



**ST. MARY'S UNIVERSITY  
SCHOOL OF GRADUATE STUDIES**

**COLLEGE OF BUSINESS & ECONOMICS  
MBA PROGRAM**

**THE EFFECTS OF STRATEGIC PLANNING ON ORGANIZATIONAL  
PERFORMANCE: THE CASE OF OROMIA BANK**

**BY  
MIHRET SEMU**

**July 2024  
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A THESIS SUBMITTED TO ST. MARY'S UNIVERSITY, SCHOOL OF GRADUATE  
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## **Acronyms**

ANOVA: Analysis of Variance

AVE: Average Variance Extracted

OB: Oromia Bank

CEO: Chief Executive Officer

CFA: Confirmatory Factor Analysis

NBE: National Bank of Ethiopia

NFI: Normal Fit Index

NGO: Non-Governmental Organization

PLS-SEM: Partial Least Square Structural Equation Modelling

ROA: Return on Asset

ROE: Return on Equity

ROS: Return on Sale

SME: Small and medium Enterprises

SPSS: Statistical Package for the Social Sciences

SRMR: Standardized Root Mean Square Residual

STATA: Statistics and Data

## **Abstract**

*The purpose of this study is to assess the effects of strategic planning on the performance of banks in Ethiopia, specifically focusing on the operations of Oromia bank. The study utilizes key components of strategic planning, including the organization's vision and mission, SWOT analysis, external environmental analysis, long-term objectives, and the process of generating and selecting strategies. By examining these aspects, the study seeks to gain insights into how strategic planning influences the bank's performance. The study used descriptive and explanatory research designs. Census method was used to allow all target participants to take part in the study. The study focuses on a specific group of employees, namely those working at the Oromia bank head office and the east Finfinnee district strategy management & marketing department. The total number of employees in this target population is 150. Primary data is utilized in this study, gathered with the aid of questionnaires and 110 responses obtained. The data analyzed in descriptive and inferential statistics using IBM SPSS v22. Findings of the study explained on this research through descriptive, correlation and regression analysis. The study revealed that independent variables (organization vision, mission, SWOT analysis, external environment analysis, long term objective and generating and selection of strategy) have positive/direct relationship effect with dependent variable organization performance. The model test conceptual framework of the study and the final model shows same result with regression analysis. All the considered variables have positive correlation with organizational performance in Oromia Bank. The study concludes that strategic planning has a positive effect on organizational performance. The study finally recommends that all factors of the various dimensions should be put into the right perspective to help the general workforce of the bank to understand strategic planning in place to achieve the best organizational performance.*

**Key words:** *strategic planning, organizational performance, organizational vision and mission, SWOT analysis, external environment analysis, long term objective, generating and selection of strategy*



## **CHAPTER ONE**

### **INTRODUCTION**

The purpose of this study is to explore the effect of strategic planning on organizational performance in the case of Oromia Bank. This chapter includes background of the study, the statement of the problem, general and specific objectives of the study, research questions and significance of the study, scope and limitation of the study, operational definition of terms and organization of the paper.

#### ***1.1 Background of the Study***

In this dynamic world where there is high competition, strategic plan is a crucial element for an organization to be in a competitive advantage. To achieve its goal, a certain organization should know how to please customers and employees.

Globalization has purified universal extending exercises and progressively becomes vital for the survival, development and achievement of present-day firms (Spyropoulos *et al.*, 2011). All the while, the financial business has been experiencing real solidification as of late, with various worldwide players rising through progressive mergers and acquisitions (Konstantopoulos *et al.*, 2009). Rivalry is commonly viewed as a positive power in many businesses; it should positively affect an industry's productivity, nature of organization and global aggressiveness.

Regarding this, The Ethiopian Banking Sector is right now involved a national bank (The National Bank of Ethiopia or NBE), two governments possessed banks and sixteen private banks. Under the Growth and Transformation Plan II (GTP II), NBE expanded the base capital for banks to operate to 2 billion Birr (\$90 million) and requires every one of the sixteen as of now working private banks to build their paid-up cash-flow to that sum by 2020.

As of mid-2018, foreign banks are not allowed to give financial related managements in Ethiopia and the market is shut to remote retail banks, yet the division might be liable to change as the legislature of Prime Minister Abiy Ahmed seeks after expansive financial changes. Presently, Ethiopia has enabled some foreign banks to open contact workplaces in Addis to encourage credit to from their countries of origins. Chinese, German, Kenyan, Turkish, and South African banks have opened contact workplaces in Ethiopia.

Banking sector in Ethiopia, as per Admassu B. *et al.* (2014), is undeveloped and fragile. They moreover expressed that the sector is exceptionally restricted, generally weak and represented by a huge offer of state proprietorship. For them, the oppressive strategies forced by the management are adversely influencing the performance of cash and outside trade advertises and weakens private business banks.

Regardless of the previously mentioned troubles of the sector, the number of banks in Ethiopia is expanding every now and then. This is coming about with the expanding in rivalries among banks. This thus prompts sensational impact on the performance of banks, especially in financial and technological advancements.

As Drucker (2012) noted in his book *The Practice of Management*, we can't be content with designs for a future we can predict. We should get ready for all conceivable and a decent numerous incomprehensible possibility. We should have a useful answer for whatever may come up. This underscored the requirement for strategic planning in each organization; expanded or one specialty unit, huge or little. In this context, Strategy is a key management instrument in any organization and it is a multi-dimensional idea that different creators have characterized in various ways. As per Thompson (2012) it is the match between an organization's assets and aptitudes and the natural open doors just as the dangers it faces and the reasons it wishes to achieve.

As a result, in the strategic management field performance of the organization has been examined over and again and the significance of evaluating the performance has been generally perceived. The powerful job of strategic planning to improve organizational performance is very much archived in the strategic management writing (McIlquham-Schmid, 2010). Proof from the written works proposed that strategic planning is one of the components that can improve the organization performance (Sarason and Tegarden, 2003; Efendioglu and Karabulut, 2010; Arasa and K'Obonyo, 2012; Chavunduka *et al.*, 2015).

By exploring multidimensional of strategic planning, it is trusted that the findings of this examination probably give a commitment in broadening the limits of the collection of learning. This study examines strategic planning and its effect on organizational performance in Oromia international bank, in case of east finfine district branches.

## ***1.2 Statement of the Problem and Justification***

The performance of financial organizations is an imperative determinant of financial development and improvement of the manufacturing and service sector business areas (Beck *et al.*, 2004). Since banks in Ethiopia are assuming a vital job in intermediating account and wheeling the economy to work, there is a colossal requirement for understanding what will influence the performance of these institutions in the developing nations like Ethiopia. The issue of the study emerged through the need for learning about variables that have effect on the performance of banks in the nation which is convenient and important. Findings from past researches show that there is a relation between strategic planning and organization performance (Veskaisri *et al.*, 2007; Aldehayyat *et al.*, 2011; Chavunduka *et al.*, 2015) However, certain gaps are seen in researches that cause inconsistent result, which whenever took care of, as indicated by the researcher could give more knowledge into the relationship being analyzed.

In the first place, it has been seen that the researches concentrated on the immediate relation between strategic planning and performance without taking an impression of the way that there are different constructs that could impact the relationship being analyzed (Delmar and Shane ,2003; Dincer *et al.*, 2006; Rudd *et al.*,2008). The dimensions used to define strategic planning in past studies were the following: formality, sophistication, effectiveness, comprehensiveness, extensiveness, completeness, importance, rationality, analysis, goal setting, scanning and analysis, process, factors, systems, openness, innovativeness, characteristics, capabilities and strategy. Additionally, most researchers' attempts to describe effect of strategic planning with performance of organization just in terms of financial related performance (Murphy *et al.*, 1996; O'Regan, *et al.*, 2008).

In Ethiopia, Wubishet (2018) evaluate the strategic management practices of private business banks in Ethiopia. Although, Selamawit (2018) examine was led to the point of surveying the strategic planning, detailing procedure, achievement and its difficulties in commercial bank of Ethiopia. Regardless of the strategic management in an organization, the greater part of the researchers studied in Ethiopia (Tsehay, 2014; Timoteyos, 2015; Dinberu, 2016; Amelework, 2015) and other related studies on the branch of knowledge generally centered on procedure from strategy formulation, strategy implementation to strategy evaluation of an individual firm or non- governmental organizations (NGOs). Furthermore, the previous researches have proved and considered the relationship of strategic planning with firm performance of high importance to business organizations. But a review of the findings of previous studies suggests that the impact of strategy on overall performance is not as clear-cut as one might expect.

The empirical studies investigating direct relationships between strategic planning and performance have attracted criticisms. The main reason for criticism is the mixed results on the relationship between strategic planning and business performances. Chinyamurindi (2016) says there is the need to more investigations into the concept of strategic planning on outcomes such as organizational performance. And as indicates there is scant research that had been done in Ethiopia, especially on the effect of strategic planning on performance of banks of Ethiopia.

Strategic planning for an organization is an important tool in defining its strategy or direction and making decisions on allocating its resources. It may also extend to control mechanisms which help in implementation of the strategy. According to (Hall F., 2018) Strategic planning is a management technique that helps organizations set future goals and objectives to achieve more stable and predictable growth.

Before Five years, OB was commencing a transformational strategy that lay down to conduct an “External Market Research” as one of the important milestones designed to address OB’s segmentation, targeting, and Positioning (STP). Indeed, as a business organization, we must use market research to identify OIB’s target market via gathering customers’ characteristics (existing and Prospects) like historical data (financial), opinions or attitudes about used products and services, their values etc. With the aid of target market research

data, the bank will use it for sales and marketing strategy determination, customer segmentation, Product development, etc. To enable OB, Maintain the existing market share and its leading position.

In general, the study was analyzing the contribution of each key components of strategic planning on organizational performance that portray and indicate filling the research gap. Besides, the tactical strategy workflow describes the actual EMR data that should be collected by each branch and forwarded to their respective districts, and then districts will compile it together and forward it to HO research and Publication division in accordance with the template developed. To this end, some of the data collection attempts were done by some branches and those collected data are found “Poor quality”.

As a result, to align with an EMR goal, the Research and Publication divisions in collaboration with other working units exerted extra efforts to overcome all these shortcomings by using additional data collection approaches and exertions. So that, on each branch’s target market identification Excel sheet report titled as “Other (Centrally Collected Data)” are those data collected and Compiled by HO units.

The researcher wants to investigate the effect of strategic plan in Oromia Bank by checking the procedural process of strategic formulation steps. According to this, the researcher finds out there is a problem which will be related to the strategic planning on organizational performance of the bank.

This is because it has been seen that the plan doesn’t get communicated to employees, and they don’t understand how they contribute the plan doesn’t considered economical sector of the bank industry and technological and skill manpower. Management Employees must also have the authority, responsibility, and tools necessary to impact relevant measures. Otherwise, they may resist involvement and ownership.

Lack of ownership, poor communication, lack of alignment, and slow adoption Is a lack of clear direction without strategic goals and objectives, employees may not know what to prioritize, resulting in confusion, inconsistent performance, and poor use of resources and time management. Market expansion, innovation, cost management, talent retention, risk management, poor environmental analysis of strategy planning, mis understanding of bank mission and vision generally the strategy choose, and goal setting of the bank is affordable to determine the performance of the bank.

Hence, considering the last five year of the strategic plan (2020/2021-2022/2023) report of the of the researcher notified gap between the strategic planning and organizational performance in response to this, the study was trying to analyze the effect of strategic planning on organizational performance in Oromia Bank.

To address this issue the study will focus on the effect of strategic planning on organizational performance in the banking sector.



### ***1.3 Objectives of the Study***

#### **1.3.1 General Objective**

The main objective of the study was to examine the effect of the strategic planning on organizational performance in Oromia Bank.

#### **1.3.2 Specific Objectives**

This research aimed at achieving the following specific objectives: -

1. To examine the impact of a clear and compelling vision on organizational performance OB.
2. To assess the relationship between a mission statement and organizational performance in OB.
3. To analyze the effect of environmental analysis on organizational performance in OB.
4. To investigate the influence of long-term objectives on organizational performance in OB.
5. To evaluate the effects of generating and selecting strategies on organizational performance in OB.

### ***1.4 Research Questions***

From the context of addressing the research problem and meet the objectives of the study, the researcher was established the following broad and specific research questions.

1. How does a clear and compelling vision statement impact organizational performance in OB?
2. What is the relationship between the mission statement and organizational performance of OB?
3. How does a comprehensive environmental analysis affect organizational performance of OB?
4. What is the influence of setting clear, measurable, and ambitious long-term objective on organizational performance, including financial performance, market share or customer satisfaction in OB?
5. How does the process of generating and selection of strategies influence organizational performance in OB?

### ***1.5 Significance of the Study***

Strategic planning is a broad guideline in which organizations operate and move forward to achieve the organizational vision, mission and goals successfully. Therefore, this research may help to provide a better understanding and awareness on the problem related strategic planning in OB, it contributes its share towards improving the process strategic planning in the bank activities.

The researcher is also interested to see the effect of strategic planning on organizational performance of a given entity. Since this issue is not given attention and significant academic researchers were not done on OB, the researcher tries to study the effect of strategic planning in OB.

This study will also enable OB to understand and identify the importance of strategic planning for organizational performance.

It also paves the way for other researchers to further study the relationship between strategic planning and organizational operations from varied perspectives. In addition, it is also believed that this study would be a plus to the existing literatures in strategic planning and organizational performance.

### ***1.6 Scope of the Study***

The study was focus on the effect on strategic planning on organizational performance of Oromia bank with strategic planning key components such as, organization vision, mission, SWOT analysis, external environmental analysis, long-term objective, generating and selection of strategy those strategy formulations are independent variables which affects the dependent variable organizational performance.

This study is delimited to OB Head Office & branches under East Finfinnee district strategic management & marketing department. The study used extensively a quantitative research method in which it confines itself to questionnaire survey on employees of Oromia Bank. This research was focused on cross sectional survey, which ends within six Months, starting on Jan 2024 to Jun 2024.

