

European Journal of Business and Strategic Management (EJBSM)

**Employee Involvement Mediates the Relationship between Strategy
Formulation and Implementation: The Case of Rural and Community
Banks in Ghana**

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Strategy

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Article History

Received 14th August 2023

Received in Revised Form 24th August 2023

Accepted 31st August 2023



How to cite in APA format:

Ackah, A. (2023). Employee Involvement Mediates the Relationship between Strategy Formulation and Implementation: the case of Rural and Community Banks in Ghana. *European Journal of Business and Strategic Management*, 8(2), 71–93.
<https://doi.org/10.47604/ejbsm.2084>

Abstract

Purpose: This study investigates the mediating role of employees in strategy formulation and implementation in rural banks in Ghana.

Methodology: The researcher surveyed 360 respondents from rural and community banks in Ghana. Two hundred (270) respondents responded out of the 360 expected responses, representing a 75% response rate. The researcher used Amos graphics to examine employee involvement in the mediation role in the relationship between strategy formulation and implementation.

Findings: The relationship between strategy formulation and implementation was accepted ($\beta = .0505$, $p = 0.000 < 0.05$), the effectiveness of strategy formulation predicted the effectiveness of strategy implementation, and the employee mediation role between strategy formulation and implementation was accepted ($\beta 0.140$, $p = 0.046 < 0.05$). Employee mediates strategy formulation and implementation and predicts the effectiveness of strategy implementation.

Unique Contribution to Theory, Practice and Policy:

The study investigated the relationship between strategy formulation and implementation in the rural and community banks in Ghana and the role of employees in the relationship between strategy formulation and implementation, a theoretical contribution made to the field in the strategic management process. There is limited current literature that has examined the mediating role of employees between strategy formulation and implementation in the rural and community banks in Ghana or used the variables in this study to make predictions and conclusions on employee role in the relationship between strategy formulation and implementation. The study recommends that strategy formulation should not be an exclusivity right for top managers and must be an all-inclusive process where all stakeholders within the RCBs are involved in the strategy formulation process, selecting the stakeholders from middle management, lower management, and employees. The selection must be limited to functional heads, unit heads, and employees with strategic roles and responsibilities to provoke positive strategic outcomes, leadership to encourage creativity, knowledge sharing among staff for new thinking perspectives and methodologies in the banks' product and service offerings.

Keywords: *Employee, Involvement, Mediates, Relationship, Strategy Formulation, Strategy Implementation*

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INTRODUCTION

Strategy implementation has gained recognition and is valued by most organizations globally (Cherop *et al.*, 2015). Banks have used strategies to facilitate a sound and profitable banking sector to mitigate the challenges, bringing robustness to the financial system (Athanasoglou *et al.*, 2008). A cursory look at the literature on banks' strategic framework and implementation also shows that strategy implementation is beneficial.

The growth in most banks is the adoption of prudent strategies driven by heavy investments in technology to improve processes and infrastructure to drive real efficiency across the entire organization (Global Banking Outlook, 2018). According to Otchere *et al.* (2017), Africa contributes positively to the financial sector development by improving economic performance.

In Ghana, strategic management is a practice in many sectors of the economy. However, a skim through the literature reveals scanty information regarding strategy formulation and implementation in the banking sector, particularly the RCBs that are key in developing the country's economy, which necessitates the need to assist in the growth strategy of the RCBs by building a strategic focus that seeks to enhance their competitiveness in the financial market space in Ghana.

Strategy formulation and implementation come with many challenges, and researchers continuously seek to establish factors that influence the strategic process. Fundamentally, a successful strategy implementation emanates from its formulation itself (Alharthy *et al.*, 2017), posited in the commitment, understanding, and cohesion between leadership and employees of the organization (Čater and Pučko, 2010; and Rajasekar, 2014).

Thus, employee involvement is necessary in the strategic process and mediates the relationship between strategy formulation and implementation, the effect of strategic challenges that may emanate from strategy formulation and implementation, depending on the contextual implications exhibited by formulators and executors during the delivery of the strategy itself. Therefore, lead time management in employee involvement is necessary and may influence strategy formulation and implementation in various ways, including strategic consensus, empowering employees to contribute to the strategic planning and execution process, and eliciting commitment and creativity in the implementation process for positive strategic outcomes.

