

# Factor Affecting Strategy Implementation Success: The Roles of Organizational Factors' Alignment on Strategy Implementation Success in Ethiopian Commercial Banks

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## Abstract

Research conducted globally indicated that a significant number of business strategies failed to achieve their intended objectives owing to the failure to implement strategies successfully. Identifying the critical success factors for successful strategy implementation is thus of interest to various stakeholders including senior and middle level managers. Accordingly, the study aimed at assessing factors affecting the success of strategy implementation in the context of a developing economy. It investigated the roles of organizational factors' alignment expressed in terms of organisational structure alignment, incentives and rewards alignment, and organisational culture alignment on strategy implementation success in Ethiopian commercial banking industry. The study used a qualitative research approach, and in-depth interviews were held with eight concerned bank officials to obtain the required qualitative data. The study employed a thematic analysis to examine and understand relationships in the qualitative data. The findings of the study revealed that organisational structure alignment, incentives and rewards alignment, and organisational culture alignment are the critical success factors for effective strategy implementation in Ethiopian commercial banks.

**Keywords:** organizational factors' alignment, strategy implementation success, incentives and rewards alignment, organisational culture alignment, organisational structure alignment

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## 1. Introduction

The ability to successfully implement strategy is becoming a competitive advantage in the dynamic world of modern business (Farida & Setiawan 2022). Numerous studies have demonstrated the wide disparity between corporate aspirations and their capacity to achieve them, and despite having a clear and working strategic plan, a significant number of businesses fail to meet their strategic objectives and the major reason was lack of effective strategy implementation (Ngari & Muta 2024; Nienaber & McNeill 2022; Bahadori et al. 2018). Strategy implementation is a big challenge for managers as it contains highly diversified set of activities that are difficult to manage through unstructured approach, and as the result, senior and middle-level managers need to comprehend the key organizational factors that affects the success of strategy implementation (Ngari & Muta 2024; Verweire 2014). Various authors identified organizational factors' alignment which includes organisational structure alignment, incentives and rewards alignment, and organisational culture alignment as the key factors that greatly influence the success of strategy implementation (Cascade 2023; Srivastava & Sushil 2017; Obeidat et al. 2017; Siddique & Shadbolt 2016).

Proper structure-strategy alignment is one of the most critical factors that affects the success of strategy implementation (Ndungi 2017; Onwonga 2015). Structure of an organisation needs to be aligned with strategy as it greatly affects the effectiveness of managerial activities and their decisions (Srivastava & Sushil 2017). It was also pointed out that incentives and rewards alignment positively affect the success of strategy implementation (Siddique & Shadbolt 2016; Mbaka & Mugambi 2014). To effectively implement their strategy, organisations should design competent reward and incentive system that is consistent with the implemented strategy (Mbaka & Mugambi 2014). The effectiveness of the strategy implementation is also positively influenced by a proper alignment of organisational culture and strategy (Siddique & Shadbolt 2016). It was stressed that lack of adaptive culture is one of the possible gaps for the failure of strategy (Obeidat et al. 2017; Srivastava & Sushil 2014).

Although few research has been undertaken to assess the roles of organizational factors' alignment (organisational structure alignment, incentives and rewards alignment, and organisational culture alignment) on strategy implementation success, it is unclear whether organizational factors' alignment that influence the success of strategy implementation applies differently in the banking sector in a developing economy. In addition, the roles of organizational factors' alignment on the success of strategy implementation were not adequately investigated in the extant strategy implementation literature in the context of a developing economy. As stated by numerous researchers, the majority of strategy implementation research was focused on firms in developed countries, except for only a small number of studies undertaken in emerging economies (Nkemdilim 2022; Srivastava & Sushil 2017; Chiuri 2015). Thus, the study explores the roles of organizational factors' alignment which includes organisational structure alignment, incentives and rewards alignment, and organisational culture alignment on strategy implementation success in the context of commercial banks in a developing economy.

## 2. Literature Review

### 2.1 Organisational Structure alignment

Organisational structure alignment entails the abilities of an organisation to effectively align its organisational structure to its strategy, and it can be assessed 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. 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 forward 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.

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; Kirui 2013). An optimum span of control, clear reporting and communication line are very significant factors for effective strategy implementation (Mwanje 2016; Kirui 2013). The rigidity of organisational structure has also a negative impact on the successful implementation of a strategy (Warugongo 2014).

### 2.2 Organisational Culture Alignment

Organisational culture is defined as “the shared values, beliefs, ideologies, and norms held by organisational members that influence their behaviour (Bushman 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).

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, promotion and advertisement (Kibicho 2015).

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”. 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; Hunger & Wheelen 2011).

### 2.3 Organisational Culture 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 & Irungu 2014).

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).

Siddique and 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.