### ***1.7 Limitation of the Study***

The study has a few limitations. First, the study used one organization for the study. Also, this study has used subjective performance measures and respondent's information provided about the organizational performance considered to be accurate. The use of cross-sectional research design for the study is another limitation since respondents gave their assessment of the given questionnaire statements only once and at a specific time.

### ***1.8 Operational definition of key terms***

This section will focus on defining the central concepts of this study. In previous research these concepts have been defined in a variety of ways. The definitions presented here have drawn from different diverse studies and have been modified to suit the purposes of this study.

- **Strategy planning:** Strategy planning is the development of long-range plans for the effective management of environmental opportunities and threats, considering corporate strengths and weaknesses (SWOT). It includes defining the corporate mission, specifying achievable objectives, developing strategies, and setting policy guidelines (Thomas L. Wheelen J. David Hunger, 2012). It is a set of managerial decisions and actions that determines the long run performance of a corporation. It includes environmental scanning (both external and internal), strategy formulation (strategic or long-range planning), strategy implementation, and evaluation and control, (Thomas L. Wheelen J.David Hunger, 2012).

- **Vision:** It is a goal state embodying a long-term ambition of where an organization would like to be in the future relative to its competitors (Bowen).
- **Mission:** Mission is the pursuit of a goal that is unique to an organization 's competitive advantage—its specific strengths and offerings relative to competitors—while again emphasizing its values (Bowen).
- **Environmental scanning:** Environmental scanning (analysis) is the process by which strategists monitor the environmental sectors (economic, political/legal, social/cultural, technological or ecological) to determine opportunities for and threats to the organization (Pearce and Robinson, 2009). It consists of two components called internal and external environment.
  - **SWOT/Internal environment analysis:** - examines organizations core competencies today that are influenced by internal factors. These factors that are not driven by external market dynamics, but rather by your organization. SWOT analysis primarily looks inward at a company's strength, weakness, opportunities, and threats by internal factors. The three most common factors are resources, capability and human resource.
  - **External environment analysis:** - The company's external environment covers its macro- and micro-environment. The macro-environment consists of forces such as social, cultural, legal, economic, political and technological. Within this are included factors such as demographics, green issues and larger societal and environmental forces. The micro-environment includes other environmental constraints, such as the structure of the market, suppliers, customers, trends in the market and competition (Vignali et al., 2003)
- **Organizational Performance:** According to Yamin (1999), firm performance refers to how well a firm achieves its market-oriented goals as well as its financial goals. Financial 1 performance measurements are the accounting-based measurements such as ROI, percentage in market share, rapid turnover of inventories, and return on asset.

### ***1.9 Organization of the Study***

A brief outline of each chapter is given to provide the reader with an overall summary of the content: Chapter One: The reader is provided with a general introduction, background information, the aims and objectives and the research questions designed for this thesis are outlined.

Chapter two: The Strategic planning and organizational performance are defined. Various definitions are provided and one of the most prominent definitions in the academic literature is utilized as the framework for analysis. Furthermore, empirical findings about strategic planning impact on performance and at last conceptual framework for this thesis is derived entrust of the literature. Chapter Three: The research methods are identified, and the reason why a quantitative approach was chosen to fulfill the aims of this thesis will be analyzed in detail.

Chapter Four: The findings are analyzed, interpreted and discussed.

Chapter Five: All the findings are interpreted to answer the research questions and a critical evaluation of the thesis is provided. Finally, the author offers future recommendations based on the outcome of this thesis.

In the next chapter the author critically evaluates all the relevant academic literature dealing with the subject of Strategic planning and Organizational performance.

## CHAPTER TWO

### RELATED LITERATURE REVIEW

#### INTRODUCTION

This section examines basic issues that structure the foundation of the examination. It is sorted out deliberately beginning of the theoretical literature, principle talk, exact proof of the connection between strategic planning and organization's performance.

The chapter will be subdivided into three sections: The *Theoretical literature review* covers the review of relevant issues such as the concept of strategy planning, key components of strategic planning and organizational performance. The *Empirical literature review* will also deal with effect of strategic planning on the organizational performance in considering the independent variables which will be discussed, and finally *Conceptual framework* of the literature will be discussed.

### ***2.1 Theoretical literature review***

#### **2.1.1 strategy planning**

Strategic planning is the improvement of the long-range strategies and plans for compelling management of condition openings and dangers, considering corporate qualities and shortcomings (Johnson *et al.*, 2011)

Strategic planning has additionally been conceptualized as the assurance of how the organization's central goal, vision, objectives and targets will be met (Kuria, 2014). It can be characterized as the system of making and maintaining consistency between the institution's objectives and assets and its moving prospects (Grant, 2014).

Porter (2008) also says strategic planning is making choices amongst alternative actions and finding the best options that suits and enhances a firm's efficiency and productivity to be executed through the efforts of the people, therefore making it competitive. Strategic planning improves the process of people working together. It brings everyone together to pursue opportunities for better meeting of stakeholder needs.

Hodgetts and Kuratko (2001) and Kraus *et al.* (2006) believe strategic planning can contribute to performance by generating relevant information, by reducing uncertainty and by creating a better understanding of the important environment.

#### **2.1.2 Basic Steps of Strategic Planning**

The sequence of the basic steps involved in the strategic planning process is shown below:

- Organize to Plan
- Organizational Vision, Mission, Activities and Values must be defined and reviewed.
- Do an Environmental Scan or SWOT (strengths, weaknesses, opportunities and threats) Analysis.
- Strategic issues should be identified
- Strategic Goals and Objectives should be developed.
- Create Execution Plans to Achieve Goals and Carry Out Objectives.
- Monitor and Evaluate Periodically and Adjust if Necessary

Strategic planning gives emphasis on creating organizational direction, setting priorities and identifying obstacles and opportunities that may limit or enable to takeout the mission. Business plans and program work plans are often by products of the strategic planning process. After organizational priorities are set and strategic goals and objectives are expressed, these plans are used to describe the implementation details of various strategies such as budget, staffing, funding sources and evaluation activities. (Nickols, 2016)

### **2.1.3 Key Components of strategic planning**

#### **a. Vision Statement**

An organizations vision statement is an aspiration description of what it wants to achieve in the future. A vision statement serves as s clear guide for choosing current and future courses of action- definition of where you want your organization to be in the long term.

Vision statements should to be ambitious and challenging yet attainable enough to evoke employee's ingenuity and creativity as far as its realization is concerned. Core values are enduring principles, ideologies and worldviews that the founding fathers of organization hold in high esteem; these are sometimes referred to organizational vision (Sufi and Lyons, 2003).

The organization's vision and mission are the first step of any strategic planning process. The organization's vision sets out the reasons for its existence and the "ideal" state that the organization aims to achieve; the mission classifies major goals and objectives. Mission statement and the firm's vision are well defined in the framework of the organization's philosophy. They are used as a context for development and evaluation of planned and emergent strategies (Lynch, 2000).

Vision statements have been tremendously accepted as a crucial part of the strategic management process for organizations of all types for profit, a multinational or a small and medium scale enterprise. It is broadly believed that mission and vision statements influence on strategy and most features of organizational performance. Bart *et al.* (2001) posited that mission statements had consistently been shown to be the top-rated management tool deployed by senior managers during each of the ten years prior to his study. Vision statements motivate, shape behaviors, cultivate high levels of commitment and ultimately influence positively on employee performance. Vision statements are widely believed to be antecedents to any strategy formulation effort (Mullane, 2002).

#### **b. Mission Statement**

A Mission statements is a concise explanation an organizations reason for existence and describes its purpose, intention and overall objectives. The mission statement supports the vision and serves to communicate purpose and direction to employees, customers, vendors and stakeholders.

Mission statements are viewed as the critical starting point for almost every major strategic initiative. They are intended to motivate the behaviors of organizational members toward common organizational goals. Mission statement provides a context for strategy and are the ultimate reference point in making critical resource allocation decisions (Bart, 2001).

Stone (1996), stated that mission statement have an integral impact on the performance of employee's as well as organizational performance. An organization's mission is its purpose, or the reason for its existence. It states what it is providing to society (Johnson & Scholes, 2002). Mission statement should state and define the fundamental, outstanding and unique purpose that sets an organization apart from other firms of its types and purpose and should identify the scope of the company's operation in terms of products and services offered and markets served.

### ***c. Environment analysis***

Environmental scanning as one of the important components of strategic planning process has received importance to explore new opportunities and to identify threats for making important strategic decision. Authors in the area of entrepreneurship and small businesses have recognized the need for continuous and conscious study of the environment and integrate the environmental information into their strategic planning (Balasundaram, 2008).

Environmental analysis refers to the process of collecting data about the business environment (e.g., customers, competitors, or market trends) using various technologies and tools. This technique aims to provide information that will let companies make better strategic decisions and adapt to changing market conditions. This, in turn, will help them take advantage of the opportunities that arise and minimize emerging threats, which will contribute to their overall success. It consists of two components called internal and external environment.

- **SWOT/Internal environment analysis:** - examines organizations core competencies today that are influenced by internal factors. These factors that are not driven by external market dynamics, but rather by your organization. SWOT analysis primarily looks inward at a company's strength, weakness, opportunities, and threats by internal factors. The three most common factors are resources, capability and human resource.
- **External environment analysis:** - The company's external environment covers its macro- and micro-environment. The macro-environment consists of forces such as social, cultural, legal, economic, political and technological. Within this are included factors such as demographics, green issues and larger societal and environmental forces. The micro-environment includes other environmental constraints, such as the structure of the market, suppliers, customers, trends in the market and competition (Vignali et al., 2003).

Hannan and Freeman (1984; 1989) emphasized and also supported by Harris and Ogbonna (2006) that a key driver of organizational inertia is a lack of information about the key competitors of the business and in-depth insight of the scenario regarding competition. Hand, Sineath and Howle (1987) also stressed that attention should be paid to competitor's actions in small businesses. The extent to which firms are oriented toward and understand not only the strengths and weaknesses but also the tactical and strategic capabilities of both current and potential competitors is called as competitor orientation of a firm. The lack of knowledge of a firm about its competitors drags it into troubles (Harris & Ogbonna, 2006).

#### ***d. Long-term objective setting***

Long-term objective represents the results expected from pursuing certain strategies. Strategies represent the actions to be taken to accomplish long-term objectives. Objectives ought to be distinguishable and quantifiable to help achieve the strategic long-term goals and initiatives identified in step one.

SMART - Specific, Measurable, Actionable, Relevant, and Timeliness. SMART goals are useful in setting a timeline and identifying the capital and resources should be achieved, and key performance indicators (KPIs) for measuring the success. So that everyone in the organization could incline to work harder for making goals true.

#### ***e. Generating and selection of strategies***

The final stage of a firm's strategy formulation process consists of generating and selecting among competing strategies to pursue their long-term objectives. Strategies are best formulated in conjunction with the previous steps of objective setting and internal and external analysis. Further, a firm can generate many strategies as a starting point for critically evaluating and ultimately selecting those that hold out highest promise of achieving strategic goals.

#### **2.1.4 The importance of strategic Planning**

Strategic planning is a process by which we can envision the future and develop the necessary procedures and operations to influence and achieve that future (Monye and Ibegbulem 2018).

Strategic planning is a demanding process that requires patience, perseverance, and strong teamwork, breathes life into an organization's mission and vision. It enables the achievement of desired goals and objectives by facilitating effective decision-making, even in day-to-day operations, providing a comprehensive understanding of the organization's direction and purpose. Strategic planning gives you clarity about what you want to achieve so that strategic planning is a road map to lead an organization from its current position today to where it should be tomorrow. Therefore, many researchers have proven that strategic planning improves the success of an organization (Abdalkrim 2013).



Houssem Edine highlights the advantage of strategic planning in the following manner: -

- Being proactive rather than reactive is always preferred. An organization's benefit from strategic planning may be summarized as follows. It is a long-term, well-planned procedure. It, therefore, encourages expansion.
- Strategic plan aims to help the firm achieve its goals. Compared to other techniques, this one is more reasonable and consistent.
- Maintaining a long-term and constant environment for the company supports the long-term aptitude and competence of the business. At the same time, it increases the company's profitability and allows for growth. The market share will grow as a result.
- Strategic planning may help identify and manage risks more effectively. Furthermore, the company can stand on its own two feet because of the constancy with which it performs and makes strategic decisions.

#### **2.1.5 Organizational Performance**

Organizational performance is a standout among the most critical builds in the management inquire about. It involves the investigation of an organization's appearance when contrasted with objectives and targets. Daft (2010), characterized organizational performance as the capacity of an organization to use its resources (*e.g.* Knowledge, people, and raw materials) to accomplish organizational objectives in a compelling and effective way. O'Regan and Ghobadian (2007) defines performance as "the ability of an object to produce results in a dimension determined a priori, in relation to a target". Wu (2009) also defines an organization's performance in terms of how well the organization is managed, and the value the organization delivers for customers and other stakeholders.

#### **2.1.6 The relationship between strategic planning and Organizational performance**

According to Richard Rumlet good strategy provides a framework for decision-making and resource allocation. It aligns an organization's activities and resources towards a specific set of objectives, enabling the organization to concentrate its effort and achieve superior performance. A good strategy provides a clear roadmap, aligns resources, create a competitive advantage, enables adaption to changing environments, fosters coordination, and promotes continuous improvement. By developing and implementing a good strategy, organizations can enhance their performance and achieve sustainable success.

### **2.2 Empirical Literature Review**

Various related studies were conducted by different researchers in different parts of the world. However, there are very limited numbers of studies conducted in Ethiopia on the effect of Strategic Planning on Organizational performance.

Strategic planning is a management work that centers on the development and future supported prosperity of an organization. Strategic planning has gotten uncommon consideration in strategic management look into, especially as far as its organization with financial related performance and its job in strategic decision making (Grant, 2003). The inquiry regarding whether organizations that training, strategic planning improve as far as their performance (financial and non-financial) tested numerous management schools, creators, specialists and organizations to examine into and measure the effect of strategic planning on organizational performance. Some related researches are currently talking about concerning the connection between parts of the strategic planning process, (for example, formulation, implementation and evaluation) and organization performance, blended outcomes seem to exist.

