay for the period that the strategy implementation

requires. So, at least the effect of the incentives should not be diminished within a short period of time”. (Interviewee CB7-Int7).

In general, the qualitative result stressed the importance of the alignment of incentives and rewards to the strategy for effective strategy implementation. The alignment of incentives and rewards to the strategy supports the strategy implementation effort through motivating and incentivizing good performers and reprimanding the poor performers. Various types of financial and non-financial incentives and rewards shall be incorporated to enhance strategy implementation effectiveness. There should be good alignment between the organisation’s and employees’ objectives to have a good incentive and reward system. In addition, to be effective in strategy implementation, the focus should be given to providing those rewards and incentives, which have long motivational effects.

5.3.2.7 Effect of Organisational Structure Alignment on Strategy Implementation Success

The quantitative phase of the study found out that organisational structure alignment has a positive and significant impact on strategy implementation success. In order to get further insight into how the alignment of organisational structure to the strategy affects strategy implementation success, respondents were asked two questions: **how do you assess the effect of organisational structure alignment on strategy implementation success? What activities shall be performed to effectively align organisational structure to strategy?** The findings of the qualitative study indicated that organisational structure alignment has a positive effect on the success of strategy implementation. For example, interviewees CB1-Int1, CB3-Int3, and B4-Int4 stated the following.

“The organisational structure is a tool which we can bring the strategy down to the implementation or ground. So, after completing the strategic planning process, there should be an effective organisational structure which is aligned directly to the strategy.” (Interviewee CB1-Int1).

“We have crafted a new set of organisational structures that suits the requirement of the strategy. In general, organisational structure should be well aligned with the strategy for effective strategy implementation.” (Interviewee CB3-Int3).

“Basically, for strategy implementation, organisational structure plays a very important role. What we have stated in our strategy document should be implemented. The implementation aspect should go to the structure.” (Interviewee CB4-Int4).

In order to implement strategy effectively, the existing organisational structure should be checked whether it supports the newly developed strategy. If the organisational structure requires changes, it should be reviewed in line with the requirements of the strategy as shown by interviewees CB1-Int1 and CB3-Int3 below.

“Revising the organisational structure shall be performed after the strategic plan is done. Organisational structure is one of the important tools to coordinate works or rules that are derived from the strategic plan. So, organisational structure places an important role for the effectiveness of the strategy implementation because it is a tool or a means to segregate works or cascade the strategic plan to employees.” (Interviewee CB1-Int1).

“One of the gaps identified in the strategy implementation in our bank was the misalignment of organisational structure with the strategy because, in the past practice, the structure was developed first, and the strategy followed, but currently we have first developed the strategic plan using internal expertise. Once the strategic plan was approved by the Board of Directors, the next step we did was, we comprehensively reviewed the existing organisational structure in tandem with the requirements of the new strategic plan. Organisational structure alignment has a very important role in strategy

implementation, so once you formulate your strategy, the organisational structure alignment has to be performed.” (Interviewee CB3-Int3).

Specifically, during the alignment of the organisational structure to the strategy, the organisational structure should be designed by considering the thematic areas identified in the strategy. The organisational structure needs to support and give adequate focus to the respective thematic areas outlined in the strategy as detailed by Interviewees CB1-Int1, CB3-Int3, and CB7-Int7 below.

“Our strategic plan document enumerates or states that one of the bank’s strategic pillars is customer-focused operational excellence. When we say customer-focused operational excellence, we categorize our customers into two broad categories: corporate customers and retail customers. Accordingly, our structure is designed to support and reflect these thematic areas. There are separate units or functions that deal with corporate customers and retail customers.”(Interviewee CB1-Int1).

“There are four pillars in our strategic plan and they are well represented in the newly revised organisational structure. For example, currently, human capital is organized or structured under chief human capital. This is in line with our strategic direction as human capital development is singled out as one of the four pillars. But in the previous structure, it was part of the resources management cluster with the Treasury and Finance.” (Interviewee CB3-Int3).

“Activities, strategic initiatives, or important milestones have to be bundled before going to design the organisational structure. Then, based on that, the team or anybody who's doing the work of designing the organisational structure has to figure out how to organize the organisation in order to better implement that group of activities. So, the organisational structure has to start

from the strategic activities identified in the strategy document.” (Interviewee CB7-Int7).

Finally, the other very important aspect of organisational structure identified by the respondents was human resource. To effectively implement strategy, the right person should be assigned to the right place. For example, Interviewee CB4-Int4 stated the following.

“The strategy implementation is done by the human resource. The employees should have the right experience and be assigned to the right place. If we assign in such a way, our strategy implementation goes as per our expectation otherwise failure comes then after. In our specific organisation, once we have formulated our strategy and when it got the approval by the concerning organs, we have assigned personnel in a transparent manner beginning from the leadership position, to the directors, and managers. Currently, we are in a position to assign professional staff. So, we have already convinced that if we assign the right people to the right position, the outcome of our strategy implementation will be what we expect.” (Interviewee CB4-Int4).

In summary, the qualitative study findings confirm that alignment of organisational structure to the strategy has a positive influence on the success of strategy implementation. In order to implement strategy effectively, it should be checked whether the existing organisational structure is in line with the newly developed strategy. If there is a gap, the organisational structure shall be adjusted to make it in congruence with the strategy. To be effective in strategy implementation, the organisational structure needs to support and give adequate focus to the respective thematic areas outlined in a given strategy.

5.3.2.8 Effect of Organisational Culture Alignment on Strategy Implementation Success

The quantitative survey finding indicated that organisational culture alignment has a positive and significant effect on strategy implementation success. To get further clarification on the relationship between organisational culture alignment and strategy implementation success, respondents were asked the following questions:

Do you agree organisational culture affects the strategy implementation success of your Bank? If so, how? What entails an effective organisational culture? Accordingly, all the interviewees revealed that organisational culture alignment has a positive influence on strategy implementation success. For example, interviewees CB1-Int1, CB3-Int3, CB7-Int7, and CB4-Int4 noted the following.

“Organisational culture, as you know, is something we believe in common in a given organisation or these are the guiding principles that are shared by all employees. So, organisational culture affects the effectiveness of strategic plan implementation by making a shared vision among employees. When we say vision, it should be shared by all employees. In order to be shared, there should be an effective organisational culture. So, from this perspective, organisational culture plays an important role in the effectiveness of strategy implementation.” (Interviewees CB1-Int1).

“The alignment should be created between the strategy and organisational culture. I think well developed organisational culture is one enabler for the execution of the strategy. Management should be strategy-oriented. There should be strategic thinking among the management team. Management should dwell on strategic issues rather than firefighting and micromanagement aspects. So, in that case, there should be a good alignment of culture with the strategic plan.” (Interviewees CB3-Int3).

“Organisational culture affects strategy implementation because strategy is implemented through people. People behave in a way that they are trained. So, if there is an organisational culture that works against the requirements of the strategy, then the strategy implementation will be very difficult.” (Interviewees CB7-Int7).

“When we speak about culture, it plays a very important role in strategy implementation. For example, if we have the culture of adhocracy which deals with the innovativeness and the team spirits of the personnel that we have, the organisational culture helps us in our strategy implementation. The sense of urgency that our employees have and the leadership aspect of our organisation help us in strategy implementation, so the culture that we adopt, if it is clearly accepted by all employees, helps us to implement our strategy as per our schedule and expectations.” (Interviewees CB4-Int4).

To implement strategy effectively, there should be conducive organisational culture expressed in terms of openness, the commitment of employees and the management, and transparent decision making as outlined by Interviewee CB3-Int3.

“There should be conducive organisational culture for the success of strategic plan implementation. When we say culture, there should be openness, the commitment of staff and the management. There should be open communication among employees at all levels. There should be a transparent decision-making process. In general, the organisational culture should be well nurtured for the success of the strategic plan implementation, in my opinion.” (Interviewee CB3-Int3).

Leadership is very important to inculcate the culture that enhances the strategy implementation. Leadership is the one that influences employees to practice the intended organisational culture that enables the organisation to implement its strategy effectively. Interviewees CB4-Int4, for example, remarked the following.

“Organisational culture in its very nature is a soft aspect of the organisation which binds the organisation as a glue. Strategy and structure are the bone and flesh of our organisation, while culture is the soul of an organisation that gives life to the organisation. If appropriate culture is accepted throughout the organisation, and all employees value it in the same manner, the leadership can influence employees to effectively implement a strategy.” (Interviewee CB4-Int4).

However, it was stressed that installing appropriate culture is not a one-time activity. It requires a lot of effort and needs the commitment of top management as stated by Interviewee CB2-Int2 below.

“Organisational culture is very important to effectively and efficiently implement the targets of the strategic plan. But, organisational culture cannot be done in a day or a year, it is evolving. It takes a longer time. It takes the commitment and dedication of the top management.” (Interviewee CB4-Int4).

Finally, the core values identified in the strategy should be well communicated and implemented to enhance the effectiveness of strategy implementation as discussed by interviewees CB1-Int1 and CB8-Int8 below.

“In the strategic plan, there are core values which we implement or exercise in our day-to-day activities. These organisational core values are part and parcel of organisational culture. So, when we exercise them, we are supporting or underpinning the effectiveness of strategic plan implementation. Generally, organisational culture plays an important role in the effectiveness of strategic plan implementation.” (Interviewee CB1-Int1).

“In a strategy formulation, one of the basic principles is putting core values. The culture should be built on that core values. Those core values are listed or stipulated on the strategy because it is important for the implementation of the strategy. So, if the culture deviates the resources of the employees from

their vision, It would have a negative result. But, if it's built in a supportive way, It will contribute to the implementation process positively.” (Interviewee CB8-Int8).

In general, the qualitative study confirms the importance of organisational culture alignment for the effectiveness of strategy implementation. For effective strategy implementation, there should be a conducive organisational culture that includes openness, the commitment by employees and the management, performance alignment, and a transparent decision-making process. In addition, the core values identified in the strategic plan should be well communicated and implemented to enhance the effectiveness of strategy implementation.

5.3.2.9 Effect of Strategy Monitoring and Evaluation on Strategy Implementation Success

The quantitative phase of the study found out that strategy monitoring and evaluation has a positive and significant impact on strategy implementation success. In order to get further insight into how strategy monitoring and evaluation affects strategy implementation success, respondents were asked the following questions: **How do you assess the effect of strategy monitoring and evaluation on strategy implementation success? What are the major elements of effective strategy monitoring and evaluation?** The findings of the qualitative study indicated that strategy monitoring and evaluation has a positive effect on the success of strategy implementation. For example, interviewees CB3-Int3, CB7-Int7, and CB8-Int8 noted the following.

“Many organisations may craft a good strategic plan. But the problem lies on the execution of the strategy. For effective execution of the strategy, organisations need to have a strong monitoring and evaluation practice. One of the pitfalls identified in the implementation of the last or the concluded strategic plan of the bank was the lack of strong monitoring and evaluation practices. This can be manifested by poor implementation of strategic

initiatives that were meant for effective execution of the strategy.” (Interviewee CB3-Int3).

“Strategy monitoring and evaluation is second to none for effective strategy implementation.” (Interviewee CB7-Int7).

“We have to monitor the strategy implementation. Without monitoring, we are not able to know the effect of the strategy at the ground, so monitoring and evaluation is very crucial for successful implementation of the organisation’s strategy.” (Interviewee CB8-Int8).

In strategy monitoring and evaluation, the strategy implementation has to be monitored and evaluated to identify any gaps between the plan and the actual performances. If there is any gap, necessary actions shall be taken as indicated by interviewees CB4-Int4 and CB3-Int3.

“I think it is better for an organisation to see the intended outcomes at the beginning and try to measure whether that achievement has been registered. If not, timely remedial actions or interventions should be taken. This would help the implementation of the strategy. So, continuous and persistent monitoring of the strategy should be done by all concerning organs.” (Interviewee CB4-Int4).