### **3. Methodology**

#### *3.1 Data Collection and Analysis*

The study employed semi-structured interview methods for collecting the qualitative data. The study employed purposive (non-probability) sampling to collect qualitative data from selected Ethiopian commercial banks. Accordingly, 8 management members representing 8 commercial banks were selected for in-depth interview out of 32 commercial banks operating in Ethiopia. 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. 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 study employed a thematic analysis approach to examine the qualitative data. To achieve the intended objectives, the identification of themes, trends, patterns, and relationships in the qualitative data has been performed. 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 & 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.

#### *3.2 Trustworthiness in Qualitative Study*

To enhance the trustworthiness in the qualitative study, the qualitative research criteria of credibility (internal validity), transferability (external validity), dependability (reliability) and confirmability (objectivity) were addressed. 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 further enhance the credibility of the qualitative study, 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 & Guba 1985). 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 & Guba 1985). The study employed a thematic analysis approach to examine the qualitative data. Specifically, clear methodical steps such as getting to know the data, focusing the analysis, categorising information, identifying patterns and connections within and between categories and finally, making interpretation were conducted to analyse the qualitative data (Taylor-Powell & Renner 2003).

Conformability assures whether the entire study procedure has been documented and the results follow naturally from the data (Lincoln & 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).

## 4. Results and Discussion

### 4.1 Profile of Respondents

Eight commercial bank officials responsible for leading and coordinating their respective bank's strategy implementation activities were interviewed to get the 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 1 below.

Table 1. 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 Office	CB8-Int8	Male	MBA	17

Source: Researcher's Own Interview

As shown in Table 4.1 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 were 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.

### 4.2 The Roles of Organizational Factors' Alignment on Strategy Implementation Success

The following sections explore the roles of organizational factors' alignment expressed in terms of organizational structure alignment, organizational culture alignment and incentives and rewards alignment on the success of strategy implementation in the context of commercial banks in a developing economy.

#### 4.2.1 The Roles of Organisational Structure Alignment on Strategy Implementation Success

In order to get insight into the roles of the alignment of organisational structure on strategy implementation success, respondents were asked two questions: how do you assess the roles 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 role on the success of strategy implementation. For example, interviewees CB1-Int1, CB3-Int3, & CB4-Int4 stated the following.

"The organisational structure is a tool which we can bring the strategy down to the implementation on 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 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, our 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).

The existing organisational structure should be checked whether it supports the newly developed strategy to be effective in strategy implementation. If the organisational structure requires changes, it should be reviewed in line with the requirements of the strategy as shown by interviewees CB1-Int1 & 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, & 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).



All in all, the qualitative study findings showed that alignment of organisational structure to the strategy has a positive role on the success of strategy implementation in the context of commercial banks in a developing economy. This finding of the study is consistent with many studies conducted on strategy implementation. Various authors in strategy implementation indicated that organisational structure alignment to strategy has a positive role on strategy implementation success (Srivastava and Sushil 2017; Gacheru 2016; Mwanje 2016; Nkosi 2015; Mbaka and Mugambi 2014; Mutie and Irungu 2014). 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. The findings of the qualitative study stressed that 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.

#### 4.2.2 *The Roles of Organisational Culture Alignment and Strategy Implementation Success*

To get clarification on the roles of organisational culture alignment on strategy implementation success, respondents were asked the following questions: Do you think organisational culture has any role on 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 role on strategy implementation success. For example, interviewees CB1-Int1, CB3-Int3, CB7-Int7, & 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).

As mentioned by the majority of the respondents, organisational culture alignment to the strategy is one of the critical factors for the success of strategy implementation. They indicated that appropriate organisational culture is a prerequisite for effective strategy implementation success. For instance, Interviewee CB7-Int7 forwarded her 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” (Interviewee CB7-Int7).

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.” (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 & 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 research found out that organisational culture alignment has a substantial positive role on the success of strategy implementation. These finding is consistent with prior studies conducted in strategy implementation. Researchers indicated that the proper alignment of organisational culture to the strategy has a positive influence on strategy implementation effectiveness (Obeidat et al. 2017; Siddique and Shadbolt 2016; Kibicho 2015; Nyamboga and George 2014). 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. The findings of the study showed that appropriate organisational culture is necessary to implement a strategy effectively. Every strategy requires 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.

#### 4.2.3 *The Roles of Incentives and Rewards Alignment and Strategy Implementation Success*

The following were the questions forwarded to the interviewees to assess the roles of incentives and rewards alignment on strategy implementation success: Do you think incentives and rewards alignment have any role on 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 incentives and rewards alignment to the strategy has a positive role on strategy implementation success. For example, interviewees CB6-Int6, CB5-Int5, & 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 & 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, & 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.” (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 study supported the positive roles of incentives and rewards alignment in enhancing the strategy implementation success in the context of commercial banks in a developing economy. In line with the finding of the study, previous research conducted on strategy implementation showed that incentives and rewards alignment to the strategy has a significant role on strategy implementation success (Siddique and Shadbolt 2016; Thanyawatpornkul et al. 2015; Mbaka and Mugambi 2014; Mutie and Irungu 2014). For instance, Mutie and Irungu (2014) pointed out that organisations need to institutionalise appropriate incentive and reward system to improve employees' commitment thereby implementing their strategy effectively. Siddique and Shadbolt (2016) also pointed out that organisations need to link their appraisal system to their incentive and reward system to make successful strategy implementation.