A surge of work seems to propose that these parts of the strategic planning process are connected to performance measurements inside the organization (*e.g.* Arabzad *et al.* 2015). Chavunduka *et al.* (2015) found that there was a positive connection between strategic planning and organizational performance measures, for example, overall gain, net income, return on investment and market share, among others. Taiwo and Idunnu (2010) examined the impact of strategic planning on organizational performance and survival. The study evaluated the planning-performance relationship in organization and the extent to which strategic planning affected performance of First Bank of Nigeria.

In African Context, Adegbie and Fakile (2013) examined strategic planning and performance: catalyst for sustainability and stability in the Nigerian financial sector utilizing Multivariate Analysis of variance (MANOVA) model. The findings from the observational examination uncovered that strategic planning was not legitimately organized and at times missing in the financial sector which made difficult issues for the country.

In a related improvement, Falilat (2013) analyzed strategic marketing planning and the Nigerian financial industry. Utilizing Chi-square strategy, he found that marketing division is the principle income creating an office in the financial business. Hence, he presumed that for a bank to effectively accomplish its objectives and target for preparing an expansion in long-run benefit, it needs to build up a decent marketing plan and strategy.

Arasa and K'Obonyo (2012) noticed that there is a positive connection between strategic planning and organizational performance. The two creators' further pressure that the achievement and great performance of organizations are fixated on how usage, control and assessment of the strategic planning process is led.

### Research Gaps

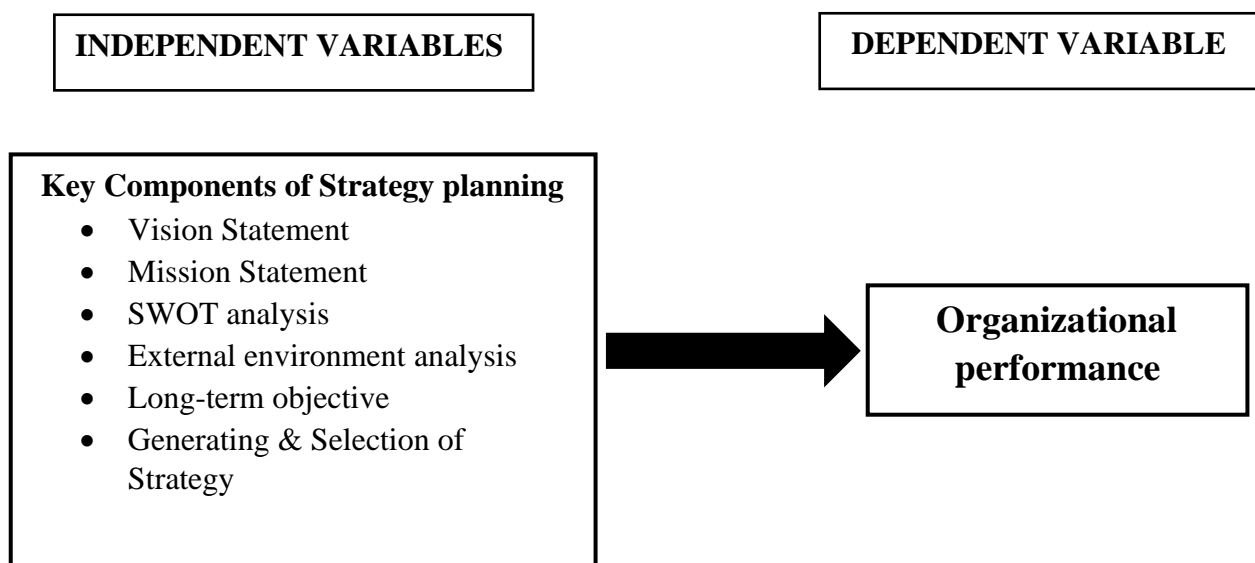
The success of one organization's performance depends on the different various factors in the operation process. According to Gizaw Kifle Alemu (2020), to evaluating the performance of once organization, continuous flow of resources (the required quantity/amount at the right time) and efficient utilization of the available resource had great effect on the strategy planning. And also, strategic planning affected by the

organization vision, mission long term objective, external environment scanning and generating strategies selection in operation time. In this research many internal elements/factors that hinder the organization were considered/included, but the external factors that are out of the organization which have great effect on the operation period are not included. Hence, this is the gap that the researcher proposed to study. The achievement/successfulness of strategic planning highly depends on adequate employee participation, organizational vision, mission, objective, long term objective and capability of the employees starting from the strategic planning and up to process (Doris Kimbui Shisia, 2018).

This seems the factors that hinder the strategic planning affected merely by internal factors which are not. By understanding this gap, this study included the effect of the external environment on the strategic planning. And, Addisalem Tadesse, Belay Adamu and Fanta Tariku (2019), study on factors influencing strategy implementation. They considered only internal factors from different views on various sectors. As literature reviews indicate, strategic planning can be affected by many factors like strategic objective of the organization, organization vision, and mission long term objective, employee participation and resource allocation, policy organizational structure in different organizations. Many of the researchers focused on internal factors by excluding external factors which can hinder the organization not to apply/implement the planned activity as required. This indicates that there is a gap, as the external environment also has a great effect on the strategic planning in various ways.

### 2.3 Conceptual Framework

The conceptual schema of the relationship between the dependent variable (Performance) and independent variables (vision, mission, SWOT, external environment analysis, Long-Term Objective, Generating and selection of strategies,) is depicted here below:



*Figure 1: Conceptual Model for Strategic Planning and Organizational Performance*  
*Source: Adopted from (Peter Drucker 1954, Brews & Purohit 2007)*

## **CHAPTER THREE**

### **RESEARCH DESIGN AND METHODOLOGY**

This chapter contains the research methodology that suitable to achieve the research objective. It describes research approach, research design, target population, sample frame, Sample size, sample techniques, data sources and type, data collection instrument, data analysis methods, validity and reliability and research ethics to be followed.

#### ***3.1 Research Design***

The researcher used explanatory and descriptive research design to examine the effect of strategic planning on organizational performance within the employees of Oromia bank under head office and East finfine district branches. The research takes advantages of descriptive research like its effectiveness to analyze the issues and the possibility to observe the phenomenon in a completely on strategic planning and organization performance.

Descriptive research design characterizes a subject, frequently by making a profile of a gathering of issues, individuals or occasions through accumulation of information and classification of frequencies on investigate factors or their collaboration (Cooper and Schindler, 2013). The study was conducted by using descriptive and explanatory design. Descriptive design used to analyses numerical data and explanatory design used to identify the relationship among the independent variables and organizations performance.

#### ***3.2 Research Approach***

There are three types of research approach quantitative, qualitative and mixed. Therefore, this was study utilizes quantitative research approach. Since it is used with predetermined and highly structured data collection techniques under this study. Thus, the were study used explanatory methods approach as a design in methods in which the researcher collects quantitative data analyzes the results, and then uses the results to find conclusion and recommendation. The study used in quantitative where survey research is followed since it provides a quantitative or numeric description of trends, attitudes, or opinions of a population by studying a sample of that population that includes a cross-sectional study using survey questionnaires for data collection with the intent of generalizing from a sample to a population, (Fowler, 2021).

#### ***3.3 Data type and source***

The principal source of data for a research was primary data source. One of the primary source tools i.e. the questionnaire, has three parts: demographic profile, strategic planning key components and organizational performance. The questionnaire used was adopted from (Anna 2019). The questionnaire was used to collect data from every individual respondent.

### ***3.4 Target Population and Sample size determination***

#### ***3.4.1 Target population***

The study was aimed at examining the effect of strategic planning on organizational performance of Oromia Bank. Since the strategic planning is led by the Head Office located in Addis Ababa, the study focused on the strategy management employees of the organization at head office & marketing department employees at east finfinne district. The target population in the case at hand comprises 150 employees of OB. In which it consists of all strategy management department employees at head office, which are 12 and east finfinne district marketing department employees which are 138.

#### ***3.4.2 Sampling Technique***

The purpose of this study was to examine the effect of strategic planning on organizational performance in Oromia Bank. Since the strategic planning is led by the Head Office located in Addis Ababa and there are 12 strategic management directorial employees and East finfinne district marketing department employees which are 138. Accordingly, the total population of OB in East finfinne district and head office was 150. In this study census method was conducted since they have manageable population size.

### ***3.5 Methods of Data Collection***

A survey questionnaire was adopted (close ended questionnaire) to obtain primary data that enables the researcher to measure the relevant constructs in a quantitative manner through the use of statistical techniques to analyze the respondents' level of agreement or disagreement in the differences between the variables employed in the study and the questionnaire uses a five-point Likert scale to measure the variables employed to obtain quantitative data. The survey conducted using close ended questionnaires.

#### ***Data Collecting and Instrument***

Questionnaire was prepared in line with the objectives of the study to get general information/demography, factors affecting strategic planning on organizational performance. The close-ended type questions were structured and the responses to the questionnaire were also measured by likert scale of strongly agree, agree, neutral, disagree and strongly disagree with five ratings.

### ***3.6 Data Validity and Reliability***

As defined by Hair, et al., (2010), reliability and validity, jointly called the “psychometric properties” of measurement scales, are the yardsticks against which the adequacy and accuracy of the measurement procedures are evaluated in scientific research. To conduct this study, the validity and reliability was tested as the following.

#### ***3.6.1 Validity***

As it argued by Saunders, Lewis and Thornhill, (2009) one type of validity which content validity is referring to the extent to which a questionnaire offers enough coverage of the examined questions. The content validity

is the assessment of the correspondence between the individual items and concept. According to Bhattacharjee, (2012) explained validity, often called construct validity, refers to the degree in which the test is truly measuring what it is supposed to measure. In order to assure the validity of the study instrument, different relevant literature is amended by discussion with advisor and other professionals for clarity of the research.

### **3.6.2 Reliability**

Cronbach's alpha has the highest utility for questions on an interval scale providing a unique, quantitative estimate of the internal consistency of a scale (Cooper & Schindler, 2014). According to Sekaran (2003), the closer the reliability coefficient gets to 1.0, the better it is, and those values over 0.8 are considered as good. Those values in the 0.7 are considered as acceptable and that reliability value less than 0.6 is considered being poor.

### **3.7 Data Analysis Methods**

Data collection has taken place and the data has been transformed into useful information then comes the next step which is data analysis (Bryman and Bell, 2011). The primary data collected through self-administered questionnaires were analyzed using both descriptive statistics and inferential statistical analysis. The analysis of the collected data was computed by Statistical Package for Social Sciences (SPSS) software version 22.

Descriptive statistics was used mainly to organize and summarize the demographic and general data that collected from Banks' respondents and it employed percentage, frequency, mean, and standard deviation. This method was selected because it provides a pictorial explanation to the presentation.

Inferential statistics was used regression models to test research objectives. Different types of inferential statistics like, multiple regression analysis was used to measure the magnitude effect of strategic planning on bank's performance and Pearson correlation was used to identify relationship among each factor and performance variables.

### **3.8 Ethical Considerations**

As per Bryman and Bell (2007) the accompanying ten points speak to the most critical standards identified with moral contemplation in dissertations:

- The research participant ought not to be exposed to hurt in any ways at all.
- Respect for the nobility of research participant ought to be prioritized.
- Full assent ought to be gotten from the participant preceding the study.
- The security of the protection of research participant must be guaranteed.
- Adequate dimension of secrecy of the study information ought to be guaranteed.
- Anonymity of people and associations taking part in the study must be guaranteed.

- Any misdirection or misrepresentation about the points and targets of the exploration must be evaded.
- Affiliations in any structures, wellsprings of subsidizing, just as any conceivable irreconcilable circumstances must be pronounced.
- Any kind of communication in connection to the research ought to be finished with genuineness and straightforwardness.

## CHAPTER FOUR

### DATA PRESENTATION, ANALYSIS AND INTERPRETATION

#### INTRODUCTION

In this chapter, the data collected from the respondents for the purpose to study the effects of strategic planning on organizational performance in the Oromia Bank depending on the proposed variables results presented, analyzed and interpreted. The first part of the section deals with questionnaire, respondent rate and reliability of the research instrument. On the second part descriptive and inferential analysis of variables and at the end the discussion of the results presented.

#### ***4.1 Questionnaire Respondent Rate***

Out of the total 150 questionnaires that were distributed to the selected Oromia Bank head office & east finfine district employees planned for the study, 110 questionnaires were collected and used in research. Hence the return rate of the collected questionnaires 73.33%. According to Rubin & Babbie (2010), any response rate of 70% is very good/ for further analysis. Thus, 73.33% respondent's rate for this study was acceptable.

Table 1 Questionnaires Response Rate

Category	Frequency	Percentage
Collected	110	73.33%
Uncollected	40	26.67%
Total	150	100%

#### ***4.2 Reliability***

The reliability refers to a measurement that supplies consistent results with equal values (Blumberg et al., 2005). In the reliability test, Cronbach's alpha was used to measure internal consistency of items in the research instruments. According to the Cronbrach's alpha rule of thumb results, if  $\alpha \geq 0.9$  it means excellent correlate, if  $0.9 > \alpha \geq 0.8$  good internal consistency, if  $0.8 > \alpha \geq 0.7$  is acceptable,  $0.7 > \alpha \geq 0.6$  questionable,  $0.6 > \alpha \geq 0.5$  indicate the poor (low reliability).



Table 2 Reliability Test Results

Reliability Statistics Results		
Variables	Cronbach's Alpha	Number of Items
Visio statement	0.905	5.0
Mission statement	0.886	5.0
SWOT analysis	0.921	7.0
Long term objective	0.885	7.0
Strategies selection	0.886	7.0
Environmental scanning	0.887	10.0
<b>Overall Reliability</b>	<b>0.895</b>	<b>41.0</b>

The results in the table 2 illustrated that the total value of Cronbach's alpha of the entire items were 0.895. The specific items values range from 0.885 to 0.905, this indicated that the items were strongly reliable as they have relatively high internal consistency. According to the above result, the reliability 0.895 indicated if the questionnaires were provided to similar respondents, the chance of getting the same result for the study was 89.5% which was reliable.

#### 4.3 Demographic Information

The section contains information on the demographic profile of the respondents such as gender, age, highest level of education, years of experience and level of management. A data was collected from Oromia bank head office & east finfine district branches Demographic Factors.