Thus, this study investigates employee mediation in the relationship between strategy formulation and implementation in rural and community banks in Ghana to determine the mediation effect on strategy formulation and implementation.

Research Problem

Commercial banks in Ghana are strategically focused and embrace thinking perspectives, new methodologies, and ICT to drive their products and services. On the contrary, the rural and community banks relatively lack in this regard with the limited use of ICT to improve their operations, which constricts the speed and quality delivery of their products and services offering, lessening their competitiveness in the banking industry and slowing down their operations affecting their service delivery for which; the commercial banks have exploited for their competitive advantage.

Though strategy formulation and implementation are commonly practiced in big organizations because they possess more resources (Čater and Pučko, 2010), the practice is not ubiquitous in smaller organizations, and the rural and community banks in Ghana may not be an exceptional case.

A study by Ofori-Dwumfuo and Botchway-Anang (2012) looked into some challenges hindering an ICT project implementation and reported that about 98% of respondents attested to having strategic plans in their various banks. However, the effectiveness of strategy implementation reflects low achievement of the overall goals and objectives of the RCBs.

A study conducted by Oteng-Abayie and Mensah (2018) on the efficiency performance of RCBs in Ghana showed that about 11% to 20% of the sampled size operate close to efficiency, whereas 65% to 81% performed less than expected. Undoubtedly, many structural challenges confronting these rural banks affect the strategic management process and the overall organizational performance. The researcher seeks to establish the mediating effect of employees in the relationship between strategy formulation and implementation and the impact on the strategic process in the RCBs.

Research Objectives

This study seeks to achieve the following objectives:

- To establish the relationship between strategy formulation and implementation.
- To investigate the effect of employee involvement in strategy formulation and strategy implementation.
- To examine the mediating role of employees in the relationship between strategy formulation and strategy implementation in the rural and community banks in Ghana.

Research Questions

- (1) What are the leadership behaviours in strategy formulation and implementation?
- (2) Is there any association between employee involvement in strategy formulation and implementation?
- (3) What factors influence employee involvement in strategy formulation and implementation?
- (4) What factors influence employees' participation in strategy formulation?
- (5) What factors influence employee participation in strategy implementation?

LITERATURE REVIEW

Theoretical Foundation

The study is grounded in the resource-based view (RBV) introduced by Barney, 1991, the human-resource-based theory by Birger Wernerfelt 1984, the stakeholder theory by Freeman 1984 and the agency theory by Mitnick and Ross, 1973. These theories are widely accepted and underscore the foundation of strategic management.

The resource-based view explicates that the deriving source of competitive advantage comes from a firm internal resource (Joffre, 2011) rather than from the position in the external environment (Barney, 2005). The RBV theory predicts that gaining a competitive advantage is posited in the specific types of resources an organization has to influence the environment to gain a competitive advantage and superior firm performance. It further explains that ownership and control of resources enhance a firm's competitiveness and superiority in performance. The theorist establishes that the firm's competitive advantage revolves around its capacity to adapt

to its competitive environment, underscoring strategy formulation. The RBV theory is an expression of increasing focus on the firm resources and capabilities to drive its strategies to create a competitive advantage.

The human resource-based theory highlights the need for human participation in the organization to facilitate growth and development, stressing that involving humans in the strategic process is necessary to create a competitive advantage (Otungu, 2011). The human resource-based theory is about the capability of a firm to sustain a competitive advantage through human participation in strategy development in an organization. The stakeholder theory propagated by Freeman (1984) gravitates towards management, allowing management to guide managers to communicate the shared sense of value created to all stakeholders and promote stakeholder interests to bring the core stakeholders together. The theory relates to the firm's consistent relationships with its stakeholders. Stakeholder theory stipulations suggest that a firm should create value for shareholders and stakeholders.

The human resource-based theory highlights the need for human participation in the organization to facilitate growth and development and stresses that involving humans in the strategic process is necessary to create a competitive advantage (Otungu, 2011). The human resource-based theory is about the capabilities of a firm to sustain a competitive advantage through human participation in strategy development in an organization. Stakeholder theory, propagated by Freeman (1984), gravitates toward management. The theoretical tenets allow management to guide managers to communicate the shared sense of value created to all stakeholders, promoting stakeholder interests to bring cohesiveness and a consistent relationship between a business and its stakeholders. The theory suggests that a firm should not create value for shareholders only but extend to stakeholders.