The study finding indicated that alignment of rewards and incentives system to strategy influences 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.

## 5. Conclusion

The qualitative study findings indicated that alignment of organisational structure has a positive role on the success of strategy implementation. To implement a strategy effectively, the existing organisational structure needs to be examined to see if it 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. The qualitative study also acknowledged organisational culture alignment as one of the key factors that positively influences 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. Finally, 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. Figure 1 pictorially depicts the positive roles of organizational factors' alignment on strategy implementation success in the context commercial banks in a developing economy.

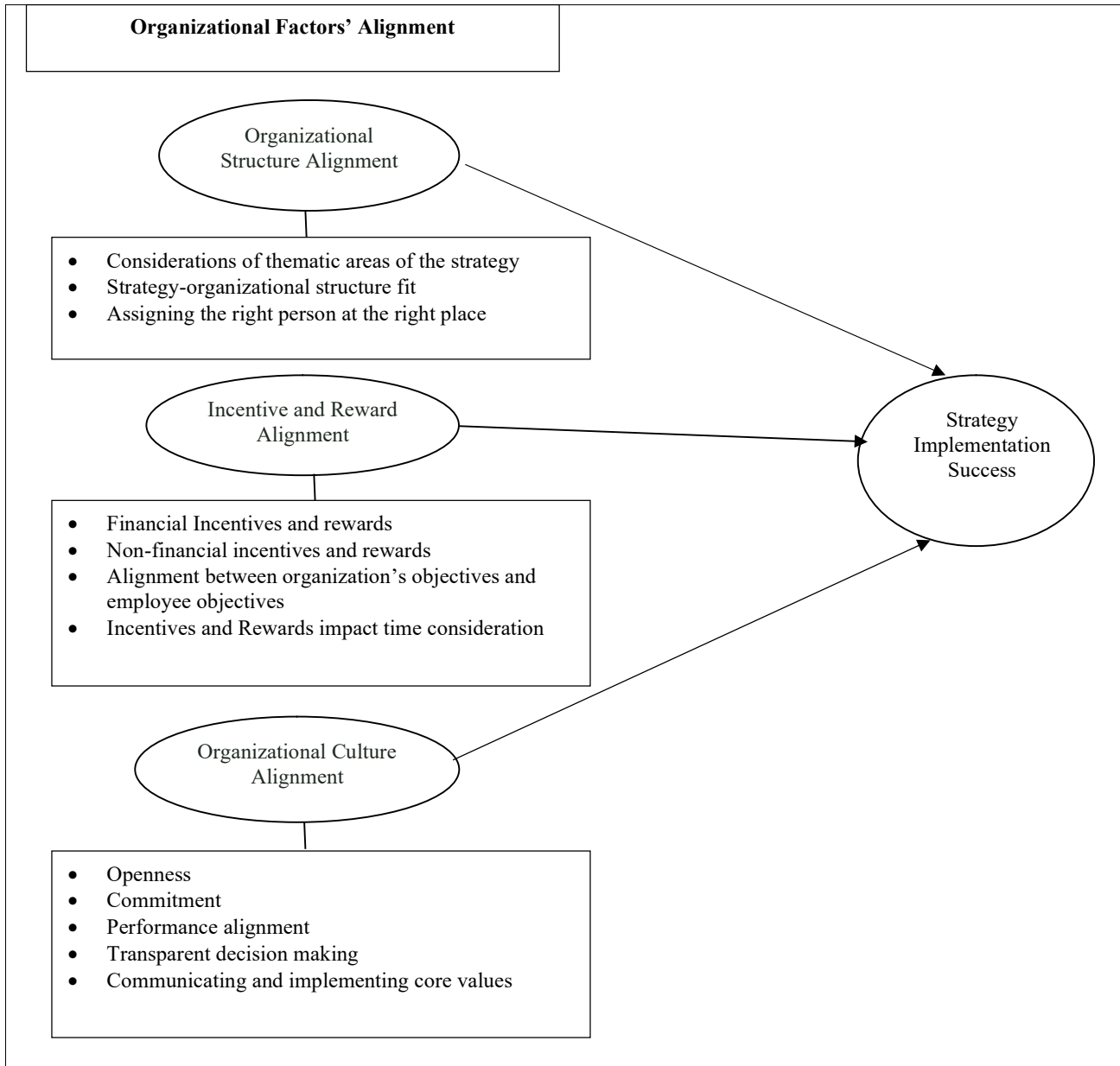


Figure 1. Organizational factors' alignment and strategy implementation success

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