“For the success of the strategy implementation, we have to ensure that the strategic plan implementation is well progressing based on the plan on the roadmap.” (Interviewee CB3-Int3).

To be effective in strategy monitoring and evaluation, monitoring the effectiveness of the strategy itself is necessary. Due to the changes in the external and internal environment, the assumptions we put in while crafting the strategy may not be applicable. Thus, revising the strategy itself may be necessary. This view was supported by interviewees CB1-Int1 and CB3-Int3.

“Monitoring the effectiveness of the strategic plan by itself on a continuous basis is important because we are operating in a very dynamic environment. The external environment is changing significantly. By monitoring the environment, the strategy needs to be reviewed. So, monitoring the performance as well as the environment is an important or an integral part of the effectiveness of strategic plan implementation.” (Interviewee CB1-Int1).

“The strategic plan shall be well updated taking into account the dynamism of the environment. So, effective strategic plan implementation or monitoring and evaluation should take into account the developments in the external as well as the internal business environment, including the regulatory requirements so as to make the bank agile enough to cope with the changing business environment and keep abreast of the dynamism of the environment.” (Interviewee CB3-Int3).

As stated by interviewee CB1-Int1 below, for effective strategy monitoring and evaluation, the targets or the performance expectations have to be communicated. Performance data has to be collected in a continuous manner to examine the performance variation and appropriate action shall be taken to create accountability for the performance variations that occurred in the course of the strategy implementation.

“Communicating the targets or the performance expectations to the employees is very important for effective strategy monitoring and evaluation. The second one is receiving or collecting performance data on a continuous basis, and finally linking accountability for good as well as for poor performance. I think the accountability part plays the most important role in the effectiveness of strategy monitoring and evaluation.” (Interviewee CB1-Int1).

Finally, for effective monitoring and evaluation of the strategy implementation, an action plan that entails deliverables, milestones, timeframe, responsible units and follow-up mechanism have to be developed and effectively monitored. In addition, an information technology system that enables banks to easily and effectively monitor and evaluate the strategy has to be instituted. In this regard, Interviewee CB7-Int7 noted the following.

“The major elements of effective strategy monitoring and evaluation are deliverables, milestones, timeframe, responsible organ, and follow-up mechanism. For effective monitoring and evaluation, there has to be a system inbuilt in line with the strategic activities to monitor and evaluate.” (Interviewee CB7-Int7).

In summary, the qualitative study findings ratified the importance of monitoring and evaluation on the success of strategy implementation. During strategy implementation, continuous monitoring and evaluation or performance review should be performed to identify any gaps and corrective actions shall be taken if there is a gap between the plan and the actual performances. For effective strategy monitoring and evaluation, specific and clear deliverables, milestones, timeframe, responsible units and follow-up mechanisms have to be identified and monitored in the course of the strategy implementation. Considering the dynamism of the external and internal environment, a strategy review has to be conducted; the strategy itself has to be checked whether it is still viable or not. If the strategy is found to be not viable, it has to be changed or adjusted in line with the prevailing business environment. In addition, to effectively monitor and evaluate the strategy, there has to be an information technology system that helps to track the progress of strategic initiatives and other major activities.

In general, the following findings were pinpointed in the qualitative study:

- The qualitative study identified critical factors that affect strategy implementation success. The factors include strategy communication, alignment of organisational structure, and alignment of organisational culture. Though revealed by a few of the respondents, managerial commitment, ownership of the strategy, clarity of the strategy, and resource allocation were also identified as factors that influence strategy implementation effectiveness.
- The qualitative study supported the positive role of managerial skills in the success of strategy implementation. Managerial skills that entail communication skills, human relationship skills, strategic/conceptual skills, and technical skills were identified as the very important elements for effective strategy implementation in banks.
- The qualitative study found out that managerial social capital positively influences strategy implementation capability. Specifically, the elements of managerial social capital that comprise the trust and open communication among managers, the existence of a shared vision or direction, and synergy and teamwork have vital roles in making strategy implementation successful.
- The qualitative study indicated that effective strategy communication is a very important factor in the success of strategy implementation. Setting clear objectives for the strategy communication, tailored communication for each target group, selecting the appropriate medium of communication, creating a feedback mechanism and continuity of the strategy communication are the five important elements of effective strategy communication identified in the study.
- The qualitative study showed that strategy cascading by itself is not a problem for the success of strategy implementation but adequate attention should be given to the strategy cascading, specifically cascading at the employees' level, otherwise the cascading practice may backfire and negatively affect the success of strategy implementation. Strategy cascading process buy-in,

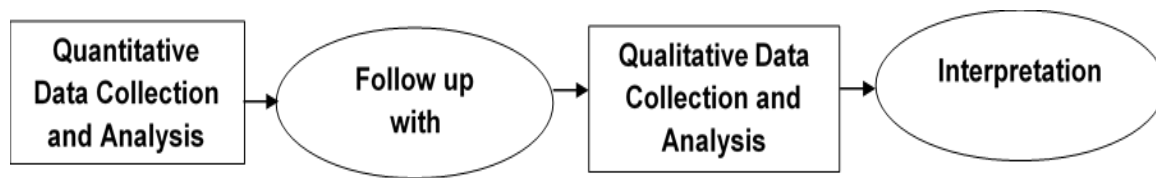
timing and methodology of cascading, the subjectivity of measurements, the existence of effective monitoring, and linkage of performance with a reward system are very important factors that should be taken care of to get the best benefit out of the strategy cascading process.

- The qualitative result stressed the importance of incentives and rewards alignment to the strategy for effective strategy implementation. Incentives and rewards alignment supports the strategy implementation effort through motivating and incentivizing good performers and reprimanding the poor performers. There should be good alignment between the organisation's and employees' objectives to have a good incentive and reward system. In addition, to be effective in strategy implementation, the focus should be given to providing rewards and incentives that induce long-lasting motivational effects. Various types of financial and non-financial incentives and rewards should be incorporated into the rewards and incentives system to enhance strategy implementation effectiveness.
- The qualitative study findings indicated that alignment of organisational structure has a positive influence on the success of strategy implementation. To implement a strategy effectively, the existing organisational structure needs to be checked to whether the existing organisational structure is congruent with the newly developed strategy. If there is a gap, the organisational structure shall be modified to make it in line with the strategy. In addition, to be effective in strategy implementation, the organisational structure needs to support and give adequate focus to the respective thematic areas outlined in a given strategy.
- The qualitative study confirms organisational culture alignment as one of the key factors that influence the effectiveness of strategy implementation. For effective strategy implementation, there should be a conducive organisational culture that includes openness, commitment, performance alignment, and a transparent decision-making process. The core values identified in the

- strategic plan should also be well communicated and implemented to enhance the effectiveness of strategy implementation.
- The qualitative study findings showed that strategy monitoring and evaluation has a positive impact on the success of strategy implementation. Considering the dynamism of the external and internal environment, continuous monitoring and evaluation (performance review) should be conducted, and the strategy itself has to be checked whether it is still viable or not (strategy review). If the strategy is found to be not viable, it has to be changed or adjusted in line with the prevailing environment. For effective strategy monitoring and evaluation, specific and clear deliverables, milestones, timeframe, responsible units, and follow-up mechanisms need to be identified and monitored in the course of the strategy implementation. In addition, to effectively monitor and evaluate the strategy implementation, an effective information technology system should be installed to easily track the progress of strategic initiatives as well as other major activities.

5.4 Integration of the Quantitative and Qualitative Phases of the Study

Considering the nature of the research problem and research questions, the study adopted an explanatory sequential mixed methods research design (quantitative dominated mixed methods research) that employs quantitative data collection and analysis in the first phase of the study and further explains the results of the quantitative study with qualitative data collection and analysis. As shown in Section 5.2.9.2, the hypotheses testing was performed through quantitative data collection and analysis. Subsequently, the qualitative study portrayed in section 5.3 above further explained the quantitative relationships and findings using qualitative data analysis. The following figure depicts the flow of the adopted explanatory sequential mixed methods research design.



Source: Creswell (2014)

Figure 5. 4 Explanatory Sequential Mixed Methods Research Design

As shown in figure 5.4 above, the integration of the two phases of the study was conducted after the end of quantitative and qualitative data collections and analyses. The results generated from the two approaches enable the researcher to compare and contrast the results of the quantitative and qualitative phases of the study. The triangulation performed by the qualitative phase of the study proves the direction and strength of relationships among the latent variables identified in the quantitative phase of the study. For example, both the qualitative and quantitative approaches confirmed the positive relationships between strategy implementation success and that of strategy communication, organisational structure alignment, organisational culture alignment, incentive and reward alignment, and strategy monitoring and evaluation. The importance of managerial skills and managerial social capital in enhancing the strategy implementation capability of commercial banks was also supported by the two approaches. On top of triangulation, the qualitative study has provided adequate explanations on why one latent variable of the study is related to the other. The qualitative study identified several elements that explain the study constructs in detail. The qualitative data analysis also clarified some of the unexpected findings obtained from the quantitative phase of the research. For instance, the qualitative study provided explanations of the unexpected negative relationship between strategy cascading and strategy implementation success. In general, while comparing and contrasting the results of the two phases of the study, the following points were pinpointed.

- Both quantitative and qualitative data analyses confirmed that both managerial skills and managerial social capital are very important factors that enhance the strategy implementation capability.
- The results from the quantitative and qualitative data analyses confirmed that strategy communication, alignment of organisational structure, alignment of rewards and incentives, alignment of organisational culture, and strategy monitoring evaluation are the five most critical factors that affect strategy implementation success.
- The quantitative study found out that there is insignificant negative relationship between strategy cascading and strategy implementation success. However, the qualitative study showed that strategy cascading by itself is not a problem but adequate attention should be given to the strategy cascading, specifically cascading at the employees' level, otherwise the cascading practice may backfire and negatively affect the success of strategy implementation. As per the results of the qualitative study, strategy cascading process buy-in, timing and methodology of cascading, subjectivity of measurements, the existence of effective monitoring, and linkage of performance with reward system were identified as very important factors that should be taken care of to get the best benefit out of the strategy cascading process.
- On top of providing adequate explanations on why one latent variable of the study is related to the other, the qualitative study also identified several elements of the study constructs that were not covered in the quantitative data analysis. For example, in the qualitative study, managerial skills that entail communication skills, human relationship skills, strategic/conceptual skills, and technical skills were identified as the very important elements for effective strategy implementation in banks. Setting clear objectives for the strategy communication, tailored communication for each target group, selecting the appropriate medium of communication, creating feedback mechanisms, and

continuity of the strategy communication were also identified as the five important elements of effective strategy communication.

Detailed integration of the quantitative and qualitative results in relation to the hypotheses and research questions of the study as well as the strategy implementation practices of commercial banks are presented in chapter six.

5.5 Chapter Summary

Chapter 5 presented the quantitative and qualitative results of the study. The first part of the chapter focused on descriptive statistics, evaluation of the measurement, and structural model. To test the research hypotheses, the study specified and tested two models: strategy implementation success and strategy implementation models. The hypotheses testing results revealed that except for one hypothesis, all the other hypotheses of the study were supported.

The results of PLS-SEM algorithm for strategy implementation success model confirmed that except for strategy cascading, positive and significant relationships were confirmed between strategy implementation success and other study constructs that include strategy communication, incentives and rewards alignment, organisational structure alignment, organisational culture alignment, and strategy monitoring and evaluation. The hypothesis “strategy cascading is positively and significantly related to strategy implementation success” was not supported in the study. The study also established and validated the strategy implementation capability as a second order reflective-formative construct that contains five dimensions: strategy communication, incentive and reward alignment, organisational culture alignment, organisational structure alignment, and strategy monitoring and evaluation. The results of the quantitative analysis revealed the positive and significant relationships between strategy implementation capability and its antecedents (managerial skill and managerial social capital) as well as the mediating roles of strategy implementation capability between key strategy implementation-

related resources (managerial skills and managerial social capital) and strategy implementation success.