##### 4.3.1 Respondents' Gender

##### Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	male	82	16.4	74.5	74.5
	female	28	5.6	25.5	100.0
	Total	110	22.0	100.0	
Missing	System	390	78.0		
Total		500	100.0		

The respondents were asked to indicate their gender and the results show that 25.5 percent were female, and 74.5 percent were male. Majority of the respondents were male, this reveals a consideration of gender balance during recruitment.

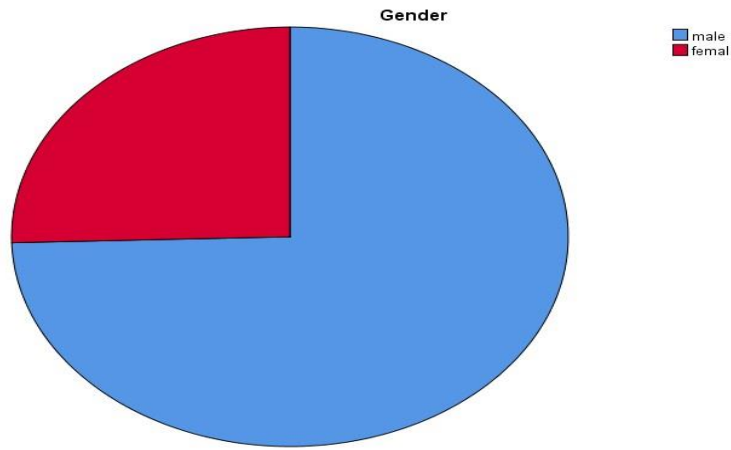


Figure 2 Genders of Respondents

#### 4.3.2 Respondents' Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	21-30	22	4.4	20.0	20.0
	31-40	56	11.2	50.9	70.9
	41-50	18	3.6	16.4	87.3
	over 50	14	2.8	12.7	100.0
	Total	110	22.0	100.0	
Missing	System	390	78.0		
Total		500	100.0		

The respondents were asked to indicate their age and the results show that 20.0 percent were aged between 21-30 years, 50.9 percent were aged between 31-40 years, 16.4 percent were aged between 41-50 years and 12.7 percent was above 50 years. These results show that the organization had a workforce that spread out evenly over the age categories; this suggests that most of the respondents are the productive years.

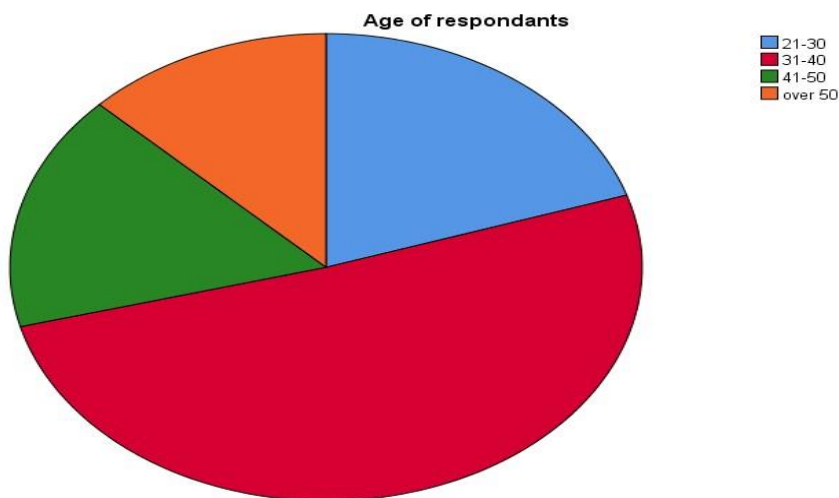


Figure 3 respondents age gap

### 4.3.3 Respondents' Level of Education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Diploma	16	3.2	14.5	14.5
	first Degree	82	16.4	74.5	89.1
	second degree (masters)	12	2.4	10.9	100.0
	Total	110	22.0	100.0	
Missing	System	390	78.0		
Total		500	100.0		

The respondents were asked to indicate their level of education and the results show that 14.5 percent had diploma, 74.5 percent had graduate degrees, 10.9 percent had second degree (master) These indicate that majority of the OB staff at head office & east finfine district have a graduate degree. This indicates that the respondents were able to answer the questionnaire.

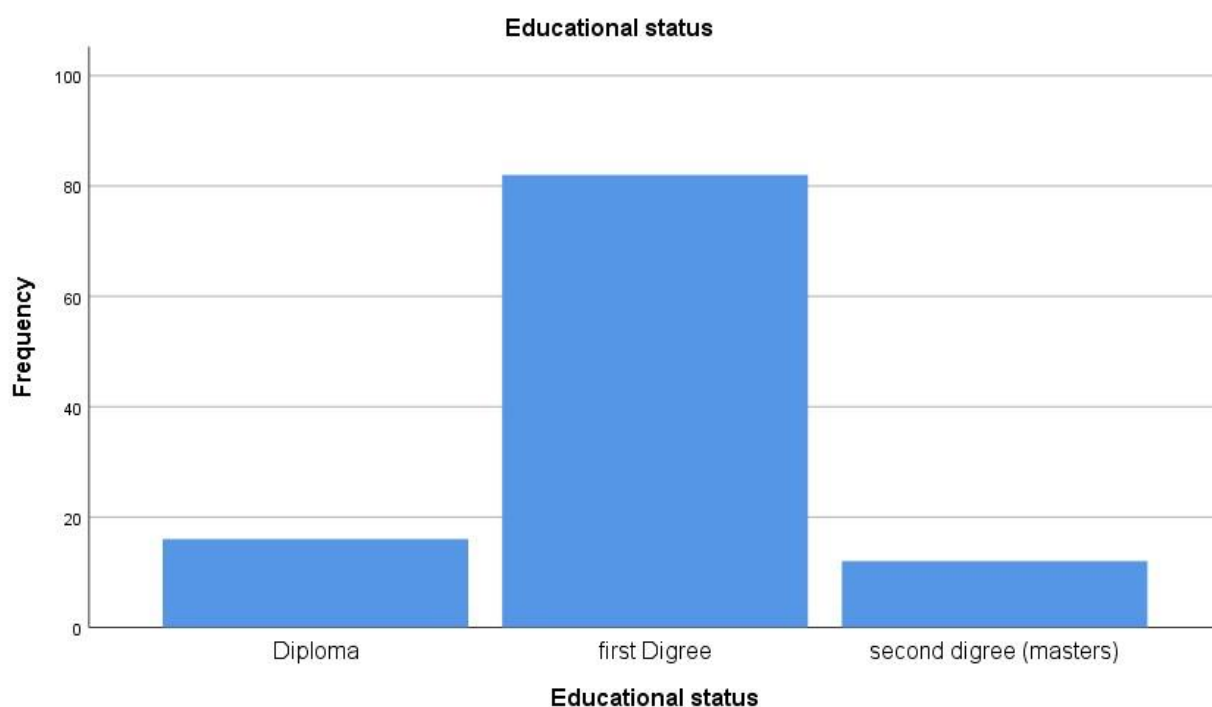


Figure 4. Education Levels of Respondents

#### 4.3.4 Experience in the OB

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Greater than or equals 5 years	18	3.6	16.4	16.4
	6-10 year	68	13.6	61.8	78.2
	11-15 years	14	2.8	12.7	90.9
	over 15 years	10	2.0	9.1	100.0
	Total	110	22.0	100.0	
Missing	System	390	78.0		
Total		500	100.0		

The respondents were asked to indicate the number experience of they had worked for the bank and the results show that 16.4 percent had worked for the organization between 0-5 years, 61.8 percent had worked for the organization between 6-10 years, 12.7 percent had worked for 11-15 years, 9.1 percent had worked for over 15 years These results show that the respondents had not enough experience and had been with the organization long not enough to understand the system. With most managers having worked in the organization for 6-10 or less years, this reflects that the company is focused on employing professionals willing to advance their skills and building a solid professional network.

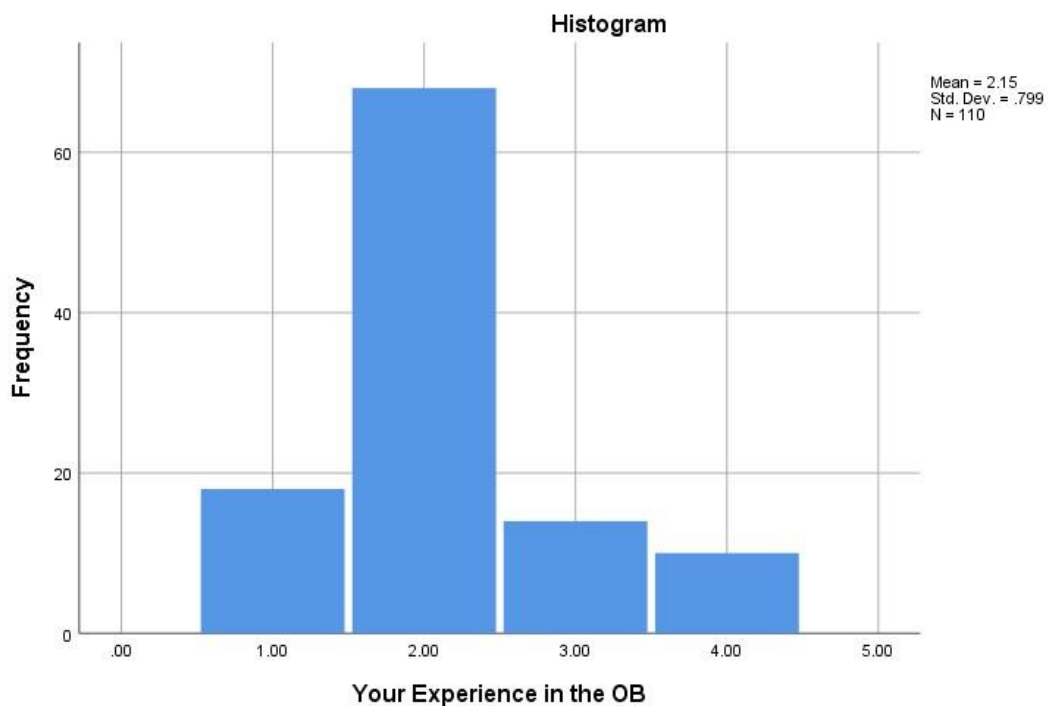


Figure 5 Experience for the Organization

#### 4.3.5 Respondents' Position

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	managerial	38	7.6	34.5	34.5
	non-managerial	72	14.4	65.5	100.0
	Total	110	22.0	100.0	
Missing	System	390	78.0		
Total		500	100.0		

The respondents were asked to indicate their level Position of in the bank and the results show that 34.5 percent were managers and 65.5 percent were Non- management. These results indicate that majority of the respondents were Non-managers serving as an intermediary between top management and the rest of the organization. This also reveals that Non-managers' level has greater visibility of the greater workforce than management with their focus being on development and implementation of strategies set by management.

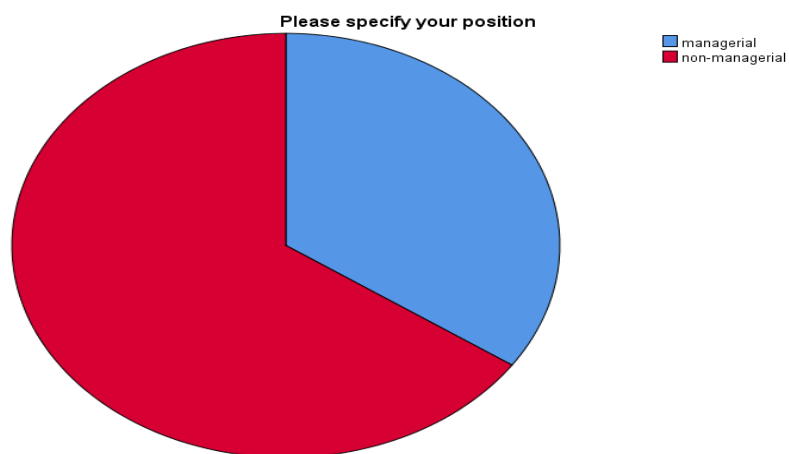


Figure 6 Respondents position

#### 4.3.6 To what extent does strategy planning of OB affect organizational performance

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	very high extent	72	14.4	65.5	65.5
	high extent	22	4.4	20.0	85.5
	low extent	10	2.0	9.1	94.5
	very low extent	6	1.2	5.5	100.0
	Total	110	22.0	100.0	
Missing	System	390	78.0		
Total		500	100.0		

The respondents were asked to indicate their extent strategy planning of OB affect organizational performance of OIB of in the organization and the results show that 65.5 percent were very high extent and 20.0 percent were high extent 9.1 percent were low extent and 5.5 percent of the respondents very low extent. These results indicate that majority of the respondents were very high extent does strategy planning of OB affect organizational performance of OB.

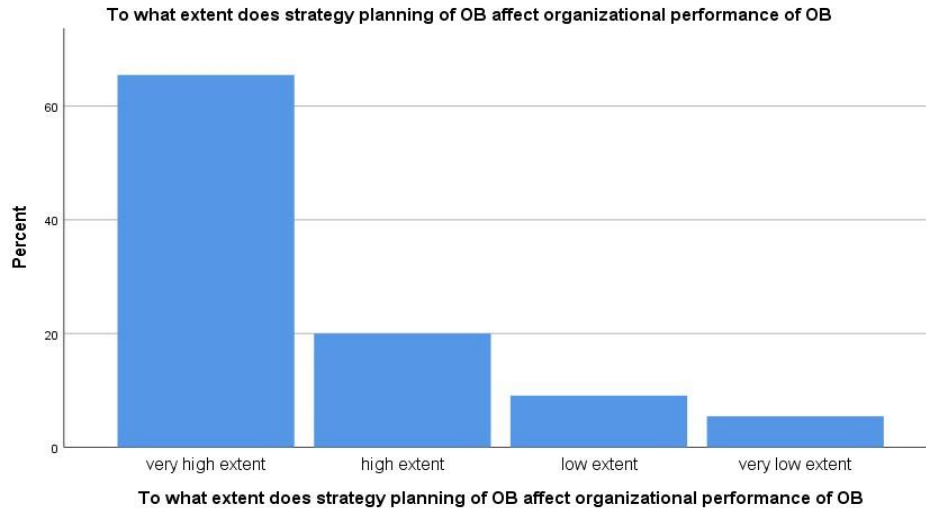


Figure 7 Respondents position

#### 4.4 Pilot Test Results

##### 4.4.1 Validity

The validity of quantitative instruments should be assessed for accuracy to ensure they perform and measure as it is designed to perform. To establish the validity of the data collection instruments, the research instruments were given to 150 employees from the surveyed Oromia bank of head office & east finfinne district branches.