Strategy Formulation

Strategy formulation is the process of formulating strategies posited in the context of the internal and external environment in which a firm operates and is crucial in determining a firm's performance effectiveness (Nwachukwu, Chladkova, Fadeyi, 2017). Strategy formulation begins with the organisation's ability to examine the internal and external environment to formulate appropriate strategies to accomplish its goals. Specifically, strategy formulation elicits information from the environmental analysis to determine the organisational vision, mission, goals, and objectives (VMGOs) and make strategic choices. A Vision provides a pictorial view of what the company becomes in the long term. Therefore, a vision is futuristic and an opportunity for a company to think into the future. A mission statement describes a company's fundamental purpose and existence and can vary in length, content, format, and specificity. However, it must typically describe the function and purpose of the business, the target consumers, and the selected target market. It must also reflect the business orientation towards technology, its employees, strategic positioning, business goals, and philosophies.

Strategy formulation is a reservable responsibility for top management, whereas middle and lower-level management is responsible for implementation (Rajasekar, 2014). However, a properly formulated strategy requires the collective skills of people to deliver its execution (Čarter and Pučko, 2010). And it is a coalition of formulated goals from all participants that makes a strategy successful. According to Čarter and Pučko (2010), if all participants are involved in the strategic process, they will have the same perception and the means to achieve a proper organizational structure for effective strategy implementation.

Strategy Implementation

Strategy implementation has varying expressions of actions that drive strategy execution, and early scholars and present scholars viewed strategy implementation as the action itself (Eccles, 1993), viewing strategy implementation as the actions to get the strategy executed.

"It is not planning to act, nor thinking about acting, nor clearing the organizational decks for action nor, persuading others to back your proposed plan, nor even just deciding what action should occur and how it should take place. It is the action itself" (Eccles, 1993). Strategy implementation is an activity directly followed after strategy formulation (Mintzberg (1997), whereas Ansoff & McDonnell (1990) perceive strategy implementation as a method of achieving organizational desired strategic content.

Cater and Pučko (2010) referred to strategy implementation as a systematic process composed of a logical set of activities that enable a company to make it work', a connection between formulation and control (Rajasekar, 2014), and strategy formulation must end before the commencement of strategy implementation and is the third phase of the governance process in strategic management (Nguyen *et al.*, 2016).

Strategy implementation is a working collaboration between employee and manager to achieve organizational goals (Bordean, Borza, Rus, and Mitra, 2010). Therefore, it directly deals with producing actions that lead to annual objectives, allocating resources, establishing policies and programs, and providing motivation packages to staff to drive the implementation process.

Employee Involvement in Strategy Formulation

Effective leadership behaviors stimulate substantial cognition in employees' engagement (Lacy 2009). Leadership has an immense role in shaping the organizational discourse to rope employees' contributions toward strategy development and implementation. Employee involvement in the strategic process stimulates greater participation (Rajasekar, 2014). However, Hunger and Wheelen (2003) hold a contrasting view and see the organization's strategic planning as less likely to succeed if a large group participates in the strategy development. They stress that the differences in opinion often lead to a stalemate, obstructing the progression of the right course of action. The scholars affirm that centrally coordinated strategic planning results in a more integrated work environment. Employees are likely to accept new strategies when part of the formulation process (Rajasekar, 2014), which is positive for strategy implementation. Thus, strategy execution failure is traceable from the input in the formulation stage (Alharthy, Rashid, Padgliari, *et al.*, 2017).

Employee Involvement in Strategy Implementation

Employee involvement in strategy implementation revolves around key precipitated behaviors of leadership role, staff coordination, motivation, attitudes, and training, which predicts effective participation.

Leadership must release resource allocation for skills alignment and responsibilities to stimulate employee efforts and participation (Rajasekar, 2014) amidst the right environment and coordination among employees, supervisors, and subordinates. Effective coordination between supervisors and subordinates results in knowledge sharing and increased experiences, facilitating good working relationships and organisational commitment toward strategy implementation (Khaliq, Naeem, and Khalid, 2016; (Cater and Pučko, 2010).

One of the biggest obstacles confronting strategy implementation is the lack of coordination among employees, for which coordination and involvement are not mutually exclusive (Hrebiniak (2005) and are directly linked to employee involvement to influence strategy implementation.