The second part of the chapter presented the qualitative findings of the study. Based on the primary data collected from the interviewees, qualitative data analysis was performed. The qualitative data analysis showed that strategy communication, incentive and reward alignment, organisational structure alignment, organisational culture alignment, and strategy monitoring and evaluation plays important roles in the effectiveness of strategy implementation. However, the qualitative findings indicated that strategy cascading, especially cascading at the employee's level was challenging and not as such effective in the surveyed commercial banks due to various reasons including the absence of cascading process buy-in, inappropriate timing and methodology of cascading, the subjectivity of measurements, the existence of ineffective monitoring, and lack of linkage between performance and reward system. The findings of the qualitative study also confirmed the importance of managerial skills and managerial social capital in enhancing the strategy implementation capability of banks.

CHAPTER SIX

DISCUSSION OF RESULTS

6.1 Introduction

This chapter integrates and discusses the quantitative results and qualitative findings in relation to the hypotheses of the study and the empirical evidence in the extant strategy implementation literature. The quantitative results and qualitative findings were also integrated to explain the strategy implementation practices of commercial banks in Ethiopia in terms of the constructs of the study. To establish the strategy implementation framework, identification of critical strategy implementation-related resources and key components of strategy implementation capability were essential as they are the major elements of the strategy implementation framework. Thus, the quantitative and qualitative interview-based phases of the study were conducted to address the following major research question of the study:

What are the critical components of strategy implementation capability and strategy implementation-related resources, and how do they relate to each other in a framework for effective strategy implementation?

This major research question was broken into the following seven specific research questions: **RQ1:** What are the key components of strategy implementation capability that affect strategy implementation success? **RQ2:** How do these components of strategy implementation capability affect strategy implementation success? **RQ3:** How does strategy implementation capability affect strategy implementation success? **RQ4:** What are the critical strategy implementation-related resources that influence strategy implementation capability? **RQ5:** How do these strategy implementation-related resources affect strategy implementation capability? **RQ6:** How does strategy implementation capability mediate the relationship between critical strategy implementation-related resources and strategy implementation success? **RQ7:** What is the appropriate model for effective strategy implementation?

By exploring the aforementioned research questions, the study provided a comprehensive picture in terms of how a framework for effective strategy implementation is established within the context of the commercial banking industry. In the subsequent sections, the quantitative and qualitative results were integrated and discussed in relation to the hypotheses of the study, the empirical evidence in the extant literature on strategy implementation and the strategy implementation practices of commercial banks in Ethiopia.

6.2 Research Hypotheses on Critical Strategy Implementation-Related Resources

Two research hypotheses (H_1 & H_2) were proposed and tested to address the RQ4: What are the critical strategy implementation-related resources that influence strategy implementation capability? And RQ5: How do these strategy implementation-related resources affect strategy implementation capability?

The first hypothesis **H_1 : Managerial skills are positively and significantly related to strategy implementation capability** was proposed to examine the relationship between managerial skills and strategy implementation capability. Managerial skills are “a set of abilities possessed by managers and it entails conceptual, human, and technical skills” (Mwanje 2016, p. 55). Research conducted in strategy implementation showed that managerial skills have a positive and significant effect on strategy implementation capability (Mwanje 2016; Chiuri 2015; Kibicho 2015). Managerial skills, especially that of human and technical skills enable managers to become more supportive of their employees and this, in turn, improves the strategy implementation performance through the effective motivation of employees and efficient and effective decision making (Mwanje 2016; kibicho 2015; Chiuri 2015 and Guo et al. 2013).

In line with the prior research conducted in strategy implementation, the quantitative study confirmed that managerial skills have a positive and significant influence on strategy implementation capability ($\beta = 0.258$, $P = 0.004 < .05$). The qualitative phase

of the study also supported the positive role of managerial skills in enhancing the strategy implementation capability. Communication skill, as one component of managerial skills, is very important for effective strategy implementation. Strategy communication is vital in creating buy-in of the strategy by employees. Buy-in of the strategy creates a conducive working environment for effective strategy implementation. When managers do not have the appropriate skill to effectively communicate their strategy, employees do not understand the strategy and thus, strategy buy-in cannot be created. As the result, implementing the strategy becomes difficult. Thus, managers should possess communication skills to influence their strategy implementation positively.

Human relationship skill is vital to motivating and engaging employees. By motivating and engaging employees, organisations can make themselves capable in their strategy implementation endeavour. It is evident that strategy implementation cannot be successful if employees are not motivated and engaged. Motivated and engaged employees are believed to be productive in carrying out their duties and responsibilities. Thus, the human relationship skill of managers is a very important factor in enhancing the strategy implementation capability of an organisation. In addition, managers should have a strategic thinking mind-set to implement their strategy effectively; otherwise, they will focus on performing only their day-to-day routine activities rather than focusing on the strategic goals of their bank. Instead of being proactive, these managers tend to be firefighters and as the result, the strategy implementation effort can be negatively impacted. Thus, managers need to possess both technical and conceptual skills to comprehend the subject matter and understand the whole picture. These help managers to be problem solvers and perform their tasks in an efficient and effective manner. In general, the quantitative and qualitative study supports the positive roles of managerial skills in the success of strategy implementation. Managerial skills that include communication skills, employee relationship /human skills, strategic/conceptual skills, and technical skill were pinpointed as critical factors for effective strategy implementation in banks.

The second hypothesis **H₂: Managerial social capital is positively and significantly related to strategy implementation capability** was proposed and tested to assess the role of managerial social capital on strategy implementation capability. Managerial social capital is a type of social capital that exists among managers and it entails network, norm, and trust among managers (Yohanes et al. 2017). The quantitative phase of the study confirmed that managerial social capital is positively and significantly related to strategy implementation capability ($\beta = 0.541$, $P = 0.000 < .05$). The qualitative part of the study also supports the significance of managerial social capital on strategy implementation capability. Prior studies confirmed that managerial social capital is positively and significantly related to strategy implementation capability. For example, Lehtimäki and Karintaus (2013) underlined the significance of managerial social capital in implementing strategies effectively through the improvement of access to information, trust, and collaboration among individuals. Tantardini and Kroll (2015) also noted that managerial social capital helps managers to emplace effective performance management systems through the enhancement of data sharing and usage among members of the organisations.

Managerial social capital deals with the trust and open communication among managers and it helps them in effectively implementing their strategy through effective communication, synergy, and team building. The trust among managers is a very important factor for effective strategy implementation as it requires the commitment of everyone at every level. If the top management builds trust at every level of the organisation, the middle and lower-level managers can be destined to be committed to carrying out the duties and responsibilities entrusted to them. The other component of managerial social capital is the existence of a shared vision or direction among managers. In order to effectively implement a strategy, the management should have a shared vision and direction of how the organisation aspires to become in a certain period of time and how the organisation's strategy is being implemented to achieve the desired objectives. Having a shared vision and direction gives a

common sense of purpose to the management that smoothens the strategy implementation endeavour. Shared vision and direction among the management is very essential in order to reach a consensus on the various aspects of a strategy and its implementation. If there is idea clarity among the management, there cannot be confusion in setting priorities in implementing the strategy, and this, in turn, is very vital for effective strategy implementation. In general, managerial social capital plays an important role in the effectiveness of strategy implementation. In this regard, the elements of managerial social capital that include the trust and open communication among managers, the existence of a shared vision or direction among managers, and synergy and teamwork have critical roles in making strategy implementation more successful.

6.3 Research Hypotheses on Key Components of Strategy Implementation Capability

Six research hypotheses (H₃-H₈) were proposed and tested to address RQ1: What are the critical components of strategy implementation capability that affect strategy implementation success? and RQ2: How do these components of strategy implementation capability affect strategy implementation success?

The third hypothesis **H₃: Strategy communication is positively and significantly related to strategy implementation success** was proposed and tested to examine the relationship between strategy communication and strategy implementation success. Strategy communication entails the ability of an organisation to effectively communicate its strategy to its stakeholders (Oliveira et al. 2018; Anyieni and Areri 2016 and Otieno 2016). The quantitative analysis phase of the study confirmed that strategy communication is positively and significantly related to strategy implementation success ($\beta = 0.191$, $P = 0.003 < .05$). The qualitative research also found out that strategy communication has a substantial effect on the success of strategy implementation. These findings are consistent with many empirical studies conducted in strategy implementation.

For example, Thanyawatpornkul et al. (2015) stated that strategy communication is one of the three most critical factors affecting the success of strategy implementation as it facilitates the proper execution of strategies through the motivation of employees. Various authors on strategy implementation also claimed that strategy communication positively affects the success of the strategy implementation (Ouma and Gichinga 2017; Alharthy et al. 2017; Bernardo et al. 2017; Anyieni and Areri 2016; Thanyawatpornkul et al. 2015; Mbaka and Mugambi 2014; Pella et al. 2013; Jiang and Carpenter 2013; Yang et al. 2008).

As elaborated in the qualitative part of the study, strategy communication positively affects strategy implementation success in different ways. It allows managers to clarify the strategic objectives and other associated issues to their employees. Strategy communication is all about giving a clear direction to the employees who are participating in the strategy implementation. Through effective strategy communication, the strategy implementers can get clear direction on how to implement the strategy, and this greatly smoothens the strategy implementation effort. During the strategy communication, the expectations of the management will also be clarified and this enables employees to be aware of what is expected from them in the course of strategy implementation. Effective strategy communication is necessary to enable the strategy implementers to understand the strategy and implement the right activities without confusion. Strategy communication improves the strategy implementation success through the creation of buy-in of the strategy. By conducting continuous strategy communication, managers can instil strategy awareness among employees and thereby creating buy-in to the strategy. If the strategy implementers buy-in the strategy, the strategy implementation can be smooth. When the strategy is effectively communicated and gets buy-in from the employees, the commitment of employees to implement the strategy can increase.

In the qualitative data analysis, five key issues that should be considered for conducting effective strategy communication were identified. First, clear objectives should be set for the strategy communication. Before conducting the strategy communication, clear objectives and reasons as to why the strategy communication is conducted should be clearly identified. These enable the management to be effective in planning and conducting the strategy communication sessions. Setting strategy communication objectives also gives an opportunity to develop post-evaluation parameters for conducting an assessment of the effectiveness of the strategy communication. Second, tailored communication for each target group is necessary for effective strategy implementation. Considering the difference in the level of understanding, the objective of the communication, and the expected result, a strategy communication session should be arranged based on the requirements of the target groups. To conduct effective strategy communication, a proper target group should be selected and the communication strategies or tactics should be aligned for the different segments. Third, selecting the appropriate medium of communication is necessary for conducting an effective strategy communication. Medium of communication may include face-to-face communication either in a group or one-to-one, online communication, through written documents such as fliers, memos, magazines, and others. Based on the situation, one or more of the communication channels may be utilized in communicating the strategy. Fourth, appropriate feedback mechanisms should be created to receive comments and feedback from the strategy implementers while communicating the strategy. This helps the organisation to make timely corrections on the strategy communication based on the comments. Fifth, the strategy communication should not be a one-time job, it should be a continuous task. By doing so, the strategy implementers can get an opportunity to raise their concerns and problems faced in the course of the strategy implementation. In addition, continuous strategy communication creates an opportunity for getting appropriate feedback for strategy revision. In general, both the quantitative and qualitative data analyses confirmed that effective strategy

communication is a very vital factor for the success of strategy implementation. Besides, the study identified the five important elements of effective strategy communication that include clear objectives of strategy communication, tailored communication for each target group, selecting the appropriate medium of communication, selection of appropriate feedback mechanisms, and continuity of the strategy communication.