The coefficient of the data gathered from the pilot study was computed with assistance of Statistical Package for Social Sciences (SPSS) Version 22.

#### **4.4.2 Reliability Analysis**

Reliability refers to the consistency and dependability of a measuring instrument. Cronbach alpha coefficient is applied to check, if it is proper to rely on the outcome of the questionnaires. This coefficient measures the extent to which an instrument yields consistent result. Coefficients of 0.7 or above are nearly always acceptable. In this study the result of the overall reliability test of questioner is Cronbach alpha coefficient is 0.897. Cronbach's alpha has the highest utility for questions on an interval scale providing a unique, quantitative estimate of the internal consistency of a scale (Cooper & Schindler, 2014). According to Sekaran (2003), the closer the reliability coefficient gets to 1.0, the better it is, and those values over 0.8 are considered as good. Those values in the 0.7 are considered as acceptable and that reliability value less than 0.6 is considered being poor.

Table 2 shows the reliability of each constructs before factor analysis using SPSS v22 and all the values of Cronbach alpha are above acceptable value.

Moskal and Leydens (2010), defined reliability as the extent in which an assessment tool produces dependable and constant results. To ascertain the reliability of the instrument, the pilot test data was subjected to a Cronbach's alpha analysis and results.

#### **4.5 Descriptive Analysis of Data related to strategic planning and organizational performance**

There are numerous factors that can hinder the business not to achieve their objective in the operation period. To measure the effect of strategic plan on the organization performance six factors used. To examine these factors, the respondents asked to identify the factors depending on the provided likert scale (strongly agree, agree, neutral disagree and strongly disagree). Under this, there are six sub-sections of organization vision, mission, SWOT, external environment analysis, Long term objective, generating and selection of strategies and organizational performance factors.

The objective of the study was to determine the effect of Strategic planning on organizational performance. The respondents were asked to indicate their rating on The Effects of Strategic planning on organizational performance using the key (1=Strongly Agree, 2=Agree, 3=Neutral, 4=Disagree, 5=Strongly Disagree).

The study variables in this section was measured using Likert scale. The scores of agreeing have been taken to represent a variable which had a mean score of 0 to 2.4 on the continuous Likert scale; ( $0 \leq \text{Mean} < 2.4$ ). The scores of 'Neutral have been taken to represent a variable with a mean score of 2.5 to 3.4 on the continuous Likert scale: ( $2.5 \leq \text{Mean} < 3.4$ ) and the score of both disagree and strongly disagree have been taken to represent a variable which had a mean score of 3.5 to 5.0 on a continuous Likert scale; ( $3.5 \leq \text{S.A.} < 5.0$ ). A standard deviation of  $> 0.9$  implies a significant difference on the impact of the variable among respondents.

#### 4.5.1 Descriptive Analysis of Vision Statement

Table for vision statement

Factors	N	Mean	Std. Dev
Vision statement of OB relevant to the banks' activities and mandates	110	3.85	1.59
Vision is compatible and well-articulated with strategic planning	110	4.40	1.29
The bank vision realistically linked to the capacity and skills of staff	110	4.45	1.16
The vision of the bank is relevant to its strategic activities	110	4.24	1.24
The bank updated its vision statement regularly	110	3.90	1.55
<b>Grand mean</b>	<b>110</b>	<b>4.16</b>	<b>1.36</b>

The means shown in above Table reveals that, vision statement of OB relevant to the banks' activities and mandates (mean=3.8, SD=1.5), vision is compatible and well-articulated with strategic planning (mean=4.4, SD=1.2), The bank vision realistically linked to the capacity and skills of staff (mean=4.4, SD=1.1), The vision of the bank is relevant to its strategic activities The vision of the bank is relevant to its strategic activities (mean=4.2, SD=1.2). And the bank updated its vision statement regularly (mean=3.8, SD=1.5), the above grand mean shows that, the respondents fail under the agreeing scale with respect to the vision statement of OIB. The standard deviation of the organization vision 1.361 which indicated that there was low deviation from the respondents on how vision can affect performance of the Bank. The combined organization vision results of mean and standard deviation were 4.16 and 1.361. This implies that many respondents strongly agree on the question provided to them about the current vision of the bank are not updated regularly. The respondent's response shows the bank is not updated and not relevant to its vision. Bank that hindered the success of strategic planning. Hence, OB's performance was affected by organization its vision.



#### 4.5.2 Descriptive Analysis of Mission Statement

Table for mission statement

Factors	N	Mean	Std. Dev
The bank developed a clear mission statement that gives meaning and direction to our work	110	1.98	1.33
The current mission statement is compatible with the activities being carried on by the bank	110	3.96	1.50
There is an active participation of employees in the bank during development of the banks' mission	110	4.40	1.24
The bank updated its mission statement regularly	110	4.47	1.21
The mission statement is effectively communicated to employees and stakeholder	110	3.49	1.62
<b>Grand Mean</b>	<b>110</b>	<b>3.64</b>	<b>1.13</b>

The findings further revealed that the bank developed a clear mission statement that gives meaning and direction to our work (mean=1.9, SD=1.3), the current mission statement is compatible with the activities being carried on by the bank (mean=3.9, SD=1.4), There is an active participation of employees in the bank during development of the banks' mission (mean=4.4, SD=1.2), The bank updated its mission statement regularly (mean=4.4, SD=1.2), and The mission statement is effectively communicated to employees and stakeholder (mean=3.4, SD=1.6). Regarding the effects of mission on organizational performance described that, both mean and standard deviation had shown 3.64 to 1.13 respectively. The average cumulative results of mission statement had 3.64 and 1.13 standard deviations respectively with most of the items with low variation which satisfy the respondent's views on the response they neutral reflected. Participants on questions had different views on items; set clear mission statement. Therefore, the mission statements in the bank affect the organizational performance.

#### 4.5.3 Descriptive Analysis of SWOT

Table for Strengths, Weaknesses, Opportunities and Threat Analysis

Factors	N	Mean	Std. Dev
The bank has the required competency in SWOT analysis	110	3.90	1.40
The bank gives priority in SWOT (strength, weakness, opportunity, treat) analysis process of the business	110	3.27	1.54
SWOT analysis is carried out in dealing with significant issues outside the organization	110	3.89	1.48
The attention of decision makers to issues that influence the company is fairly good	110	2.09	1.37
OB provides high quality customer service	110	4.11	1.28
OB faces intense competition from other financial institutions	110	3.73	1.44
OB can diversify its product/service offering to meet evolving customer demands	110	2.50	1.45
<b>Grand Mean</b>	<b>110</b>	<b>3.30</b>	<b>1.37</b>

The findings exhibited in the above Table shows that the bank has the required competency in SWOT analysis (mean=3.9, SD=1.4), the bank gives priority in SWOT (strength, weakness, opportunity, treat) analysis process of the business (mean=3.2, SD=1.5), SWOT analysis is carried out in dealing with significant issues outside the organization (mean=3.8, SD=1.4), The attention of decision makers to issues that influence the company is fairly good (mean=2.0, SD=1.3), OB provides high quality customer service (mean=4.1, SD=1.3), OB faces intense competition from other financial institutions (mean=3.7, SD=1.4), OIB can diversify its product/service offering to meet evolving customer demands (mean=2.4, SD=1.4) The result in the above table illustrates the ways that OB uses the SWOT has great effect on organizational performance of the Bank by indicating they disagree on major items used to measure SWOT with mean of 3.3 and 1.37 standard deviation. This implies that the Bank did not understand how the strategic planning affected the SWOT and used as expected. The average cumulative SWOT items had mean 3.3 with standard deviation of 1.37. cumulative of respondents have the same idea on the issue of SWOT and the way of bank providing the SWOT plan was low that had significant effect at the end of period on performance of bank.

#### 4.5.4 Descriptive analysis of external environment analysis

The respondents were asked to indicate their rating on the question regarding external environment analysis (comparison to competitors and customer satisfaction & loyalty) 1. Very low extent (VLE), 2. Low extent (LE), 3. Moderate extent (ME), 4. High extent (HE) and 5. Very high extent (VHE)

Table for external environment analysis

Factors		Mean	Std. Dev
Financial performance	110	2.10	<b>1.40</b>
Customer service & Satisfaction	110	2.40	<b>1.50</b>
Product & Service quality	110	2.00	<b>1.40</b>
Innovation & technological advancement	110	1.70	<b>1.20</b>
Market share and growth	110	1.80	<b>1.20</b>
Grand Mean	<b>110</b>	<b>2.00</b>	<b>1.34</b>

The findings as exhibited in the above Table Financial performance (mean=2.1, SD=1.4), Customer service & Satisfaction (mean=2.4, SD=1.5), Product & Service quality (mean=2.0, SD=1.4), Innovation & technological advancement (mean=1.7, SD=1.2), Market share and growth (mean=1.8, SD=1.2), the combination had mean of 2 with standard deviation of 1.34. This indicated that the majority of the respondent's strongly disagree with the comparison of competitors of the bank and the strategic planning did not bring the expected results.

Table for customers' satisfaction and loyalty

Factors	N	Mean	Std. Dev
Has high level of customer satisfaction	110	1.80	1.30
Has strong customer retention rate	110	2.20	1.50
Has effectively meets the needs and expectations of customers	110	2.00	1.40
Has a positive reputation and brand image among customers	110	2.50	1.70
Receives positive feedback and referrals from satisfied customers	110	2.00	1.30
Grand Mean	<b>110</b>	<b>2.10</b>	<b>1.44</b>

The findings as exhibited in the above Table Has high level of customer satisfaction (mean=1.8, SD=1.3), Has strong customer retention rate (mean=2.2, SD=1.5), Has effectively meets the needs and expectations of customers (mean=42.0, SD=1.4), Has a positive reputation and brand image among customers (mean=2.5, SD=1.7), Receives positive feedback and referrals from satisfied customers (mean=2.0, SD=1.3), the combination had mean of 2.1 with standard deviation of 1.44.

This indicated that the majority of the respondent's strongly disagree with the customer satisfaction and loyalty has significant effect on the which its mean 2.1 and standard deviation of 1.44. Customers' satisfaction and loyalty which respondents had high variation, on the remaining they had low variation. This indicated that the bank was confused with the overall customers' satisfaction and loyalty that was affecting the led to low organization performance.

#### 4.5.5 Descriptive Analysis of Long-term Objectives

Table for Long-term Objectives

Factors	N	Mean	Std. Dev
The bank establishes SMART long-term objectives	110	4.0	<b>1.3</b>
Setting Long-term objective has great impact for the success of the bank	110	1.7	<b>1.2</b>
The long-term objective aligns with the overall vision and mission of our bank	110	4.0	<b>1.4</b>
OB actively engages with stakeholders to gather input and feedback on long-term objectives	110	3.4	<b>1.6</b>
The long-term objective provides a clear sense of direction and purpose for employee	110	2.0	<b>1.3</b>
The long-term objective foster innovation and strategic thinking within the bank	110	3.7	<b>1.3</b>
OB regularly evaluates and adjust its long-term objective based on market dynamics	110	3.8	<b>1.5</b>
<b>Grand Mean</b>	<b>110</b>	<b>3.22</b>	<b>1.37</b>

The findings as exhibited in the above Table : strongly acknowledged that the bank establishes SMART long-term objectives (mean=4.0, SD=1.3), Setting Long-term objective has great impact for the success of the bank (mean=1.7, SD=1.2), the long-term objective aligns with the overall vision and mission of our bank (mean=4.0, SD=1.4), OIB actively engages with stakeholders to gather input and feedback on long-term objectives (mean=3.4, SD=1.6), The long-term objective provides a clear sense of direction and purpose for employee (mean=2.0, SD=1.3), The long-term objective foster innovation and strategic thinking within the bank (mean=3.7, SD=1.3), OIB regularly evaluates and adjust its long-term objective based on market dynamics (mean=3.8, SD=1.5), The results in the table 4.3.4 indicated that long term objective had numerous effects on organizational performance with the range of mean 3.22 and standard deviation of 1.37. The Average cumulative long-term objective had mean 3.22 and standard deviation 1.37. Accordingly, the respondents have neutral view on the long-term objective that the Bank used to achieve the expected outcome. This implies there are problems with the long-term objective which do enhance organizational performance.

#### 4.5.6 Descriptive Analysis for Generating and Selection of Strategies

Table for Generating and Selection of Strategies

Factors	N	Mean	Std. Dev
The process of generating and selecting strategies is crucial for the success of the bank	110	1.70	1.20
There is a good practice of generating strategies to deal with the bank issues	110	4.00	1.20
The generated strategies align with the overall vision and mission of the bank	110	3.90	1.40
The strategy generation and selection process include a thorough analysis of external opportunities and threats	110	4.00	1.30
The bank effectively evaluates the feasibility and resource requirement of the generated strategies	110	2.90	1.50
The strategy selection process involves evaluation of risks and potential returns	110	3.60	1.40
The strategy generation and selection process are periodically reviewed and adjusted based on changing internal and external factors	110	4.00	1.20
<b>Grand Mean</b>	<b>110</b>	<b>3.44</b>	<b>2.85</b>

The findings as exhibited in the above Table the process of generating and selecting strategies is crucial for the success of the bank (mean=4.0, SD=1.3), There is a good practice of generating strategies to deal with the bank issues (mean=1.7, SD=1.2), The generated strategies align with the overall vision and mission of the bank

(mean=4.0, SD=1.4), The strategy generation and selection process include a thorough analysis of external opportunities and threats (mean=3.4, SD=1.6), bank effectively evaluates the feasibility and resource requirement of the generated strategies (mean=2.0, SD=1.3), The strategy selection process involves evaluation of risks and potential returns (mean=3.7, SD=1.3) The strategy generation and selection process are periodically reviewed and adjusted based on changing internal and external factors (mean=4.0, SD=1.2). As the results indicated in the above table the generating and selection of strategies has significant effect on the organizational performance which it's mean 3.44 and standard deviation of 2.85. Except for three elements of the generating and selection of strategies' which respondents had high variation, on the remaining they had low variation. This indicated that the bank was confused with the generating and selection of strategies' that was affecting the organizational performance which led to low organization performance.