The concept of motivation is one of the most powerful tools in getting employees involved in the implementation process. According to Ochola (2018), employee motivation is an incentive to inspire employees to perform in a desired way, and it is not just incentives but also recognition and empowerment (Dobre, 2013) and the right working environment for employees to participate in decision-making. According to Irawanto (2015), when employees contribute their opinions through decision-making, it improves their performance. And organizations that motivate their employees to perform better because employees work effectively and efficiently to produce better results (Dobre, 2013).

Another variable that influences strategy implementation is the attitude of employees, and interaction between groups, people, and society culminates in the behavior and attitude of a particular group of people or society, shaped by beliefs and values, which become the culture of the social construct. The organizational cultural practices in its environment cultivate negative or positive attitudes towards everything it does (Claridge, 2018), depending on environmental depiction, which employees' attitudes are necessary factors influencing employee involvement in strategy implementation.

A study by Rotich and Osodo (2017) showed a direct impact of employee training on strategy implementation, and inadequate training in an organization is a misalignment of resources that can disrupt the successful implementation of strategies. An organization bridges the skills gap through training, learning, and development. Employees possess the skills to implement the strategy when well-trained, and a lack of employee training results in a skills gap and affects organizational effectiveness.

Empirical Literature on the Role of Employees in Strategy Formulation and Implementation Influencing Strategy Implementation

The study by Bae and Lawler (2017) examined the competitive advantage of the impact of human resource management (HRM) values in an organization. The researchers sampled hundred and thirty-eight (138) firms in Korea using non-managers. The research showed that when an organization values its employees as a source of competitive advantage, they are more likely to participate in the strategy implementation.

Al-Kandi *et al.* (2013) examined the factors influencing the strategic decision-making process and strategy decision outcomes in determining strategy implementation, focusing on three highly successful banks in Saudi Arabia. The scholars sampled one hundred and twenty (120) middle managers using linear regression. The results showed that the organizational structure and employee involvement in the strategic process influenced strategy implementation outcomes in Saudi Arabian banks.

Empirical Literature on the Role of Employees in Strategy Formulation and Implementation Influencing Strategy Implementation

Elbanna *et al.* (2014) investigated how formal strategic planning determines the success of strategy implementation, the mediating effect of managerial involvement in the process, and the moderating effect of stakeholder uncertainty in implementation planning. The scholars administered an online structured questionnaire to 150 public service organizations in

Canada. The results showed the link between stakeholder uncertainty in the implementation plan when not involved from the beginning of the strategic planning process, confirming the assertion of (Bryson and Crosby, 2009), who stipulate that strategic planning must be discursive to elicit positive strategic outcomes. Employee involvement in the strategy development and implementation stage brings a sense of involvement and ownership to ensure successful strategy implementation.

Chepkoech and Waiganjo (2015) investigated the role of stakeholders in strategy implementation in National commercial banks in Kenya (NBK), using a stratified sample to select one hundred and twenty (120) staff occupying managerial levels at NBK branches in the central district of Nairobi. The study found that stakeholders' involvement in the change management process, from the strategy planning stage to the implementation stage, brings a sense of involvement and ownership to all stakeholders and ensures successful implementation.

A study by Korosec (2006) examined the differences in level planning and organisational-wide strategic planning efforts. The researcher collected data from a national mail survey in the USA and North Carolina and interviewed senior managers of organizations. The results showed that employees who work in an environment that encourages cooperation and teamwork are likely to be less inhibited in their meaningful contribution to organizational work.

The study by Mehmet *et al.* (2020) investigated hotel managers in Hong Kong about their understanding of strategy and the factors driving strategy formulation and implementation. They interviewed top managers in hotels in Hong Kong using semi-structured interviews. The results showed that macro and environmental analysis and teamwork are the top priorities underpinning a successful strategy formulation, whereas internal considerations, employee participation, and strategic consent underpin the implementation phase.

Summary of Literature and Research Gap

Strategy formulation and implementation are strategic variables that underpin the strategic management process, for which most scholars have identified different factors inhibiting employees' participation in the strategic process. Factors affecting the mediating role of employees in strategy formulation and implementation have been diverse in context and do not collectively address the impact of employee role in strategy formulation and implementation.