The fourth hypothesis **H4: Strategy cascading is positively and significantly related to strategy implementation success** was proposed and tested to examine the relationship between strategy cascading and strategy implementation success. Strategy cascading is the ability of an organisation to effectively align the strategy (the strategic objectives) to its operations (units and individual objectives) (Srivastava and Sushil 2017; Kilic and Aktuna 2015 and Kaplan and Norton 2008). Various authors in strategy implementation claimed that cascading of strategy to units and individual levels positively affects strategy implementation success (Srivastava and Sushil 2017; Kilic and Aktuna 2015 and Kaplan and Norton 2008). For example, Srivastava and Sushil (2017) stressed the importance of strategy-operation alignment as one major factor for improving the strategy implementation endeavour. He stated that when there is a lack of linkage between strategy and operations, vague and contradicting priorities may arise and this, in turn, leads to ineffective strategy implementation. Masekela (2016) and Kaplan and Norton (2008) also underlined that organisational objectives shall be effectively cascaded into unit and individual objectives to institutionalize the strategy.

However, unlike prior researches conducted on strategy implementation, this study does not support the positive relationship between strategy cascading and strategy implementation success. Though the relationship between strategy cascading and strategy implementation was statistically insignificant, the quantitative phase of the study found out that strategy cascading has a negative influence on strategy implementation success in the case of commercial banks in Ethiopia ($\beta = -0.102$, $P =$

0.142 > .05). This is an unexpected result and an effort was made to clarify it in the qualitative phase of the study. The reasons why the two constructs showed a negative relationship are diverse. First, before cascading the strategy at units and individual levels, some commercial banks did not make their employees own the cascading process. They simply cascaded their strategy to units and individual levels without building adequate consensus among the strategy implementers. It is evident that if employees do not own the cascading process, its implementation would not be successful. Second, strategy cascading may not also be successful if the performance measurements are subjective in nature. As stated in the qualitative analysis, the qualitative nature of some measures adopted by some commercial banks, especially at the Head office level created its own negative influence on the strategy cascading practices of banks. Strategy cascading at employees' level by some commercial banks could not be effective due to the difference in the nature of measures adopted in branches and Head Office levels. The measures adopted at the branch level are usually quantitative and they are relatively accurate in measuring the performance of employees, whereas the measures used in the Head Office units are mainly qualitative and subjective that are prone to inflated scores. This created a discrepancy among the performance measurements among units which in turn negatively affects the performance of strategy implementation. Third, the timing and methodology adopted by some commercial banks for the cascading of their strategy were not appropriate, and this negatively affected the performance of the strategy implementation. As found in the qualitative analysis, the methods some commercial banks used to cascade the strategy were not appropriate as the strategy cascading directly goes down to the employee level without assessing the effectiveness at the Directorate or Division level. In general, from the findings of the quantitative and qualitative phases of the study, it can be inferred that strategy cascading by itself is not a problem for effective strategy implementation. However performing strategy cascading, specifically cascading at the employees' level, without adequate care may negatively affect the success of strategy implementation.

Thus, for effective strategy implementation, the level of strategy cascading process buy-in, timing and methodology of cascading, the subjectivity of measurements, the existence of effective monitoring, and linkage of performance with the reward system should be taken into consideration before cascading the strategy.

The fifth hypothesis **H₅: Organisational Structure alignment is positively and significantly related to strategy implementation success** was proposed and tested to examine the relationship between organisational structure alignment and strategy implementation success. Organisational structure alignment refers to the extent to which an organisation develops and implements an organisational structure that is compatible with its strategy (Gacheru 2016; Waititu 2016; Mwanje 2016; Mutie and Irungu 2014). It is evident from the quantitative analysis phase of the study that organisational structure alignment positively and significantly affects the success of strategy implementation ($\beta = 0.158$, $P = 0.010 < .05$). The qualitative phase of the research also found out that organisational structure alignment has a substantial influence on the success of strategy implementation. This finding of the study is consistent with many empirical studies conducted on strategy implementation. Various authors in strategy implementation indicated that organisational structure alignment to strategy positively and significantly affects strategy implementation success (Srivastava and Sushil 2017; Gacheru 2016; Waititu 2016; Mwanje 2016; Nkosi 2015; Mbaka and Mugambi 2014; Mutie and Irungu 2014; Hunger and Wheelen 2011 and Yang et al. 2008; Freedman 2003). Nkosi (2015), for example, argued that to improve strategy implementation effectiveness, organisations should properly review their organisational structure after crafting their strategy. Yang et al. (2008) also stated that the strategy implementation may be derailed if firms lag behind reviewing their organisational structure based on changes in the business environment.

After crafting the strategy, organisations need to review their organisational structure. If there is a gap between the requirements of the strategy and the existing

organisational structure, alignment of the organisational structure shall be performed to make the organisational structure congruent with the strategy. The organisational structure should support the implementation of the strategy by giving adequate focus to the thematic areas identified in the strategy. For example, if the strategy identifies certain thematic areas such as customer service quality, the organisational structure should give adequate focus on allocating the necessary resources (in terms of human, physical and financial resources) as well as an adequate structure that supports the implementation of the strategy. In addition, to implement strategy effectively, the organisational structure shall facilitate the assignment of the right person at the right place. As a principle, organisational structure may follow the approach of decentralization or centralization, and selecting the appropriate approach shall be determined based on the requirements of the strategy as some strategies may specifically demand decentralization while others may require centralization. In general, the qualitative and quantitative studies underlined that organisational structure alignment is a critical factor for implementing a strategy successfully. Organisational structure should be reviewed or designed after crafting the strategy to check whether the existing organisational structure is in line with the newly developed strategy. If there is inconsistency, the organisational structure shall be adjusted or fine-tuned to make it more compatible with the new strategy.

The sixth hypothesis **H₆: Incentives and rewards alignment is positively and significantly related to strategy implementation success** was proposed and tested to examine the relationship between incentives and rewards alignment and strategy implementation success. Incentives and rewards alignment is defined as the ability of an organisation to suitably tie its incentives and rewards system to its strategy (Mwanje 2016; Mutie and Irungu 2014; Cater and Pucko 2010). Research conducted on strategy implementation showed that incentives and rewards alignment to the strategy has a positive and significant effect on strategy implementation success (Siddique and Shadbolt 2016; Thanyawatpornkul et al. 2015; Mbaka and Mugambi 2014; Mutie and Irungu 2014; Cater and Pucko 2010;

Van Der Maas 2008; Shah 1996). For instance, Mutie and Irungu (2014) pointed out that organisations need to institutionalize appropriate incentive and reward system to improve employees' commitment thereby implementing their strategy effectively. Shadbolt (2016) also pointed out that organisations need to link their appraisal system to their incentive and reward system to make successful strategy implementation.

In line with the previous research conducted in the area, the quantitative study confirmed that incentives and rewards alignment has a positive and significant influence on strategy implementation success ($\beta = 0.201$, $P = 0.002 < .05$). The qualitative phase of the study also supported the positive role of incentives and rewards alignment in enhancing the strategy implementation success. Alignment of rewards and incentives system to strategy is believed to influence strategy implementation positively through the motivation of employees. If an organisation has a well-institutionalized rewards and incentives system, good performers will be rewarded while poor performers will be urged to improve their performances. To be effective in strategy implementation, organisations need to have a system that effectively rewards good performers and reprimands poor performers. There should be good alignment between organisational and employees or individual objectives for enhancing the strategy implementation performance. If an employee believes that achieving organisational objectives leads to the fulfilment of his/her personal objectives through the incentives and rewards system, the employee will definitely exert a good amount of effort to carry out his/her duties and responsibilities, thereby enhancing the strategy implementation effort of the organisation. In general, the quantitative and qualitative results of the study stressed the importance of the alignment of incentives and rewards to the strategy for effective strategy implementation. Alignment of incentives and rewards to the strategy enhances the strategy implementation effort mainly through motivating and incentivizing employees to perform their duties and responsibilities at most care.

The seventh hypothesis **H7: Organisational culture alignment is positively and significantly related to strategy implementation success** was proposed and tested to examine the relationship between organisational culture alignment and strategy implementation success. Organisational culture alignment is the ability of an organisation to effectively link its organisational culture to its strategy (Mwanje 2016). The quantitative analysis phase of the study confirmed that organisational culture alignment is positively and significantly related to strategy implementation success ($\beta = 0.158$, $P = 0.010 < .05$). The qualitative research also found out that organisational culture alignment has a substantial effect on the success of strategy implementation. These findings are consistent with many empirical studies conducted in strategy implementation. Researchers indicated that the proper alignment of organisational culture to the strategy has a positive impact on strategy implementation effectiveness (Galpin 2018; Obeidat et al. 2017; Siddique and Shadbolt 2016; Kibicho 2015; Nyamboga and George 2014; Jiang and Carpenter 2013; Ali and Hadi 2012; Hunger and Wheelen 2011; Alamsjah 2011; Musyoka 2011). For example, Mukhalasie (2014) and Hunger and Wheelen (2011) pointed out that if there is a discrepancy between organisational culture and the strategy, the culture needed to be properly adjusted to effectively implement the strategy; otherwise, the culture will impede the implementation of the strategy.

As portrayed in the qualitative phase of the study, appropriate organisational culture is necessary to implement a strategy effectively. Every strategy may require a specific organisational culture to successfully implement the strategy. For example, organisations that pursue a product leadership strategy may require a culture of collaboration among all teams working on products to effectively implement the strategy. On top of that, there should be a conducive organisational culture to implement a given strategy. Open communication between employees and management, transparent decision-making process, the commitment of employees and management, and alignment to performance are very important aspects of an organisational culture that enhances the strategy implementation performance. By

devising various strategies, the management needs to influence employees to practice the intended organisational culture. The management is responsible to inculcate an appropriate organisational culture that is aligned with the strategy. The compatibility of the organisational culture with the strategy should be reviewed to build an organisational culture that enables the organisation to implement its strategy effectively. As the core values stipulated in a strategy document are the cornerstone of organisational culture, these core values should be effectively communicated to employees. The management should make sure that employees are fully practicing the core values as they are very important in underpinning the effectiveness of the strategy implementation. In general, the quantitative and qualitative phases of the study confirmed the importance of organisational culture alignment for the effectiveness of strategy implementation. For effective strategy implementation, there should be a conducive organisational culture that entails openness, commitment, performance alignment, and transparent decision-making process. In addition, the core values identified in the strategy should be well-practiced by the employees to improve the strategy implementation endeavour of banks.

The eighth hypothesis **H₈: Strategy monitoring and evaluation is positively and significantly related to strategy implementation success** was proposed and tested to examine the relationship between incentives and rewards alignment and strategy implementation success. Numerous researchers pointed out that strategy monitoring and evaluation positively influences the success of strategy implementation (Obeidat et al. 2017, Maiche and Oloko 2016; Mbaka and Mugambi 2014; Pournasir 2013). For example, Mbaka and Mugambi (2014) underlined that for successful strategy implementation, organisations should have an effective performance monitoring system that enables them to track the status of the implementation in a timely manner and also take appropriate action if there is any deviation between the actual and planned performances. In line with the previous research conducted on strategy implementation, the quantitative study confirmed that strategy monitoring and evaluation has a positive and significant influence on

strategy implementation success ($\beta = .333$, $P = 0.000 < .05$). The β value indicates that strategy monitoring and evaluation is the most influencing factor among those latent variables that affect the strategy implementation success. The qualitative part of the study also supported the positive roles of strategy monitoring and evaluation for the successful implementation of a strategy.