#### 4.5.7 Descriptive Analysis for Organizational Performance

Organizational Performance was a dependent variable that was measured from activity, process and results to achieve this strategy objective, the respondents were asked six performance measured statements by using Likert scale (strongly agree, agree, neutral disagree and strongly disagree). The results summarized in the following table.

Table for Organizational Performance

Factors	N	Mean	Std.Dev
Strategic planning has a positive impact on the overall performance of our bank	110	4.00	1.20
Strategic planning process helps in setting clear performance targets for the bank	110	3.40	1.40
Has achieved its financial target in recent years	110	3.80	1.40
Has experienced growth in its market share	110	3.00	1.50
Has effectively managed its risk exposure	110	3.60	1.50
Has a positive brand reputation in the market	110	3.10	1.50
<b>Grand Mean</b>	<b>110</b>	<b>3.48</b>	<b>1.41</b>

The findings as exhibited in the above Table Strategic planning has a positive impact on the overall performance of our bank (mean=4.0, SD=1.2), Strategic planning process helps in setting clear performance targets for the bank (mean=3.4, SD=1.4), Has achieved its financial target in recent years (mean=3.8, SD=1.4), Has experienced growth in its market share (mean=3.0, SD=1.5), Has effectively managed its risk exposure

(mean=3.6, SD=1.5), Has a positive brand reputation in the market (mean=3.1, SD=1.5) It revealed that the total combination of the items that used to measure the s of the bank organizational performances had mean of 3.48 with standard deviation of 1.41. This indicated that the majority of the respondent's strongly disagree with the past strategies planning that affected the performance of the bank and the strategic planning did not bring the expected results. Except on the items that used to measure the organizational performances can lead to an improved financial target in terms of service provided with mean 3.48 which respondents disagree on organizational performances, they were disagree on others. This shows that organizational performances were not achieved as required. the results of the average combined organization performance items standard deviation were 1.41 it indicated that the respondents had low variation on responses. All the items had minimal variation responses.

#### **4.6 Inferential Statistics**

Inferential statistics is one method of data analysis instrument that is used to explain about the total population by standing from the sample selected. In this study different inferential statistics tools like; correlation and regression analysis were used to investigate research objectives. This study comprised main predictor variables such as vision, mission, SWOT, Long term objective, generation and selection of strategy and external environment.

##### **4.6.1 Correlation Analyses**

Correlation analysis determines the relationship of independent and dependent variables as well as significance and degree among the variables. This method can also be used to analyses the relationship between two variables. To establish a relationship between independent and dependent variables Pearson Correlation coefficient used. The correlation presented in table 10 shows the relationship between strategic planning (independent variables) and organizational performance (dependent variables).

As Bhattacharjee, (2012) suggested, the strength relationship between variables could be interpreted by guideline on the correlation coefficient (R). This guideline values on correlation coefficient interpretation of between 0.1-0.29 has weak relationship, between 0.3-0.49 moderate relationship and greater than 0.5 as strong relationship among the considered variables. As the table:10 summary of correlation analysis indicates that, all independent variables such as organizational Vision statement, Mission statement, SWOT, Long term objective, Strategies selection and External environment scanning variables strongly correlated with dependent variables (organizational performance). From the entire variables which included in this study, external environmental has the strongest correlation coefficient of  $r=0.821$ ),  $P<0.01$  followed by strategies selection  $r=0.758$ ),  $P<0.01$ , long-term objective  $r=0.749$ ),  $P<0.01$ , Mission  $r=0.724$ ),  $P<0.01$ , vision  $r=0.626$ ),  $P<0.01$  and lastly swot  $r=0.515$ ),  $P<0.01$ . Hence, the increases or decreases of those variables significantly relate to increases or decreases in the second variable. These means, the result from descriptive analysis and the inferential (correlation) indicated there was strong/positive correlation among the independent and dependent variable.

Table :10 Summary of Correlation Analysis

Correlations								
		Vision	Mission	SWOT	Long term objective	Strategies selection	External environment scanning	Organizational performance
Vision statement	Pearson Correlation	1						
	Sig. (2-tailed)							
	N	110						
Mission statement	Pearson Correlation	.621**	1					
	Sig. (2-tailed)	.000						
	N	110	110					
SWOT	Pearson Correlation	.462**	.566**	1				
	Sig. (2-tailed)	.000	.000					
	N	110	110	110				
Long term objective	Pearson Correlation	.607**	.717**	.465**	1			
	Sig. (2-tailed)	.000	.000	.000				
	N	110	110	110	110			
Strategies selection	Pearson Correlation	.609**	.759**	.440**	.836**	1		
	Sig. (2-tailed)	.000	.000	.000	.000			
	N	110	110	110	110	110		
External environment scanning	Pearson Correlation	.310**	.604**	.492**	.711**	.532**	1	
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	
	N	110	110	110	110	110	110	
Organizational performance	Pearson Correlation	.626**	.724**	.515**	.749**	.758**	.821**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000
	N	110	110	110	110	110	110	110
**. Correlation is significant at the 0.01 level (2-tailed).								



#### 4.6.2 Regression Analysis

Regression analysis is one of the statistical methods used to investigate the relationship among dependent variables and one or more independent variables. Regression analysis used to examine the strength of relationship between the variables. To make clear information about the variables in the study the researcher tried to test assumptions before running regression analysis.

##### *Test of Regression Assumption*

Test of regression analysis assumption in statistics took certain characteristics depending on the parametric. Therefore, violation of rule thumb of these assumptions can have changed research interpretation and conclusion at the end. Hair et al., (2006) meeting the assumptions of regression analysis is necessary to confirm that the obtained data truly represents the sample to get the best results. To reach model integrity and accurate interpretation, the study adhered to the following tests.

##### *1) Test for Normality*

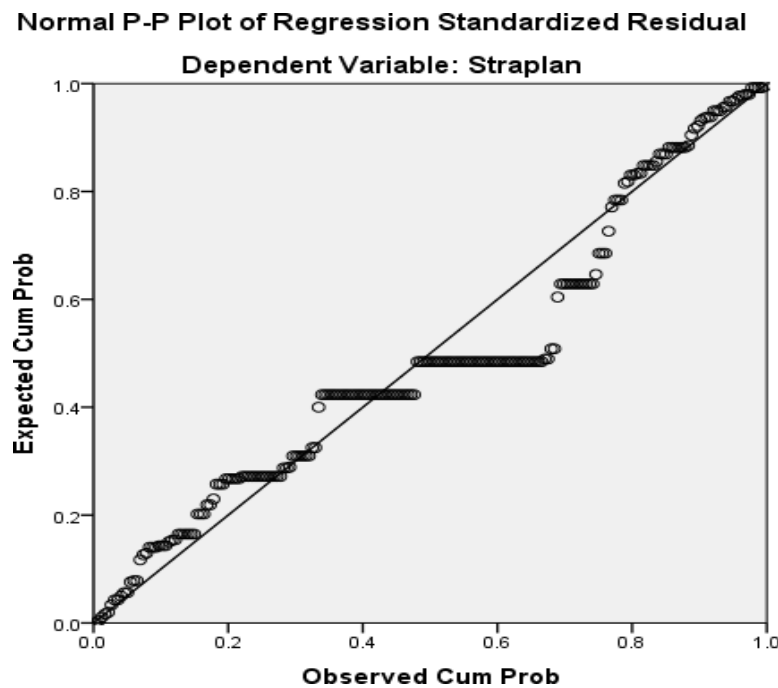
In this research, the normality of parametricity was tested by using the Shapiro-Wilk test. The distribution of Shapiro-Wilk's statistic ranges from zero to one and in case the calculated probability (p-value) is below 0.05, the data notably deviates from normal (Razali and Wah, 2011). As it depicted in table 11, the P-value of Shapiro-Wilk test results for all variables were zero. Hence, the data used in the research was normally distributed.

Table 11 Tests for Normality

<b>Tests of Normality</b>						
	Kolmogorov-Smirnov <sup>a</sup>			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Vision statement	.332	110	.000	.749	110	.000
Mission statement	.269	110	.000	.818	110	.000
SWOT	.347	110	.000	.636	110	.000
Strategy selection	.273	110	.000	.813	110	.000
Long term objective	.240	110	.000	.867	110	.000
External environment scanning	.285	110	.000	.805	110	.000
a. Lilliefors Significance Correction						

P-P plot (probability-probability) is another method of testing the normality of the data in the study. As it indicated by Hair et al. (1998), the plots data are different from residual plots in that the standardized residuals are compared with the normal distribution. On the other hand, the normal distribution makes a straight diagonal line, and the plotted residuals are compared with the diagonal. Hair et al. (1998) also explained if a distribution is normal, the residual line was closely following the diagonal part. From this, the following graph indicated as data were distributed normally.

Figure 8: Test for Normality by quantile-quantile Plot



## 2) Test for Homoscedasticity

Homoscedasticity test showed the error among the independent variables and dependent variable as well as between all dependent variables. According to Zikmund et.al, (2013) homogeneity of variance test examined if the error variance is constant and independence that the errors associated with one change in variable are not correlated with the error changes in another variable.

As explained by Hair et al. (2006) homoscedasticity relates to the assumptions that dependent variable explaining equal levels of variance across the range of independent variables, and homoscedasticity is required because the variance of the dependent variable being explained in the dependence relationship could not be focused in simply a limited range of the independent values. Depending on these facts, to test the homoscedasticity assumption in this study, the researcher used a scatterplot for all variables. As the result put in the below scatterplot figure 10, as the independent increase the result of the dependent variables also improved. However, this assumption also supports the test of linearity assumption. This also implied that the test of homoscedasticity assumption was not violated.

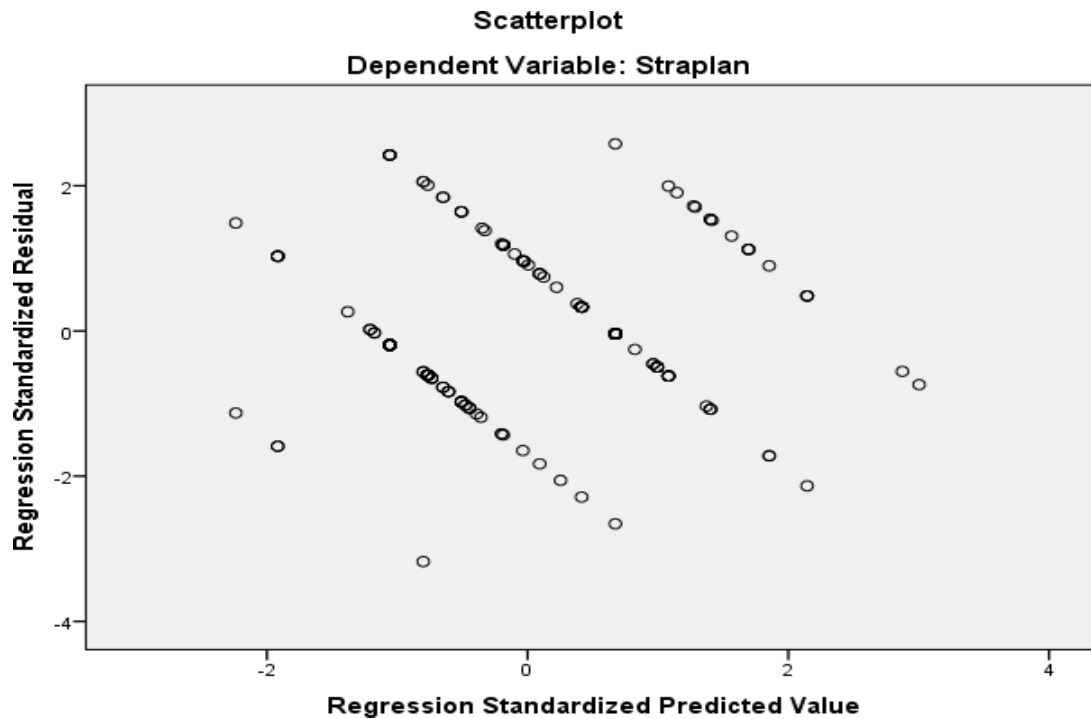


Figure 9: Test of Homogeneity of Variances

### 3) Test for Multicollinearity

Multicollinearity is the condition in which two or more independent variables are highly correlated with one another. Assumption of multicollinearity test was measured by correlation matrix and with tolerance and variance Inflation Factor (VIF). In a test of multicollinearity two general procedures for assessing collinearity, including tolerance and variance inflation factor (VIF) (Pallant, 2007). A VIF measures the extent to which multicollinearity has increased the variance of an estimated coefficient. It looks at the extent to which an explanatory variable can be explained by all the other explanatory variables in the equation. When VIF is greater than 10 results indicate that there is multicollinearity while tolerance value less than 0.1.

From the table:12 below, the collinearity analysis assumption result indicated that all VIF values were not greater than 10 while tolerance values were less than 0.1. As generally, the result of correlation coefficient of among the independent variables was below 4.10. Therefore, there was significant multicollinearity between the independent and dependent variables.

Table 12: Multicollinearity Test

Coefficients <sup>a</sup>			
Model		Collinearity Statistics	
		Tolerance	VIF
	(Constant)		
	Vision	0.540	1.850
	Mission	0.333	3.004
	SWOT	0.654	1.529
	Long term objective	0.274	3.647
	Selection of strategic	0.452	1.354
	External Environmental	0.244	4.098
a. Dependent Variable: Straplan			

#### 4) Test for Autocorrelation

Autocorrelation is a tool that measures the degree of independence of the same variables between two consecutive time intervals. If the Durbin-Watson statistic is close to two, the residuals are considered less auto correlated. The results in the above table 13 indicated that the Durbin-Watson was 2.000 which was approximately close to 2 that satisfied the Durbin-Watson general rules. Hence, the test for autocorrelation result shows there was no autocorrelation between the residuals.