The various theories that form the quintessence of strategy formulation and implementation fail to provide a collective explanation of the mediating role of the employee in strategy formulation and implementation. The resource base places its theory on competitive advantage linked to internal resources driving the strategic process to achieve competitiveness without specific emphasis on employee participation in strategy formulation and implementation, a means of propulsion to stimulate a positive strategic outcome in the strategic process. The human resource theory, though premised on human participation and the capacity of the firm to sustain competitive advantage, fails to recognize the effect of employee role in strategy formulation and implementation.

The various frameworks fail to deal with the impact of the employee mediating role in strategy formulation and implementation, delineating the effect of employee involvement in strategy formulation and implementation, making formulation and implementation independent of the other when the two are not mutually exclusive. Strategy implementation informs the future strategy formulation (Mintzberg, 1977), and the feedback feeds into the strategic planning

process (Mintzberg, 1997; Hrebrinik, 2005), using employees' mediating role to elicit positive strategic outcomes.

Concluding from the literature reviewed, the employee role in strategy formulation and implementation is necessary to elicit a sense of belongingness and participation in the strategic process. And employee involvement in the relationship between strategy formulation and implementation stimulates direct participation in the strategy to yield positive organisational outcomes.

The researcher combines existing literature and various frameworks and models on strategy formulation and implementation to conceptualize the effect of employees' participative role in strategy formulation and execution in the context of rural and community banks in Ghana and the impact on the organisational strategic output.

Conceptual Framework and Hypothesis Development

Conceptual Framework

The research model is on the provisos of Agler and Boeck (2017), whose stipulations affirm that mediation must occur between independent and dependent variables. According to scholars, mediation can happen when there are three variables to test. The research model for the mediating effect of employee involvement in the relationship between strategy formulation and implementation is in Figure 1.