During strategy implementation, the performance of the strategy has to be monitored and evaluated, and if there is a gap between the actual and planned performances, corrective actions have to be taken to minimize the gap. If an organisation institutionalized an effective monitoring and evaluation system, the strategy implementation performance can be enhanced by collecting feedback and taking appropriate actions for any performance gaps. While monitoring and evaluation, managers can have an opportunity to give feedback that enables the employees to improve their performances and deliver what is expected from them. On top of monitoring and evaluating the initiatives and activities, the effectiveness of the strategy itself has to be monitored and evaluated. Due to the changes in the external and internal environment, the strategy may not be relevant or valid, as the result, the strategy has to be reviewed or changed in line with the prevailing business environment. For effective strategy implementation, creating a system of accountability is very important. Using performance data, continuous monitoring and evaluation has to be conducted, and based on the performance data, appropriate action should be taken to create accountability for the performance gap created during the strategy implementation. An action plan that entails a list of initiatives/activities, deliverables/outputs, time frame, responsible body, and the required resources should be developed, and based on the action plan, continuous monitoring and evaluation has to be conducted for successful strategy monitoring and evaluation. For easy and effective strategy monitoring and evaluation, the monitoring and evaluation system should be supported by appropriate information technology. In general, the quantitative and qualitative phases of the study support the critical role of strategy monitoring and evaluation in the success of strategy

implementation. During strategy implementation, continuous monitoring and evaluation should be done to evaluate the performance of the strategy, and taking the steady changes in the business environment into consideration, the strategy itself has to be reviewed frequently.

6.4 Research Hypotheses on Strategy Implementation Performance

Three research hypotheses (H₉-H₁₁) were proposed and tested to address RQ3: How does strategy implementation capability affect strategy implementation success? And RQ6: How does strategy implementation capability mediate the relationship between critical strategy implementation-related resources and strategy implementation success?

The ninth hypothesis **H₉: Strategy implementation capability is positively and significantly related to strategy implementation success** was proposed and tested to examine the relationship between strategy implementation capability and strategy implementation success. The quantitative analysis phase of the study confirmed that the construct strategy implementation capability is positively and significantly related to strategy implementation success ($\beta = 0.417$, $P = 0.000 < .05$). It is obvious that if an organisation has created the capability to implement its strategy, it will definitely implement its strategy successfully. The quantitative results of the study also indicated that strategy implementation capability as a second-order reflective-formative construct is a valid construct that contains five dimensions: strategy communication, incentive and reward alignment, organisational culture alignment, organisational structure alignment, and strategy monitoring and evaluation. Thus, to be capable of strategy implementation, organisations have to create capabilities in the area of strategy communication, incentive and reward alignment, organisational culture alignment, organisational structure alignment, and strategy monitoring and evaluation.

The tenth hypothesis **H₁₀: Strategy implementation capability mediates the relationship between managerial skills and strategy implementation success** was proposed and tested to examine the mediating roles of strategy implementation capability on the relationship between managerial skills and strategy implementation success. The results of the quantitative analysis confirmed that strategy implementation capability mediates the relationship between managerial skills and strategy implementation success ($\beta = 0.108$, $P = 0.010 < .05$). That means managerial skills positively and significantly affect strategy implementation capability which, in turn, positively and significantly influence strategy implementation success. The quantitative analysis also showed that, on top of directly influencing strategy implementation success, managerial skills indirectly affect strategy implementation success by affecting strategy implementation capability.

The eleventh hypothesis **H₁₁: Strategy implementation capability mediates the relationship between managerial social capital and strategy implementation success** was also proposed and tested to examine the mediating roles of strategy implementation capability on the relationship between managerial social capital and strategy implementation success. The quantitative results affirmed that the strategy implementation capability mediates the relationship between managerial social capital and strategy implementation success ($\beta = 0.226$, $P = 0.000 < .05$). That means managerial social capital positively and significantly influences strategy implementation capability which, in turn, positively and significantly affects strategy implementation success. The study further confirmed that managerial social capital does not directly affect strategy implementation success; instead, it indirectly affects strategy implementation success by influencing strategy implementation capability.

The mediation analysis of the study illustrated that capabilities are very important in effectively utilizing organisational resources for achieving organisational performance. The resource capability approach of the resource-based view proposes that organisational effectiveness is mainly influenced by an organisation's

ability in translating its resources into capability. Under the resource capability approach, resources such as managerial skills and managerial social capital are very important for creating a capability that enables organisations to implement their strategies effectively (Gupta et al. 2018; Baškarada and Hanlon 2017; Kamboj et al. 2015; Grant 1991). Various researchers underscored the significant roles of strategy implementation-related resources (such as managerial skills and managerial social capital) and organisational capabilities (such as strategy implementation capability) and their interrelation for the successful implementation of strategy (Mwanje 2016; Chiuri 2015; Kibicho 2015; Kemperet et al. 2013; Morgan et al. 2012). In general, the results of the hypotheses testing results confirmed the resource-capability approach that states that possession of key organisational resources leads to capability development thereby influencing organisational performance positively. The study ratified that the key drivers of effective strategy implementation are the resources and capabilities within the firm that are used as input for translating the formulated strategy into successful strategy implementation.

6.5 Strategy Implementation Practices of Commercial Banks

As indicated in the mean scores of the study constructs in chapter five, the strategy implementation practices of commercial banks in Ethiopia were rated from low to moderate levels. The assessment of the strategy implementation practices of commercial banks, expressed in terms of the elements of the conceptual framework of the study (i.e., strategy implementation success, managerial skills, managerial social capital, strategy communication, strategy cascading, organisational structure alignment, organisational culture alignment, incentives and rewards alignment, and strategy monitoring and evaluation), is presented as follows.

While assessing the strategy implementation success of commercial banks in Ethiopia, their strategy implementation success was rated low with mean and standard deviation scores of 3.27 and 1.12, respectively. The major reasons for strategy implementation failure in some commercial banks were inadequate strategy

communication, insufficient organisational structure alignment, and low organisational culture alignment. For example, the major reason mentioned by senior managers for the inadequate strategy implementation in one of the commercial banks was the lack of ownership by the top management to effectively communicate the strategic plan to its employees. In addition, to implement their strategy effectively, banks are expected to sufficiently review their organisational structure and organisational culture to make them congruent with the requirements of the strategy; otherwise, the organisational structure and culture will be the major bottlenecks for implementing their strategy successfully. As found out in the qualitative study, some commercial banks implemented their strategy without reviewing their organisational structure and culture. This created misalignment between their organisational structure/ organisational culture and their strategy, which resulted in a failure of strategy implementation. The other factors identified for the low strategy implementation success in the industry were poor incentives and rewards alignment, inadequate managerial skills, limited organisational social capital, and insufficient strategy monitoring and evaluation.

The quantitative data analysis indicated that the managerial skills in commercial banks in Ethiopia was rated at a moderate level with mean and standard deviation scores of 3.42 and 1.07, respectively. However, the major components of the managerial skills construct, i.e., the ability of managers to delegate effectively, and achieve results by organizing and motivating employees were rated low in the banking industry. This indicates that the majority of managers in commercial banks in Ethiopia have gaps related to effective delegation, organizing of tasks, and motivating employees.

The average score of managerial social capital in the descriptive statistics also showed that the managerial social capital of commercial banks in Ethiopia was found at a moderate level with mean and standard deviation scores of 3.54 and 0.94, respectively. Nevertheless, among the elements of managerial social capital,

management engagement in making open and honest communication with one another was rated at a low level in the industry. The result indicates that there is a weakness in management engagement in conducting open and honest communication, which is vital for creating idea clarity among managers. Idea clarity is very important for effective strategy implementation as it creates a common purpose among managers.

The strategy communication practice of commercial banks in Ethiopia was found at a moderate level with mean and standard deviation scores of 3.63 and 0.93, respectively. The qualitative study identified that some commercial banks have shown a limitation in communicating their strategy effectively. For example, one senior manager in a commercial bank stated that, as the strategy was not owned by the top management, it was not effectively communicated to all employees, and this created a negative influence on the strategy implementation performance of the bank. Thus, to effectively communicate their strategy and thereby enhance their strategy implementation success, commercial banks are expected to enhance their strategy communication capability.

The strategy cascading practice of commercial banks in Ethiopia was rated low with mean and standard deviation scores of 3.35 and 1.02, respectively. The reasons for lower performance in strategy cascading are diverse and examined in the qualitative phase of the study. First, some commercial banks did not make an adequate effort that enables their employees to own the cascading process. They simply cascaded their strategy to units and individual levels without building adequate consensus among the strategy implementers. This created difficulty in cascading strategy effectively. Second, the qualitative nature of some measures adopted by some commercial banks, especially at the Head Office level created its own negative influence on the strategy cascading process of commercial banks. Third, the methods some commercial banks used to cascade the strategy was not appropriate as the strategy cascading directly goes down to the employee level without

assessing the effectiveness at the Directorate or Division level. Thus, these strategy cascading gaps demand appropriate intervention mechanisms to improve the strategy cascading practice of commercial banks.

Based on the average score of incentives and rewards alignment, the incentive and reward alignment practice of commercial banks in Ethiopia was rated low with mean and standard deviation scores of 3.2 and 1.03, respectively. Specifically, commercial banks in Ethiopia have various incentive and reward alignment-related gaps that include, but are not limited to, inadequate incentive and reward system that stimulates strategy implementation, lack of rewards that motivate employees towards effective strategy implementation, and absence of incentive and reward system that enables managers at various levels to recognize good performers.

From the average score of organisational structure alignment, it can be deduced that the organisational structure alignment practice of commercial banks in Ethiopia was found at a moderate level with mean and standard deviation scores of 3.42 and 0.95, respectively. Yet, among the components of organisational structure alignment, the fit between the level of centralization/ decentralization with that of strategy was rated low in the industry. That means, most commercial banks did not adjust the level of centralization or decentralization in their organisational structure to the requirements of their strategy.

As per the average score of organisational culture alignment, the organisational culture alignment practice of commercial banks in Ethiopia was rated low with mean and standard deviation scores of 3.00 and 0.99, respectively. This problem was manifested in the lack of fit between organisational culture and strategy in most of the commercial banks in Ethiopia. To implement a strategy effectively, the existing organisational culture should be verified whether it is in line with the newly developed strategy. If there are deviations, appropriate actions should be performed to align the organisational culture with the requirements of the new strategy.