#### 5) Test for Linearity

Linearity predicts the degree of predictor variables value in the regression by having a straight-line relationship with dependent variable value. Linearity measures the accuracy of the overall methods in the study. To make one research reliable, all the assumptions of the regression test had met. According to Hoekstra et al., (2014) explained the linearity assumption can easily be checked using scatterplots or residual plots: plots of the residuals vs. either the predicted values of the dependent variable or against (one of) the independent variable/s. As it indicated from figure 8 linearity test assumptions that used in this research for the test of regression analysis met the criteria.

#### 4.6.3 Multiple Linear Regression Analysis

Multiple regression analysis classification depends on the variables that the researcher uses in study. Cooper & Schindler, (2014) classified regression analysis as simple when one independent variable exists and multiple when two or more independent in one study. Multiple regression models in this study used to explore the effect of independent variables (vision, mission, SWOT, external environment analysis, long term objective and generating and selection of strategy) that explained in the research on the

organizational performance of OB. By using regression model, the researcher examined the strength of the (Vision, mission, SWOT, external environment, long term objective and generating & selection of strategy) factors. And, the regression model explained how outcomes are affected by changes of the predictors' variables. To determine the effect of the predictors' variables on performance of the Bank, the significance level of the 0.05 with 95% confidence interval was employed. Razali and Wah (2011) estimated that probability values were greater than 0.05 and therefore at 95% confidence level and so the sample has a normal distribution. The extent at which the effect of strategic planning on performance in OB presented in table 13 below.

Table 13: Model Summary

<b>Model Summary<sup>b</sup></b>					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.821 <sup>a</sup>	.675	.667	.382	2.000
a. Predictors: (Constant), vision, mission, SWOT, external environment, long term objective and generating & selection of strategy)					
b. Dependent Variable: organization performance					

As the model summarized in table 15 effect of strategic planning on organizational performance which explained the result of dependent variable (organizational performance in OB) presented by standardized beta ( $\beta$ ) coefficient. To measure the percentage variance of dependent variables by change of predictors variables, the researcher used R-squared.

The finding in the table 13: model summary of  $R=.821^a$  revealed that there was linearity of the independent variables and organizational performance. The R-squared value of .675 illustrated 67.5% company (dependent variable) affected by variation of the independent variables. The remaining 32.5% of OB's strategic planning was affected by the unknown variable/s that was not considered in this study. Hence, OB's organizational performance affected 67.5% by indicators that the researcher used as independent variables, but 32.5% other factors that affect strategic planning in banks are not mentioned.

### ANOVA Test

In the regression model variance analysis (ANOVA) provides information about the regression variability. In this study ANOVA test used to determine the effects of independent variables show on the organizational performance (dependent variable). The results of ANOVA test illustrated in table 14 below.

Table 14: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	62.107	5	12.421	43.129	.000 <sup>b</sup>
	Residual	29.940	104	0.288		
	Total	92.047	109			
a. Dependent Variable: organization performance						
b. Predictors: vision, mission, SWOT, external environment, long term objective and generating & selection of strategy)						

### ANOVA<sup>a</sup>

In the regression analysis F statistic test determines the significance of whether the model fits in the regression model. In the table 14 ANOVA test results show the F ratio was 43.129% with P-values Which its significance is suitable with the F statistic test rule to explain the relation between independent factors and dependent variables. From the result of the ANOVA test, the researcher concluded all the entire predictor variables related to dependent variables.

### Regression Coefficient

The regression coefficient analysis explained how the change of one or more independent variables influenced the outcome (dependent variable) presented by the standardized Beta coefficient. The highest beta coefficient of the predictors' variables predicted output greatly. According to the result of the regression coefficient explained in table 15, all factors/independent variables that used in the study were significant at 5% level of significance and 95% level of confidence which indicated independent variables had positive effect on organization performance.

Table 15: Regression Coefficients

Coefficients <sup>a</sup>								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.192	.153		1.257	.210		
	Vision	.158	.061	.141	2.605	.010	.540	1.850
	Long term objective	.140	.065	.106	2.156	.032	.654	1.529
	Strategies selection	.175	.064	.190	2.756	.006	.333	3.004
	Mission	.140	.065	.106	2.156	.032	.654	1.529
	SWOT	.245	.074	.251	3.297	.001	.274	3.647
	External Environment	.222	.066	.272	3.368	.001	.244	4.098
a. Dependent Variable: organizational performance								

From the independent variables that illustrated in the table 15 external environment had the highest regression coefficient with  $\beta=0.272$ ,  $p<0.05$  followed by SWOT  $\beta=0.251$ ,  $p<0.05$  then strategies selection of  $\beta=0.190$ , Vision  $\beta=0.141$ ,  $p<0.05$  and mission  $\beta=0.106$ ,  $p<0.05$ , long term objective  $\beta=0.106$ ,  $p<0.05$ . This shows that all independent variables which listed in this study had an important relationship with organization Performance in the Bank. In the coefficient test  $\beta_0=0.192$ ,  $\beta_1=0.141$ ,  $\beta_2=0.106$ ,  $\beta_3=0.251$ ,  $\beta_4=0.190$ ,  $\beta_5=0.106$

Depending on the results that illustrated in the regression coefficient test, the linear regression equation indicated organization Performance with organization vision; mission, SWOT, long term objective, strategy selection and external environment were arranged as the following:

$$P = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + e$$

$$P = 0.192 + 0.141 X_1 + 0.106 X_2 + 0.251 X_3 + 0.190 X_4 + 0.106 X_5 + e$$

WHERE P=dependent variable (organization Performance)

$\beta_0$ = intercept

$\beta_1$ ,  $\beta_2$ ,  $\beta_3$ ,  $\beta_4$  and  $\beta_5$  = coefficient of

$X_1$ = Organization vision

$X_2$ =mission

$X_3$ = SWOT

$X_4$ =Strategies selection

X5= long term objective

X6=external environment

Factors e =error term

From the established regression model that explained how to examine the effects of strategic planning on organization Performance in a Bank, the constant part which indicates the outcome of Bank organization Performance when all factors remain constant was 0.190. Specifically, the change in one of independent factors affected organization Performance in the OB. As the results revealed, one standard deviation increase in the organizational vision results 0.141 standard deviation increase in performance. Again, standard deviation increase in mission and long-term objective by one amount results 0.106 standard deviation increase in performance, allocated the required external environment which supported and motivated the Bank strategic planning for and enhanced the expected output/ target on both financial and nonfinancial surged up by 0.272. As any organization required, the dynamic and systematic management in the competitive market started from top up to the team leader which accelerated of strategic activities changed by one unit forwarded organization performance the by 0.251. When all-external environment factors increase in one standard deviation results by 0.272 increase in performance which have a significant effect organization performance of the bank. As the above findings indicated, all independent variables had significant (positive) effect on organization performance in the Bank. According to the above regression coefficient, all variables were significant with p-value less than 0.05 and they were a direct relationship and positive correlation with organization performance.

#### ***4.7 Discussion of the Results***

Based on the descriptive and inferential results presented in chapter four, the findings are discussed by aligning with the research objective separately for all research questionnaires. Based on the respondent's results analysis the highlight of the Beta coefficient (regression coefficient analysis) indicated there was statistically strong relationship among independent variables and organization performance in the OB. The details of the findings presented separately as the following.

##### **4.7.1 Effect of Organizational vision on organization performance**

In the first objective the researcher tried to investigate the influence of organization vision on organization performance. The results of the coefficient of  $\beta=0.141$  with P-value 0.05 which is significant and has a direct relationship with the performance. Coefficient of  $\beta=0.141$  indicated that, if organizational vision improved by small change, the variation of organization performance improved by 14.1 percent from the existing position. But 85.9 percent of the organization performance in the Bank, by other force/s that are not included in the organization vision.



#### **4.7.2 Effect of mission on organization performance**

Mission statements are the second factors that are considered to examine the effect of mission statement on organization performance in OB. The study findings depicted those mission of the bank had a great positive effect on organization performance. The items that were used to measure the effects of mission on indicated organization performance, there were high relationship mission that the bank used to achieve the desired long- and short-term objectivity/target and strategic planning in the bank. The finding of regression coefficient of  $\beta = 0.106$  predicted with P-value of 0.05.

This tell us improving of mission on the items; setting clear mission on how decisions are made in operation process, having monitoring and control mechanism, setting mission that can measures organization performance, well laid mission on how they intend to benchmark themselves with other bank services providers in market, having operational plan that includes timelines and identification of who is responsible for which outcomes and well documented procedures on how employees are supposed to operate shifted organization performance up by 10.6 percent from the existing place.

#### **4.7.3 Effect of SWOT analysis on organization performance**

The finding exhibited that SWOT is one of the factors that affect organization performance as a result, the regression coefficient  $\beta = 0.251$  and P-value of 0.05 revealed that there was a strong relationship among the SWOT analysis and organization performance. If the SWOT to desired activity by small amounts, the bank performance improved by 25.1 percent from the existing.

#### **4.7.4 Effect of External environment scanning on organization performance**

The finding on the external environment factors regression coefficient of  $\beta = 0.272$  with P-value 0.05 had positive and strong relationship with organization performance in OB. If the elements of the external environment which the Bank working in indicated suitable/appropriate as opportunities by estimate of numeric amount, the performance of the Bank improved by 27.2 percent from the existing position. This depicted that the external environment of the organization had great effects on the performance of the OB.

#### **4.7.5 Effect of long-term objective on organization performance**

Long term objective is the independent variables that are considered in this with a regression coefficient of  $\beta = 0.106$  and P-value of 0.05. From the figure results, as effectiveness of the long-term objective on the provided items to measure the leadership improved by quality, the performance of the bank forewarned by 10.6 percent. From this outcome long term objective and organization performance in the bank had direct proportional effect. During the organization performance process, the main pillar of the organization performance as the time frame, the cooperation towards a common goal and the role of top management as strategic makers has more influence on organization performance in OB.

#### 4.7.6 Effect of generating and selection of strategies on organization performance

Generating and selection of strategies is the independent variables that are considered in this with a regression coefficient of  $\beta=0.190$  and P-value of 0.05. From the figure results, as effectiveness of the on the provided items to measure the generating and selection of strategies by quality, the performance of the Bank forewarned by 19 percent. From this outcome generating and selection of strategies and organization performance in the bank had direct proportional effect.

Similarly a study conducted by Bonn O. Jonyo, Caren Ouma, and Zachary Mosoti examined the effect of mission and vision on organizational performance in private universities in Kenya found that mission and vision significantly explained a proportion of variance in organizational performance ( $R^2 = 0.633$ ). For every unit change in mission and vision, organizational performance increased by 0.867, indicating a positive impact. The study concluded that there was a significant relationship between mission, vision, and organizational performance.

According to Akinyele Samuel Taiwo and Fasogbon Olufunke Idunnu, finding Organizations should accord priority attention to the elements of strategic planning for example; having a documented mission statement, a future picture (vision) of the organization, organizations should establish core values i.e., organization's rules of conduct, set realistic goals, establishment of long term objectives (this has to be measurable and specific) and the development of action (strategic) plans and its implementation and adequate follow-up. Finally, they discovered that environmental factors affect strategic planning intensity, organizations should make adequate environmental analysis both the internal and external analysis, this can be done through the SWOT analysis which indicates the Organization's strengths, weaknesses, opportunities and threats.

The finding consistent with Gladys Tegek (2018) study that focused on effect of strategy implementation and external environment on performance of Commercial Banks in Kenya detected that change in the external environment factors was statistically significance thus influencing firm performance during the implementation of the strategies while the findings of the study reflected that the external environment had impact on the of strategy. As detected by Wachera, Jane, and Benard (2017) financial resource constraints, and information technology significantly effect of strategic plans.

The finding, supported with Adan Ibrahim Noor (2018) study on factors influencing strategy implementation in Commercial Banks in Kenya, revealed that political climate can affect the implementation of organization strategy. And, optimal use of ICT helps organization to create products and deliver services efficiently and effectively thereby helping in improving organizational

competitiveness, increasing productivity, and enhancing firm performance through the of appropriate strategies.

This was also supported by Rajasekar (2014) who indicated that technological advancement enables speedy processes and procedures as well as designs for successful implementation of the strategies. As stated by Grant (2001) external environment factors of the bank consists of all external influence that impacts bank's performance; this means, macro-environment like; political, economic, social, ecology, technology and legal issue (PESTEL) elements affecting the organization performance indirectly.

## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION**

In this chapter summary of the finding, regarding the factors affecting strategies planning in organizational performance in OB, conclusion depending on the study findings and recommendations presented. The first part of the chapter provides a short summary of the research, second part conclusion and lastly recommendations for further research on the area of factors affecting strategic plan implementation in the Bank.

#### ***5.1 Summary of findings***

The main objective of this research was to examine the effect of strategic planning on organizational performance at OB. To achieve the desired objectives, five specific objectives such as; the effect of organization vision, mission, SWOT, long term objective, strategies selection and external environment variables on organizational performance were developed and analyzed. Out of the distributed questionnaires, 73.33% of questionnaires collected were used for analysis. The study used descriptive research design presented in the form of chart, graph, percentage and frequency, mean, standard deviation, coefficient of variation. For the study 150 population were taken from the OB Head Office and east finfine district. The inferential statistics presented by using correlation and regression analysis to address the relationship among independent and dependent variables that were considered.

The demographic results of the study revealed that, the gender ratio in the Bank 74.5% male and 25.4% female. Majority of the ages of the employees 50.9% found in between 31-40 years, 20% in between 21-30 years and 16.3% in between 41-50 years. Employee's education status indicated that in the Bank 74.5% staff had first degree and 10.9% second degree respectively.

Regarding the experience of the stay in the Bank, most respondents 61.8% served the bank for 6-10 years, 16.3% for  $\leq 5$  years; merely 12.7% worked in OB for 11-15 years.