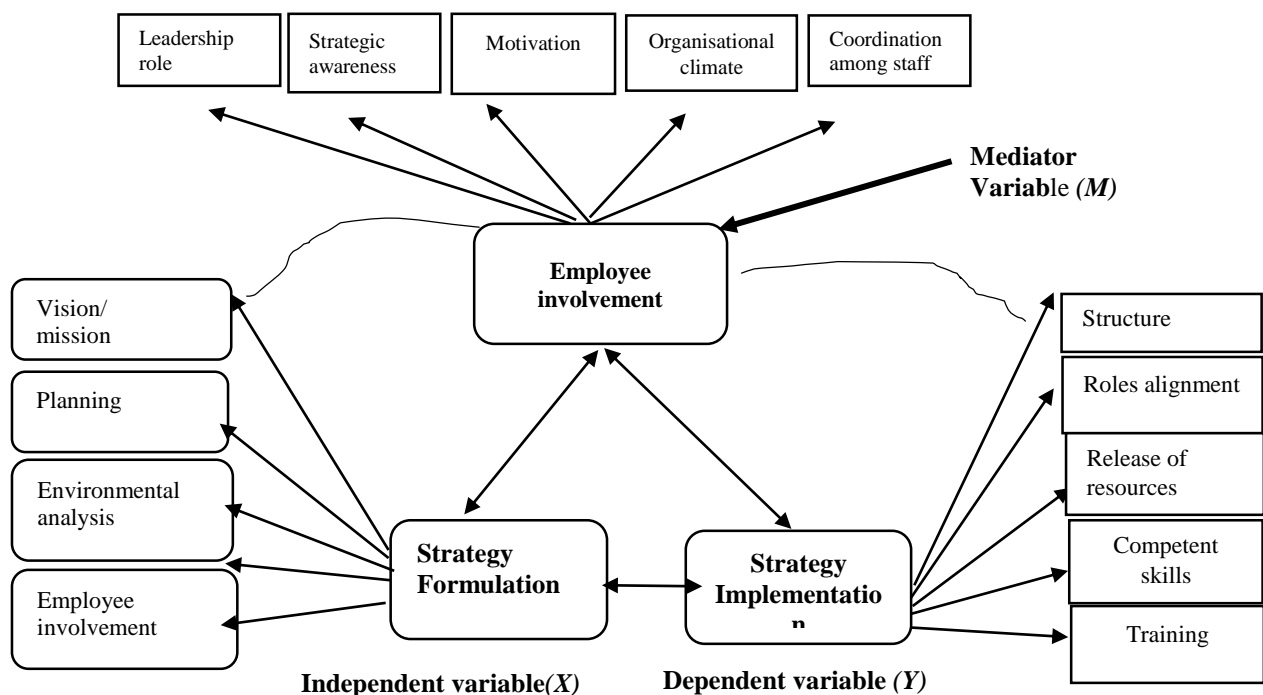


Figure 1: Conceptual Framework

Source: Ackah's construct 2021

The above diagram depicts the mediating role of employees in the relationship between strategy formulation and implementation. According to Agler and Boeck (2017), mediation processes are bothered around a mediator variable that falls in between an independent variable (IV) and a dependent variable (DV). A minimum of three variables in total is required for mediation to occur. That is, X , M , and Y , where X is the (IV), Y the (DV), and M is the (hypothesized) mediator variable that supposedly transmits the cause and effect of X to Y . The total effect of X on Y is known as the Total effect (TE), and that effect is a combined and direct effect (DE) of X on Y and an indirect effect (IE) of X on Y through M . In other words, there is a direct relationship between X and Y .

The bivariate association of strategy formulation and implementation is that the former, denoted as X , has a significant relationship with M (the mediator), as well as the latter, denoted, Y . And that the relationship between X and Y must diminish when M , is introduced in the model (Agler and Boeck, 2017). The effect of M on X facilitates strategy formulation, and M on Y enables effective strategic outcomes, which feeds back into the formulation process (Mintzberg, 1997). Thus, the strategic process advances freely to achieve organisational goals when employees participate in the strategic process. The absence of employee involvement makes the relationship between X and Y dependent upon each other. Employee involvement mediates this relationship to impact positively on the strategic outcome.

The following hypothesis is to test the above model:

H₁: Strategy formulation has a direct effect on strategy implementation

H₂: Employee involvement in strategy formulation has an impact on strategy implementation

H₃: Employee mediates the relationship between strategy formulation and implementation

MATERIALS AND METHODS

Population and Sampling

The population of the study is community and rural banks in Ghana. The researcher carefully employed random sampling techniques and sampled thirty (30) rural and community banks. The geographical spread of this selection was across the two belts in Ghana, the middle and southern belts, with a specific focus on the Greater Accra Region, Eastern region, Bono region, and Ashanti region. The researcher chose fifteen (15) rural banks from the southern belt and (15) from the middle belt, using random stratification to ensure the opportunity for each rural bank to be selected for the study. The researcher rounded up the three hundred and fifty-eight (358) participants to three hundred and sixty (360), a 0.6% increase in sample size for uniformity and to lessen the rate of non-response.

Development of Instrument and Data Collection

The researcher designed the questionnaire using a five-point Likert scale and minimal dichotomous and multiple-choice answers. The measurements used were nominal and ordinal scales to measure the effectiveness of strategy formulation and implementation. The total number of anticipated response rates was 360, and the number of actual responses was 282, representing (78.3%) coming from twenty-one rural and community banks in Ghana. Two hundred and seventy (270), representing 75%, completed the data needed for analysis. Out of the 282 responses received, the rejection was 12 questionnaires, representing 4.2%.

Variable Description

This study employs three key variables: strategy formulation, strategy implementation, and employee involvement. The independent variable is strategy formulation, the mediator variable is employee involvement, and the dependent variable is strategy implementation.

Where:

Table 1: Variable Description

SF = strategy formulation IMP = strategy implementation EMP = employee involvement	Employee involvement
Strategy Formulation	Inv1= Strategic awareness Inv2 = Influence your participation in the strategy Inv3 = Leadership created good organisational environment Inv4= effective coordination among functional departments and individuals Inv5 = Good reward system
Formu1= vision/mission Formu2 = environmental analysis Formu3= employee involvement in formulation Formu4 = strategy planning	
Strategy Implementation	
Proc1 = organisational structure Proc2= roles alignment with strategy Proc3 = sufficient resource to facilitate strategy implementation Proc4= frequent training and strategy participation Proc5 = targets set stimulated hard work towards strategy implementation.	

The total mediating effect of employee involvement in the relationship between strategy formulation and implementation.