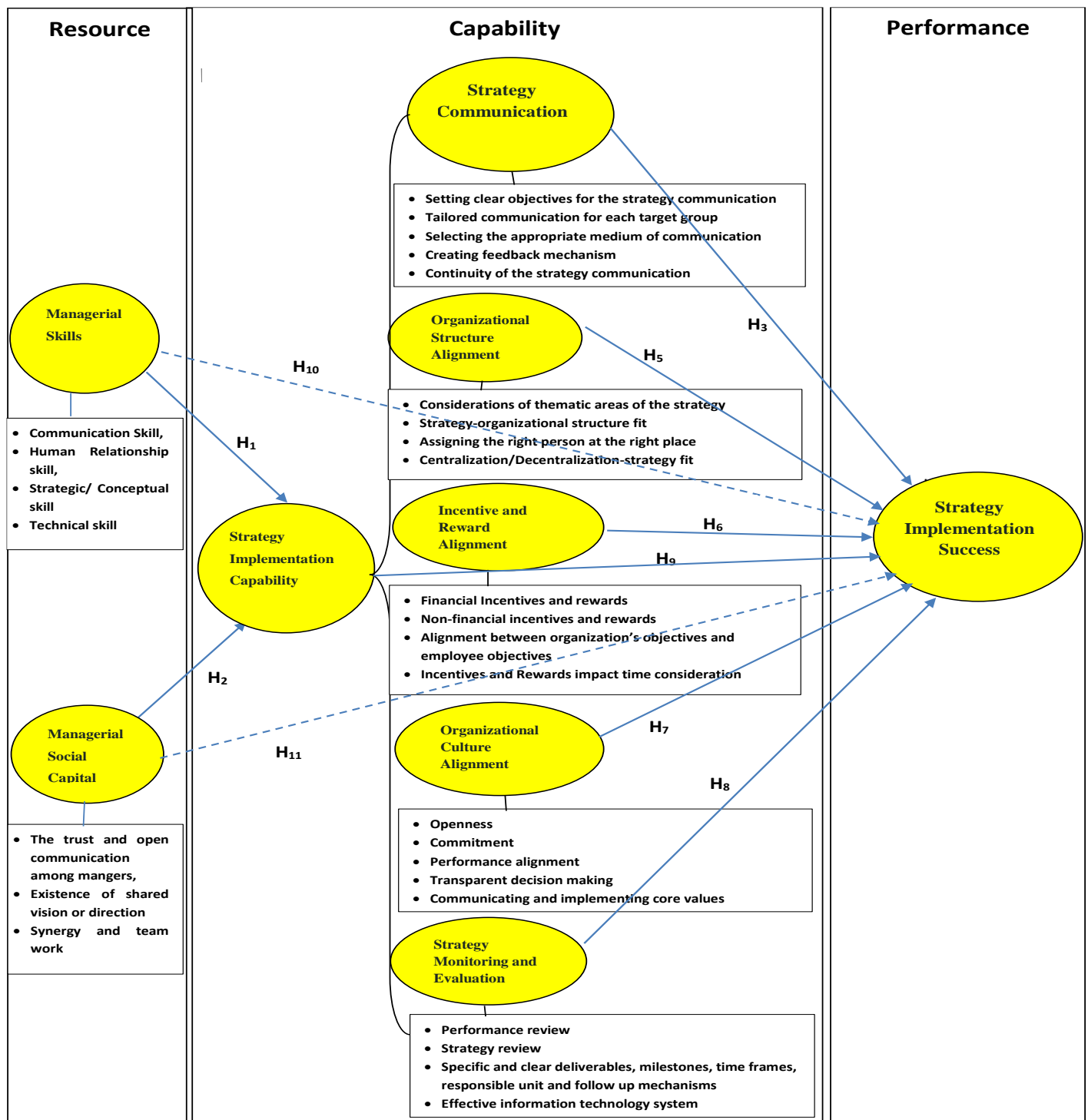
Finally, based on the average score of strategy monitoring and evaluation construct, the strategy monitoring and evaluation practice of commercial banks in Ethiopia was rated at a moderate level with mean and standard deviation scores of 3.5 and 1.01, respectively. Among the major elements of strategy monitoring and evaluation, the identification of changes in the internal and external environment in a timely and comprehensive manner and making managers accountable based on the analysis of collected data were rated low in the industry. That means most commercial banks in Ethiopia lack the capabilities in relation to the identification of changes in the internal and external environment in a timely and comprehensive manner and making managers accountable for performance gaps based on the analysis of collected data.

Thus, considering the above-mentioned strategy implementation practical gaps, commercial banks in Ethiopia need to work on enhancing their capabilities in areas that include strategy communication, alignment of organisational structure, alignment of organisational culture, alignment of incentives and rewards, managerial skills, managerial social capital, and strategy monitoring and evaluation for improving their strategy implementation practice.

6.6 The Final Strategy Implementation Framework

As its deliverable, the study has established an empirically informed framework for effective strategy implementation in the Ethiopian banking industry context, and it is, as the result, expected to help commercial banks as their roadmap in making the necessary actions while implementing their strategy. As per the developed strategy implementation framework, to effectively implement their strategy, commercial banks need to work on developing their managerial skills and managerial social capital as well as improving their strategy implementation capability by focusing on the identified strategy implementation capability components that include strategy communication, organisational structure alignment, incentives and rewards alignment, organisational culture alignment, and strategy monitoring and evaluation.

The proposed strategy implementation framework further elaborated the components of the study constructs in great detail so that commercial banks can easily use the framework to guide their strategy implementation activities in coordinated manner. The developed strategy implementation framework is critical for commercial banks because it clearly identified the critical strategy implementation-related resources and key components of strategy implementation capability on which commercial banks must focus in order to successfully implement their strategy. Based on the quantitative results and qualitative findings of the study, the final strategy implementation framework was developed as shown in Figure 6.1 below.



Source: Researcher's own development (the modified conceptual framework of the study)

Figure 6. 1 The Final Strategy Implementation Framework

6.7 Chapter Summary

In the chapter, the quantitative results and qualitative findings were integrated and discussed in relation to the hypotheses of the study, the empirical evidence in the extant literature on strategy implementation, and the strategy implementation practices of commercial banks. It discussed the relationships among critical strategy implementation-related resources, strategy implementation capability, and strategy implementation success. The chapter also explained the major strategy implementation-related gaps that are negatively affecting the strategy implementation performance of commercial banks in Ethiopia.

In general, both the quantitative results and qualitative findings confirmed that strategy implementation-related resources (managerial skills and managerial social capital) positively affect strategy implementation capability (operationalized in terms of strategy communication, organisational structure alignment, organisational culture alignment, incentives and rewards alignment and strategy monitoring and evaluation), and strategy implementation capability, in turn, positively influences strategy implementation success.

CHAPTER SEVEN

SUMMARY, CONCLUSION, AND RECOMMENDATIONS

7.1 Introduction

As stated in previous chapters, the major objective of the study is to develop a comprehensive framework that augments the effectiveness of strategy implementation. On top of identifying strategy implementation-related resources and key components of strategy implementation capability, the study pinpointed practical gaps that negatively affect the strategy implementation success in commercial banks in Ethiopia. The empirical results of the study validated the conceptual framework that contains three major elements: the strategy implementation-related resources (managerial skills and managerial social capital), components of strategy implementation capability (strategy communication, organisational structure alignment, organisational culture alignment, incentives and rewards alignment and strategy monitoring and evaluation), and strategy implementation performance (strategy implementation success). The following sections present a summary of key findings, conclusion, contributions of the study, recommendations, limitations of the study, and directions for future studies.

7.2 Summary of Key Findings

Based on the discussion of results in chapter six, the main findings of the study can be summarized as follows:

- The strategy implementation success of commercial banks in Ethiopia was rated low as per the mean score of the strategy implementation success construct. Inadequate strategy communication, insufficient organisational structure alignment, low organisational culture alignment, poor incentives and rewards alignment, inadequate managerial skills, limited organisational social

capital, and insufficient strategy monitoring and evaluation were identified as the major reasons for low strategy implementation success in the industry.

- The study confirmed that managerial skills are positively and significantly related to strategy implementation capability. It was further ascertained that communication skills, human relationship skills, strategic/conceptual skills, and technical skills are the critical aspects of managerial skills that positively influence the effectiveness of strategy implementation.
- The study found out that the managerial skills in commercial banks were at a moderate level. However, the major components of managerial skills, i.e., the ability of managers to delegate effectively and achieve results by organizing and motivating employees were rated low in the banking industry. Thus, the identified gaps in commercial banks should be minimized by conducting a need-based and appropriate training in the identified areas.
- The study showed that managerial social capital has a positive and significant effect on strategy implementation capability. Specifically, the trust and open communication among managers, the existence of a shared vision or direction, and synergy and teamwork are the major elements of managerial social capital that significantly affect the strategy implementation success of commercial banks.
- While examining the managerial social capital in commercial banks in Ethiopia, it was exhibited that the managerial social capital in the industry was rated at a moderate level. Yet, among the elements of managerial social capital, management engagement in making open and honest communication with one another was rated low in the industry.
- The study confirmed that strategy communication is positively and significantly related to strategy implementation success. Setting clear

objectives for the strategy communication, tailored communication for each target group, creating feedback mechanisms, selecting the appropriate medium of communication, and continuity of the strategy communication are the five most important elements of effective strategy communication.

- From the assessment of the practice of strategy communication, it can be inferred that the strategy communication practice of commercial banks in Ethiopia was found at a moderate level. In some commercial banks, as the strategy was not owned by the top management, the strategic plan was not effectively communicated to all employees, and this created a negative impact on the strategy implementation performance of these commercial banks.
- The study could not support the presumed positive relationship between strategy cascading and strategy implementation success. Instead, it showed an insignificant negative relationship between strategy cascading and strategy implementation success. The result was unexpected and an explanation was sought in the qualitative phase of the study. Accordingly, it was found out that strategy cascading by itself is not a problem but adequate attention should be given to the strategy cascading, specifically cascading at the employees' level; otherwise, the cascading practice may backfire and negatively affect the success of strategy implementation.
- The strategy cascading practice of commercial banks in Ethiopia was found at a lower level as indicated by the average score of strategy cascading construct. Inadequate strategy cascading process buy-in, inappropriate timing and methodology of cascading, subjectivity of measurements, lack of effective monitoring, and absence of linkage of performance with reward system were identified as the major challenges that hindered the effectiveness of the strategy cascading in commercial banks.

- The study indicated that the alignment of incentives and rewards to the strategy has a positive and significant impact on strategy implementation success. Incentives and rewards alignment supports the strategy implementation effort by motivating and incentivizing good performers and reprimanding poor performers.
- Based on the average score of incentive and reward alignment, the incentive and reward alignment practice of commercial banks in Ethiopia was rated low. Specifically, commercial banks have various incentive and reward alignment-related gaps that include, but are not limited to, inadequate incentive and reward system that stimulates strategy implementation, lack of rewards that motivate employees towards effective strategy implementation, and absence of incentive and reward system that enables managers at various levels to recognize good performers. Various types of financial and non-financial incentives and rewards should be institutionalized in the reward and incentive system to enhance strategy implementation effectiveness. To be effective in strategy implementation, an appropriate focus should also be given to providing rewards and incentives that induce long-lasting motivational effects. In addition, alignment between the organisation's and employees' objectives needs to be created to impact the strategy implementation positively and significantly.
- It was confirmed that organisational structure alignment is positively and significantly related to strategy implementation success. From the average score of organisational structure alignment, it can be deduced that the organisational structure alignment practice of commercial banks in Ethiopia was found at a moderate level. However, among the components of organisational structure alignment, the match between the level of centralization/ decentralization and strategy was rated at a low level in the industry. To implement strategy effectively, the existing organisational

structure needs to be verified whether it is congruent with the newly developed strategy. If there is a gap, the organisational structure should be modified to reflect the requirements of the newly formulated strategy. In addition, to be effective in strategy implementation, the organisational structure should support and give adequate focus to the respective thematic areas outlined in the strategy.

- It is evident from the results of the study that organisational culture alignment has a positive and significant influence on strategy implementation success. As per the average score of organisational culture alignment, the organisational culture alignment practice of commercial banks in Ethiopia was rated at a low level. For effective strategy implementation, there should be a conducive organisational culture that includes openness, commitment, performance alignment, and a transparent decision-making process. The core values identified in the strategy plan should also be well communicated and implemented to enhance the effectiveness of strategy implementation.
- The study indicated that strategy monitoring and evaluation has a positive and significant impact on strategy implementation success. From the average score of strategy monitoring and evaluation, it can be concluded that the strategy monitoring and evaluation practice of commercial banks in Ethiopia was found at a moderate level. However, among the major elements of strategy monitoring and evaluation, the identification of changes in the internal and external environment in a timely and comprehensive manner and making managers accountable based on the analysis of collected data were rated low in the industry. Considering the changes in the external and internal environment, continuous monitoring and evaluation (performance review) and strategy review should be conducted. The strategy itself has to be verified whether it is still valid or not. If the strategy is found to be not valid, it has to be changed or adjusted in line with the prevailing business environment. For

effective strategy monitoring and evaluation, specific and clear deliverables, milestones, timeframe, responsible units, and follow-up mechanisms have to be identified and monitored in the course of the strategy implementation. In addition, an effective information technology system should be installed to easily track the progress of strategy implementation.