While the majority of the participants were Non-managerial, and the remainder were managerial positions which were 65.4% and 34.5% respectively.

Majority of the respondents agreed on the effect of factor on strategic planning with mean of 4.29 and standard deviation 0.722. This depicted that organization vision, mission, SWOT, long term objective, strategies selection and external environment had a positive effect on strategic organizational performance in the banks.

Findings from descriptive analysis reflected that, strategic planning has direct proportional effect on the organizational performance of OB. Which was the mean score  $M=1.46$  with standard deviation of  $SD=1.361$  this reflected that organization vision had a positive effect on the organizational performance. Correlation result of  $r=0.626$  with  $P=0.01$  exhibited strong positive correlation among organizational vision and organizational performance. A regression coefficient of  $\beta=0.141$  with highest P-value 0.05 pointed there was significant to the Bank organizational performance.

The effect of mission on organizational performance results demonstrated that with mean score  $M=3.644$  with standard deviation of  $SD=1.13$  this indicated that mission statement had direct effect on the organizational performance. Correlation results of  $r=0.724$  with  $P=0.01$  exhibited there were positive correlations among mission, and organizational performance. Additionally, the regression coefficient of  $\beta=0.106$  with P-value 0.05 pointed there was significant to the Bank organizational performance.

The results from the SWOT analysis indicated that mean score  $M=3.3$  with standard deviation of  $SD=1.37$  this depicted that had SWOT analysis a significant effect on the organizational performance. Correlation results of  $r=0.515$  with  $P=0.01$  exhibited there was strong positive correlation among SWOT and organizational performance. And, the regression coefficient of  $\beta=0.251$  with P-value 0.05 reflected positive (direct) relationships among SWOT and organizational performance.

Long term objective from mean score  $M=2.13$  with standard deviation of  $SD=0.846$  this show that long term objective had a positive effect on the organizational performance process. Correlation result of  $r=0.749$  with  $P=0.01$  explained there was strong positive correlation between and organizational performance. While the regression coefficient of  $\beta=0.106$  with P-value 0.05 portrayed there was a positive relationship between long term objective with Bank organizational performance.

The result from strategic selection indicated by mean score  $M=2.134$  with standard deviation of  $SD=0.809$  this shows that had a positive effect strategic selection on the. Organizational performance Correlation result of  $r=0.758$  with  $P=0.01$  explained there was strong positive correlation between strategic selection and organizational performance and its regression coefficient results of  $\beta=0.190$  with P-value 0.05 described organizational performance of a bank influenced.

## **5.2 Conclusions**

To examine the effect of strategic planning on organization performance in Oromia bank, independent factors such as organizational vision, mission statement, SWOT, long term objective, strategies selection and external environment variables were considered.

The findings conclude that organization vision has a significant and great effect on organization performance to achieve the required objectives/target in the operation process. The appropriate decision-making process and mission that supports, effective communication system, team spirit, coordination

among the unit and branches as well as clear role and responsibility in organization can make the Bank achieve the anticipated financial and non- financial objectives in the market.

From the second predictor the researcher concluded that, mission statement is the important element that affects the Bank during strategic planning. In the banking services a strategic plan without mission the required financial and non-financial to the operating units can limit expected targets at end of period. Study concluded that, in the organization during strategic planning; utilized mission statement are as per the set goals, availing the necessary mission on time, adapting technology that can support the operations, allocating sufficient financial resources, staff that have skills and experience to carry out the tasks can lead the bank to success position by financial growth, customers services, creativity and innovation on existing and new products/services and profit and also increase market share from industry.

The results on organization vision, mission analyzed indicated that, vision and mission factor had a positive effect on in organizational performance.

The study concluded, improving the SWOT on; clear SWOT on how strategies are made in operation, monitoring and control mechanism employed in bank, relevant SWOT that can measures organization performance, benchmark themselves with other bank services providers in market, operational plan that includes timelines and identification of who is responsible for which outcomes or activities and well documented procedures on how employees are supposed to operate enhance banks' Organization performance from different direction. And, the researcher concluded that appropriate SWOT in the bank encourage/support the organization performance of the bank to go forward.

The study concluded long term objective had a positive relationship with organization performance in the Bank as the effectiveness of long-term objective in one organization increased the general successfulness of the company organization performance. The study depicted that to improve the organization performance of the Oromia international Bank, long term objective have to; inspiring and empowering employees to achieve organizational goals, effectively communicate to concerned units on time, become creative, innovative, and solve problems, establish a team leader who can encourage the team and to address problems that arise from internal and external stakeholder during strategic planning, and communicating early (becoming proactive).

Based on the findings presented from the external environment analysis, the researcher concluded the external environment was the main factor that affects organization performance from external environment which can hinder organizational performance.

The researcher conclude that organization performance of the bank is affected when there is not well strategic planning; that can facilitate daily operation, unavailable adequate resource on time, not appropriate policies and procedures that can support task in operation, inactively managements on the decision making and communication timely about organization performance as well as reacting passive or not proactive to external environment circumstance to keep up continuous in organization performance.

### ***5.3 Recommendations***

Based on the research findings and conclusions presented, the following general recommendations were presented;

- The study recommends that the bank should update its mission statement regularly because mission is the backbone to the organization to survive in marketing (at everywhere and every time) and the bank should communicate its vision & mission with its employees.
- The study recommends that the bank should analyze the environment carefully both internally & externally, there must be a strategic fit between what the environment wants and what the bank has to offer, as well as between What the bank needs and what the environment can provide.
- The study recommends allocation of financial and non-financial resources by considering long term and short-term rewards/outcomes or outputs that mean availing the adequate resources to bring/achieve the expected results from the organization performance.
- The strategic planning should therefore be adopted by business organizations to enhance bank's performance. Through an interpretation of information gathered during the environmental analysis, bank owners can determine the direction in which a bank should move.
- The study also recommends that bank should analyze their external environment which is important for researchers and bank as it helps researchers understand the motivation of bank' activities and helps bank take appropriate action with the changing environment.
- The long-term objective of the bank should be aligned to the organization's vision and mission and also should develop the culture of inspiring and motivating employees at all levels to improve efficiency and to attain the target goals of the bank.
- The bank should evaluate and select strategy based on their alignment with vision, mission and long-term objectives to have best performance.

- The study further recommends that the process of strategic planning should be given its deserved attention in terms of all the prescribed steps within the existing literature.
- The study recommends improving appropriate SWOT on how to make immediate decision making on activities and organization performance achievable action plans which can be used as remedial action that can enhance business operation.
- The long-term objective of the bank should be an example to lower management and employees by cooperating on initiating creativity and innovation for new or to/on solving the existing problems of products/services by strategic plan appropriately to improve the organization performance.
- The study recommends that the bank should be proactive in reacting to the situation and make more effort by taking corrective action to lead the Bank to success when organization performance.
- Having the right planning process is key. Executives should be aware of this aspect so that planning outcomes get higher points as a result.
- It's recommended that OB should embrace the use of strategic planning as a tool and a concept to be used in achieving organizational performance.

#### ***5.4 Practical use of the Research Findings***

The findings of this study are immensely useful to the OBs and senior managers. This study emphasizes the need for carrying out strategic planning in organizations. This study indicates that planning helps organizations to have better performance. The results of this study clearly establish the importance of strategy planning, vision statement, mission statement, SWOT analysis, long term objective, generating strategies selection, external environment scanning in strategy planning. Managers need to pay careful attention to properly plan and priorities of strategies for enhancing the organizational performance.

#### ***5.5 Indications for Further Research***

The study also suggested that the response rate should be broadened to cover a larger population to have more inclusive findings to make better conclusions and recommendations from Strategic planning and its effect on performance. Another prospect for future research is to conduct comparative studies of the relationship between strategic planning and organizational performance. Further research might consider the use of multiple organizations located in different areas.



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APPENDIX: QUESTIONNAIRE  
ST. MARY'S UNIVERSITY  
SCHOOL OF GRADUATE STUDIES  
Business administration

**Dear Respected Respondents**

Saying thanks in advance. My name is Mihret Semu. I am a St. Mary's University student in Business administration I would like to ask you to assist by completing these questionnaires which support me on my project/thesis. The purpose of this research is to study "The Effects of Strategic planning on organizational performance" in Case of Oromia Bank. Therefore, your genuine and honest response is very important for the success of the research and the researcher would like to thank you for your cooperation in advance again.

Kindly be assured that all information that you provide will be kept strictly anytime and everywhere confidential and used for academic purposes. If you require any further information, want feedback on the study or unclear situation please contact me by the following address;

Email address: [Mihretsemu2005@gmail.com](mailto:Mihretsemu2005@gmail.com)

Cell phone: +251 934174596

Thank you in advance for your Time and Cooperation!

General Instruction:

- ☐ No need to write your name.
- ☐ Instruction for each part of the questionnaire is given at the beginning of the questions.

**Part I: General Information Questions**

Please put the tick "√" mark under the choice at appropriate place.

1. Gender: Male ☐ Female ☐
2. Age: under 20 years ☐ 21-30 years ☐ 31-40 years ☐ 41-50 years ☐ Over 50 years ☐
3. Educational status: Less than secondary school ☐ Diploma ☐ 1st Degree ☐  
2nd Degree and above ☐ If others, please specify \_\_\_\_\_
4. Your Experience in the OB: ≤ 5 years ☐ 6-10 years ☐ 11-15 years ☐ over 15 ☐
5. Please specify your position: Managerial Staff: ☐ Non-Managerial Staff: ☐
6. To what extent does strategy planning of OB affect organizational performance of OB?  
Very low extent ☐ Low extent ☐ Moderate extent ☐ High extent ☐ Very high extent

## Part II: The Effects of Strategic planning on organizational performance

Please indicate your level of agreement on the following statements by tick (√) number that best represents your opinion. 1 strongly agree (SA), 2 indicates agree (A), 3 indicates neutral (N), 4 indicates Disagree (DA), and 5 indicates strongly Disagree (SA).

S/No		SA	A	N	DA	SDA
	<b>1. Vision Statement</b>					
1.1	The vision statement of OB relevant to the banks' activities and mandates					
1.2	OB vision is compatible and well-articulated with strategic planning					
1.3	The bank vision realistically linked to the capacity and skills of staff					
1.4	The vision of the bank is relevant to its strategic activities					
1.5	The bank updated its vision statement regularly					
	<b>2. Mission Statement</b>					
2.1	The bank developed a clear mission statement that gives meaning and direction to our work					
2.2	The current mission statement is compatible with the activities being carried on by the bank					
2.3	There is an active participation of employees in the bank during development of the banks' mission					
2.4	The bank updated its mission statement regularly					
2.5	The mission statement is effectively communicated to employees and stakeholder					
	<b>3. SWOT (Strengths, Weaknesses, Opportunities and Threat Analysis)</b>					
3.1	The bank has the required competency in SWOT analysis					
3.2	The bank gives priority in SWOT (strength, weakness, opportunity, treat) analysis process of the business					
3.3	SWOT analysis is carried out in dealing with significant issues outside the organization					
3.4	The attention of decision makers to issues that influence the company is fairly good					
3.5	OB provides high quality customer service					
3.6	OB faces intense competition from other financial institutions					
3.7	OB can diversify its product/service offering to meet evolving customer demands					



1. Very low extent (VLE), 2. Low extent (LE), 3. Moderate extent (ME), 4. High extent (HE) and 5. Very high extent (VHE)

<b>4. External Environment</b>		VLE	LE	ME	HE	VHE
4.1	Can you please rate the bank performance in comparison to your competitors in the following areas					
	a. Financial performance					
	b. Customer service & Satisfaction					
	c. Product & Service quality					
	d. Innovation & technological advancement					
	e. Market share and growth					
4.2	Can you please rate the OB's performance in terms of customer satisfaction and loyalty?					
	a. Has high level of customer satisfaction					
	b. Has strong customer retention rate					
	c. Has effectively meets the needs and expectations of customers					
	d. Has a positive reputation and brand image among customers					
	e. Receives positive feedback and referrals from satisfied customers					

Please indicate your level of agreement on the following statements by tick (√) number that best represents your opinion. 1 strongly agree (SA), 2 indicates agree (A), 3 indicates neutral (N), 4 indicates Disagree (DA), and 5 indicates strongly Disagree (SA).

<b>5. Long-term Objective</b>		SA	A	N	DA	SDA
5.1	The bank establishes SMART long-term objectives					
5.2	Setting Long-term objective has great impact for the success of the bank					
5.3	The long-term objective aligns with the overall vision and mission of our bank					
5.4	OB actively engages with stakeholders to gather input and feedback on long-term objectives					
5.5	The long-term objective provides a clear sense of direction and purpose for employee					
5.6	The long-term objective foster innovation and strategic thinking within the bank					
5.7	OB regularly evaluates and adjust its long-term objective based on market dynamics					

	<b>6. Generating and Selection of Strategies</b>	<b>SA</b>	<b>A</b>	<b>N</b>	<b>DA</b>	<b>SDA</b>
6.1	The process of generating and selecting strategies is crucial for the success of the bank					
6.2	There is a good practice of generating strategies to deal with the bank issues					
6.3	The generated strategies align with the overall vision and mission of the bank					
6.4	The strategy generation and selection process include a thorough analysis of external opportunities and threats					
6.5	Our bank effectively evaluates the feasibility and resource requirement of the generated strategies					
6.6	The strategy selection process involves evaluation of risks and potential returns					
6.7	The strategy generation and selection process are periodically reviewed and adjusted based on changing internal and external factors					
	<b>7. Organizational Performance</b>					
7.1	Strategic planning has a positive impact on the overall performance of our bank					
7.2	Strategic planning process helps in setting clear performance targets for the bank					
7.3	How would you rate OB overall performance					
	a. Has achieved its financial target in recent years					
	b. Has experienced growth in its market share					
	c. Has effectively managed its risk exposure					
	d. Has a positive brand reputation in the market					

In your opinion, what are the main challenges or barriers to effective strategic planning and its impact on organizational performance?

Please provide any additional comments or suggestions related to the effects of Strategic planning on organizational performance in OB.

**Thank You for Your Assisting and Cooperation!**