- The study operationalized the strategy implementation capability as a second-order formative-reflective construct that entails five first-order constructs: strategy communication, organisational structure alignment, organisational culture alignment, incentives and rewards alignment, and strategy monitoring and evaluation. The results of the study confirmed that strategy implementation capability is positively and significantly related to strategy implementation success. It is evident that if an organisation creates the capabilities in the area of strategy communication, organisational structure alignment, organisational culture alignment, incentives and rewards alignment, and strategy monitoring and evaluation, it can definitely implement its strategy successfully.
- The study results established that strategy implementation capability mediates the relationship between managerial skills and strategy implementation success. That means managerial skills positively and significantly affect strategy implementation capability, and strategy implementation capability, in turn, positively and significantly influences strategy implementation success. The results of the quantitative data analysis also showed that the strategy implementation capability mediates the relationship between managerial social capital and strategy implementation success. It was found out that managerial social capital positively and significantly influences strategy implementation capability, and strategy implementation capability, in turn, positively and significantly impacts strategy implementation success.

7.3 Conclusion

The major objective of the study is to develop a comprehensive framework that augments the effectiveness of strategy implementation. The study developed an empirically validated strategy implementation framework that contains three major components: critical strategy implementation-related resources, key components of strategy implementation capability, and strategy implementation performance. Based on the results of the quantitative and qualitative data analyses, the study concluded that strategy communication, organisational structure alignment, organisational culture alignment, incentives and rewards alignment, and strategy monitoring and evaluation are the key components of strategy implementation capability that positively and significantly affect strategy implementation success. The study also confirmed that managerial skills and managerial social capital are the two critical strategy implementation-related resources that positively and significantly influence the strategy implementation capability of banks. The study operationalized and validated the strategy implementation capability as a second-order formative-reflective construct that entails five first-order constructs: strategy communication, organisational structure alignment, organisational culture alignment, incentives and rewards alignment, and strategy monitoring and evaluation.

On top of identifying strategy implementation practical gaps in commercial banks, the study confirmed the resource capability approach of the resource-based view that states that the possession of key resources leads to the development of capabilities, and capabilities, in turn, positively influence organisational performance. Specifically, it was found out that critical strategy implementation-related resources (managerial skills and managerial social capital) positively influence strategy implementation capability (operationalized in terms of strategy communication, organisational structure alignment, organisational culture alignment, incentives and rewards alignment and strategy monitoring and evaluation) and strategy implementation capability, in turn, positively affects strategy implementation success. In general, the study concluded that the key drivers of effective strategy

implementation are the resources and capabilities within the firm that are used as input for translating the formulated strategy into successful strategy implementation.

7.4 Contributions of the Study

7.4.1 Its Implication on theory

The study adds to the existing knowledge on strategy implementation as it expands the extant strategy implementation frameworks to a broad-based and integrative framework that demonstrates the relationship between strategy implementation success and other key strategy implementation-related latent variables. It has developed a comprehensive and integrated strategy implementation framework that encompasses two critical organisational resources (managerial skills and managerial social capital) and five key components of strategy implementation capability (strategy communication, organisational structure alignment, incentives and rewards alignment, organisational culture alignment and strategy monitoring and evaluation) as well as strategy implementation success as an endogenous latent variable.

The study also complements the strategy implementation literature by adding the resource capability approach to establish a framework for effective strategy implementation. By utilizing the resource capability approach of the resource-based view, the study operationalized and validated a strategy implementation capability as a second-order formative-reflective construct that contains five first-order latent variables as its major components: strategy communication, organisational structure alignment, incentives and rewards alignment, organisational culture alignment and strategy monitoring and evaluation. The study minimizes the extant noticeable gap in conceptualizing and operationalizing the strategy implementation capability construct in the strategy implementation literature (Oliveira et al. 2018 and Huber 2011).

Unlike the majority of research conducted on strategic management that ignores the antecedents of organisational capabilities (Molina-Azorín 2014; Felin et al. 2012;

Abel et al. 2008), the developed strategy implementation framework incorporated the antecedents of the strategy implementation capability. The study identified two critical strategy implementation-related resources (managerial skills and managerial social capital) that positively influence strategy implementation capability. The study tried to bridge the micro-macro divide by employing multilevel analysis using the second-generation modelling tools such as PLS-SEM. Most of the previous strategy implementation frameworks used the micro and macro-level variables in the same level of analysis which is highly prone to logical flaws. However, the study employed both the micro (individual) and macro (organisational) level variables at different levels of analysis to establish a framework for a successful implementation of a strategy. Using structural equation modelling, the study assessed the two critical strategy implementation related resources (managerial skills and managerial social capital) and the macro-level variables (strategy communication, organisational structure alignment, incentives and rewards alignment, organisational culture alignment, and strategy monitoring and evaluation) separately and at different levels of analysis.

Finally, most of the researches on strategic management ignore strategy implementation as one of the major organisational capabilities that enhance organisational effectiveness due to tactical perception of strategy implementation (Amjad 2013; Bobe 2012; Barney 2001). However, this study conveyed that the researchers that assessed the strategy-performance link should acknowledge that strategy presumed may not be realized without effective strategy implementation. They should take the significant role of critical strategy implementation-related resources and key components of strategy implementation capability into consideration in determining the effectiveness of a strategy.

7.4.2 Its Implication on Research Methodology

The study adopted a mixed-methods research approach that utilized quantitative and qualitative research approaches in the different phases of the study. It employed

explanatory sequential mixed methods research design that uses quantitative data collection and analysis in the first part of the study and supports the quantitative results and findings through qualitative data collection and analysis in the second part of the study. It gives a practical example of how the use of both quantitative and qualitative approaches can deliver a more comprehensive insight than a single approach, i.e., either quantitative or qualitative approach, can offer. The qualitative approach brought a lot of issues to light as compared to applying the quantitative approach alone. For example, the qualitative analysis helped the researcher to clarify the unexpected results obtained from the quantitative data analysis. The qualitative phase of the study has provided justifications for the unexpected negative relationship between strategy cascading and strategy implementation success. The results of the quantitative and qualitative data analyses complemented each other. The relationship between the endogenous latent variables such as strategy implementation success and other exogenous latent variables was confirmed by utilizing both the qualitative and quantitative data analysis results. This definitely enhanced the internal validity of the study.

7.4.3 Its Implication on Practice and Policy

The study established a comprehensive framework for effective strategy implementation. This strategy implementation framework contains critical strategy implementation-related resources and key components of strategy implementation capability. This framework gives a clear direction that bank managers should follow when implementing their strategy and it can be used by bank managers as a practical tool for implementing their strategy effectively. In addition, the study can serve as a useful input for policy-makers and concerned bodies as the study identified critical components of strategy implementation capability and strategy implementation-related resources for an effective strategy implementation framework. Inadequate understanding of the factors that affect the effectiveness of strategy implementation might cause a significant problem in implementing strategies effectively and investigating all the eight key strategy implementation related latent variables in one

study provides clear insights for practitioners which factors are more effective in implementing their strategies. In light of that, the study developed a framework for effective strategy implementation in the Ethiopian banking industry context, and it is, as the result, expected to assist commercial banks as their roadmap in making the necessary actions while implementing their strategy. As per the identified gaps in the strategy implementation practices of commercial banks, managers are expected to work on developing the managerial skills and managerial social capital and improve the strategy implementation capability of their bank by giving focus to strategy implementation capability components that include strategy communication, alignment of organisational structure, incentives and rewards alignment, alignment of organisational culture, and strategy monitoring and evaluation.

7.5 Recommendations

The following recommendations, which aim to minimize the identified strategy implementation-related gaps in commercial banks, were pinpointed.

- To enhance their strategy implementation effort, banks should conduct need-based training and development to enhance the skills of their managers. Specifically, trainings that improve communication skills, human relationship skills, strategic/conceptual skills, and technical skills should be given to managers at all levels on a continuous basis to improve the strategy implementation practices of commercial banks.
- Managerial social capital is one of the key resources that enhance banks' capability to implement their strategy effectively. Thus, banks need to work on augmenting their managerial social capital by developing a system that enhances the trust and open communication among managers, creating a shared vision among managers and employees, and improving synergy and teamwork in the organisational units.

- Banks should develop their strategy communication capability to conduct effective strategy communication. Particularly, banks need to focus on setting clear strategy communication objectives, conducting tailored communication for each target group, selecting the appropriate medium of communication, creating appropriate feedback mechanisms, and performing continuous strategy communication for undertaking successful strategy communication.
- The negative relationship found between strategy cascading and strategy implementation success in the case of commercial banks in Ethiopia is alarming for bank managers. Banks should make adequate preparation before undertaking strategy cascading, specifically at employees' level; otherwise, the cascading practice may backfire and negatively affect the success of strategy implementation. Attention should be given for strategy cascading process buy-in, timing and methodology of cascading, the subjectivity of measurements, the existence of effective monitoring, and linkage of performance with a reward system to get the best benefit out of the strategy cascading process.
- The results of the study emphasized the criticality of incentives and rewards alignment to a strategy for successful strategy implementation. Thus, after crafting their strategy, banks should align their incentives and rewards to their strategy by motivating and incentivizing good performers and reprimanding poor performers. A good number of financial and non-financial incentives and rewards should be incorporated into the rewards and incentives system of banks to enhance strategy implementation effectiveness.
- The study indicated that alignment of organisational structure to the strategy has a positive influence on the success of strategy implementation. Thus, after formulating their strategy, banks need to verify whether the existing organisational structure is in line with the newly developed strategy. If there is

a deviation, the organisational structure should be modified to make it congruent with the strategy.

- For effective strategy implementation, a bank management should strive to create a culture of openness and a transparent decision-making process. Banks should also effectively communicate the core values identified in the strategic plan to enhance the effectiveness of strategy implementation. The management should make sure that the core values are well-practiced and implemented by the employees.
- In line with the change in both the external and internal environments, banks should make continuous monitoring and evaluation of the implementation of their strategy, and their strategy has to be verified whether it is still viable or not. If their strategy is found to be not viable, banks should review the strategy timely based on the situations in the prevailing business environment.

7.6 Limitations of the Study and Directions for Future Research

Even though the study has been conducted with due care to its quality to make sure it has meaningful theoretical, methodological, and managerial implications, it was not performed without limitations.

First, the study has been conducted in the Ethiopian commercial banking industry context and thus, the results of the study might not be applicable to other industries as there could be differences in factors influencing strategy implementation success among industries. Thus, the future study shall incorporate data from various industries to make the study findings generalizable to the wider population. Second, the study has utilized cross-sectional data in all variables of the study. If the future studies incorporate longitudinal data, researches will have the opportunity to effectively analyse the cause and effect relationships among variables taking the time-lag into consideration. Third, the population of the study was top and middle level managers (CEO, Vice Presidents and Directors) working in commercial banks

in Ethiopia due to their high involvement in strategy formulation and implementation. The study, however, might be improved by incorporating the perspectives of employees as they are also involved in the strategy implementation related activities. Forth, to model and test the relationships among the latent variables, the study has utilized a variance based partial least square structural equation modelling (PLS-SEM). A similar study may be conducted on the same topic using Covariance based structural equation modelling (CB-SEM) so as to evaluate the methodological differences and impacts.

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APPENDIX I: DATA COLLECTION INSTRUMENT-QUANTITATIVE

QUESTIONNAIRE

Dear Respondent

I am conducting a doctoral research study entitled “A Framework for Effective Strategy Implementation- a Resource-Capability Approach: The Case of Commercial Banks in Ethiopia”. I am a doctoral student at the University of South Africa (UNISA) - Graduate School of Business Leadership. Currently, I’m working in one of the commercial banks in Ethiopia. The study aims to develop a strategy implementation framework to assist commercial banks in Ethiopia to enhance their strategy implementation practice and thereby augment their performance.

This is, therefore, to kindly request you to take time and complete the questionnaire attached herewith. I would like to assure you that the information you provide in this survey will be kept confidential and the research will be used solely for academic purpose.

Thank you in advance for your cooperation.

Best Regards

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INTRODUCTION

The major objective of the study is to develop a strategy implementation framework that assists commercial banks in Ethiopia to enhance their strategy implementation practice. This questionnaire is to be completed by senior and middle level managers and it has three major parts that include strategy implementation performance, strategy implementation related resources and components of strategy implementation. Brief explanations are provided at each section to create common understanding and further clarity on these concepts. Please indicate your level of agreement to each statement by inserting an “x” in the appropriate box using the following five-point measurement scale:

1 = Strongly Disagree

2 = Disagree

3 = Neutral

4 = Agree

5 = Strongly Agree

Please also provide your answer for other questions by inserting an “x” in the appropriate place and corresponding explanations for the open ended questions.

INTRODUCTION

The major objective of the study is to **develop a strategy implementation framework that assists commercial banks in Ethiopia to enhance their strategy implementation practice**. This questionnaire is to be completed by senior and middle level managers and it has five major parts that include demographic profile, strategy implementation success, strategy implementation related resources, components of strategy implementation capability and open-ended questions. Brief explanations are provided at each section to create common understanding and further clarity on these concepts. Please indicate your level of agreement to each statement by inserting an “x” in the appropriate box using the following five-point measurement scale:

1 = Strongly Disagree

2 = Disagree

3 = Neutral

4 = Agree

5 = Strongly Agree

Please also provide your explanations for the open-ended questions at the end of the questionnaire.

PART I: DEMOGRAPHIC PROFILE

Please tick (x) in the appropriate box.

i. Sex	F	M

ii. Qualification	Degree	Masters	Doctorate	Others

iii. Experience in the Bank	Less than 5 years	5 to 10	11-20	Above 20

iv. Your Age	Less than 40 year	40-50	51-60	Above 60

PART II: STRATEGY IMPLEMENTATION SUCCESS

This section deals with the assessment of strategy implementation success and the statements in this section measure the level of strategy implementation success at your Bank over the last three years. Based on your knowledge and experience in the Bank, please carefully indicate the level of your agreement for each statement by inserting “x” mark in the appropriate box.

S. No.	Statement	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
1	Bank's strategy implementation efforts were generally considered a great success by involved and concerned parties.					
2	Comparing actual performance and a priori expectations, the strategy implementation activities of the Bank were considered a success.					
3	Our Bank's implementation efforts are an example of effective strategy implementation.					
4	Overall, the implementation activities in the Bank were effective.					

PART III: STRATEGY IMPLEMENTATION RELATED RESOURCES

This section is concerned with managerial skills and managerial social capital as micro level variables of the study and the statements in this section measures the level of managerial skills and managerial social capital at your Bank. Based on your knowledge and experience in the Bank, please carefully indicate the level of your agreement for each statement by inserting an “x” in the appropriate box.

a) Managerial Skill

S. No.	Statement	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
5	One of greatest strengths of the bank's management is its ability in achieving results by organizing and motivating people.					
6	One of greatest strengths of the bank's management is its ability in organizing resources and coordinating tasks.					
7	One of greatest strengths of the bank's management is its ability to delegate effectively.					
8	One of greatest strengths of the bank's management is its ability to supervise, influence, and lead people.					
9	Bank's management make resource allocation decisions that achieve maximum results with limited resources					

b) Managerial Social Capital

S. No.	Statement	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
10	Bank's management engage in open and honest communication with one another.					
11	Bank's management willingly share information with one another.					
12	Bank's management share the same ambitions for the Bank.					
13	Bank's management enthusiastically pursue collective goals and mission.					
14	Bank's management members are usually considerate of one another's feelings.					
15	Overall, managers in this Bank are trustworthy.					

PART IV: COMPONENTS OF STRATEGY IMPLEMENTATION CAPABILITY

This section deals with the presumed components of strategy implementation capability that include strategy communication, strategy cascading, incentives and reward alignment, organisational structure alignment, organisational culture alignment and strategy monitoring and evaluation. Based on your knowledge and experience in the Bank, please carefully indicate the level of your agreement for each statement by inserting “x” mark in the appropriate box.

a) Strategy Communication

S. No.	Statement	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
16	The Bank engages its managers in the communication efforts about strategy.					
17	The Bank uses multiple communication means (billboard, meeting, reports, and emails) in order to disseminate information about strategy.					
18	The management promotes information flow from employees to managers and laterally between areas/peers.					
19	The management share information about the strategy in a broad and comprehensive manner.					

b) Strategy Cascading

S. No.	Statement	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
20	Strategic objectives of the Bank were cascaded effectively to departmental and units objectives.					
21	Strategic objectives of the Bank were cascaded effectively to individual objectives.					
22	Employees know how they contribute to the strategy implementation of the Bank.					
23	There is good alignment of the strategy and operations of the Bank.					

c) Incentives and Reward Alignment

S. No.	Statement	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
24	The Bank has developed an incentive and reward system that stimulates strategy implementation.					
25	The Bank establishes rewards for exemplary performance that motivate employees towards effective strategy implementation.					

S. No.	Statement	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
26	Bank's incentive and reward system enables managers at various levels in recognizing good performers.					
27	Bank's incentive and reward system provide mechanism and strategies to implement strategy effectively.					

d) Organisational Structure Alignment

S. No.	Statement	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
28	Accountability for critical tasks, decisions, and outcomes is well defined in the Bank.					
29	Roles and responsibilities are organized to support the strategy of the Bank.					
30	The level of centralization matches with the strategy of the Bank.					
31	The level of decentralization matches with the strategy of the Bank.					

e) Organisational Culture Alignment

S. No.	Statement	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
32	The implementation of a strategy often encounters rough going because of deep rooted cultural biases.					
33	The employees see changes as threatening and tend to favor “continuity” and “security”.					
34	The culture of the Bank discourages innovation.					
35	There is a lack of compatibility between strategy and culture.					
36	There is resistance to implementation of Bank’s strategy.					

f) Strategy Monitoring and Evaluation

S. No.	Statement	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
37	The Bank adopts effective procedures to monitor and evaluate results.					
38	The Bank usually Identify changes in the internal and external environment in timely and comprehensive manner.					

S. No.	Statement	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
39	The Bank usually make effective data analyses on results attained, changes in internal or external environment.					
40	The Bank makes managers accountable based on the analysis of collected data.					
41	The Bank engages managers and employees in the adjustments of execution-related actions, goals or deadlines whenever necessary.					
42	The Bank involves top management whenever a change in strategy is necessary.					

SECTION V
OPEN-ENDED QUESTIONS

- a) What do you think are the major factors that hinder or improve strategy implementation success in your bank? Explain how?

- b) In your opinion, what measures shall commercial banks take in enhancing their strategy implementation success?

Thank You!



Desalegne Assefa

APPENDIX II: DATA COLLECTION INSTRUMENT-QUALITATIVE

INTERVIEW QUESTIONS

1. Can you tell us your education level and years of experience in the banking industry?
2. How do you assess the effectiveness of strategy implementation in your Bank? What do you think are the reasons behind the effectiveness or the ineffectiveness of strategy implementation in the Bank?
3. Do you think managerial skills affect strategy implementation capability (i.e., the abilities to implement strategy successfully)? If so how? What do you think are the major skills required by managers that enable the Bank to be capable in strategy implementation?
4. How do you assess the effect of managerial social capital on strategy implementation capability?
5. The quantitative survey result shows that strategy communication has significant and positive influence on strategy implementation success. Do you agree? Why? What do you think are the elements of effective strategy communication?
6. The quantitative survey result shows that strategy cascading has negative influence on strategy implementation success. What do you think are the reasons?
7. Do you think incentives and reward alignment influence strategy implementation success? If so how? What sort of incentives and reward alignment are needed for effective strategy implementation?
8. How do you assess the effect of organisational structure alignment on strategy implementation success? What activities shall be performed to effectively align organisational structure to strategy?
9. Do you agree organisational culture affect strategy implementation success of your Bank? If so, how? What entails an effective organisational culture?

10. How do you assess the effect of strategy monitoring and evaluation on strategy implementation success? What are the major elements of effective strategy monitoring and evaluation?

APPENDIX III: ETHICAL CLEARANCE CERTIFICATE

University of South Africa, P.O. Box 192, Unisa 0003, South Africa
Tel: +27 (0) 11 651 0000 Fax: +27 (0) 11 651 0290
Email: admissions@unisa.ac.za

**SCHOOL OF BUSINESS LEADERSHIP
RESEARCH ETHICS REVIEW COMMITTEE (GSBL CRERC)**

16 August 2021

Ref #: 2021_SBL_DBL_017_FA
Name of applicant: Mr DA Yegzaw
Student #: 63442191

Dear Mr Yegzaw

Decision: Ethics Approval

Student: Mr DA Yegzaw, (63442191@mylife.unisa.ac.za , +251911664897)

Supervisor: Prof F Du Toit, (dutoitf@unisa.ac.za, 011 652 0326)

Project Title: A Framework for Effective Strategy Implementation A Resource-Capability Approach: The Case of Commercial Banks in Ethiopia.

Qualification: Doctor of Business Leadership (DBL)

Expiry Date: July 2023

Thank you for applying for research ethics clearance, SBL Research Ethics Review Committee reviewed your application in compliance with the Unisa Policy on Research Ethics.

Outcome of the SBL Research Committee:
Approval is granted for the duration of the Project

The application was reviewed in compliance with the Unisa Policy on Research Ethics by the SBL Research Ethics Review Committee on the 12/08/2021.

The proposed research may now commence with the proviso that:

- 1) The researcher will ensure that the research project adheres to the relevant guidelines set out in the Unisa Covid-19 position statement on research ethics attached
- 2) The researcher/s will ensure that the research project adheres to the values and

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GRADUATE SCHOOL
BUSINESS LEADERSHIP

principles expressed in the UNISA Policy on Research Ethics.

- 3) Any adverse circumstance arising in the undertaking of the research project that is relevant to the ethicality of the study, as well as changes in the methodology, should be communicated in writing to the SBL Research Ethics Review Committee.
- 4) An amended application could be requested if there are substantial changes from the existing proposal, especially if those changes affect any of the study-related risks for the research participants.
- 5) The researcher will ensure that the research project adheres to any applicable national legislation, professional codes of conduct, institutional guidelines and scientific standards relevant to the specific field of study.

Kind regards,

Wilton Mlitwa

Prof N Mlitwa

Chairperson: SBL Research Ethics Committee

011 - 652 0000/ wiltonb@unisa.ac.za

Phumeli Msweli

Prof P Msweli

Executive Dean: Graduate School of Business Leadership

011- 652 0256/ mswelip@unisa.ac.za

APPENDIX IV: PROFESSIONAL LANGUAGE EDITING CERTIFICATE



ProBe'er Editing and Translation Services

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Date: July 5, 2022

Ref: PBETS/36/2014

To Whom It May Concern

This is to certify that we have provided a language editing service of a PhD dissertation titled “A FRAMEWORK FOR EFFECTIVE STRATEGY IMPLEMENTATION- A RESOURCE CAPABILITY APPROACH: THE CASE OF COMMERCIAL BANKS IN ETHIOPIA” authored by Desalegne Assefa Yegzaw. It was edited by a professional editor with solid experience in academic editing. He is a journal editor and member of local and international professional associations like American Translators Association and the International Society of Managing and Technical Editors.

Regards,

Aklilu Dessalegn
General Manager

ProBe'er Editing and Translation Services