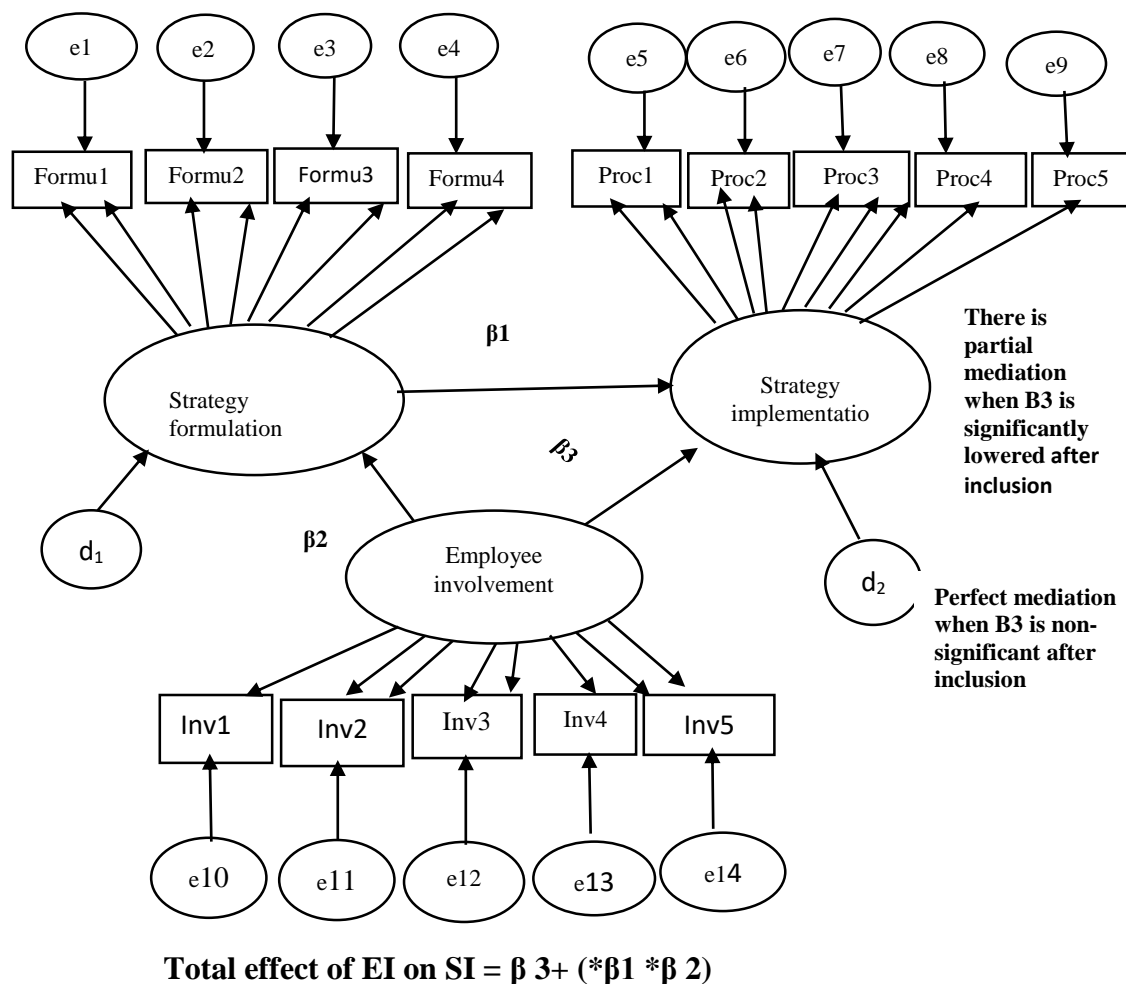


Figure 2: The Total Mediating Effect of Employee Involvement in the Relationship between Strategy Formulation and Implementation

Source: Ackah's Construct, 2020

Data Analysis

The analysis combined hypotheses 1, 2, and 3. The SEM equation model was used to answer the mediating effect of employee involvement in strategy formulation and implementation. There are two effects involved in this model: (1) the direct effect of strategy formulation on strategy implementation and (2) the indirect effect of strategy formulation on strategy implementation when employees are involved. The researcher first investigated the statistical significance of the direct effect using Amos graphics to draw the structural equation model (SEM).

RESULTS AND DISCUSSION

Descriptive Analysis

Table 2: Response rate

Response	Frequency	Percent
Returned	282	78.33%
Unreturned	78	21.67%
Total	360	100%

Table 3: Key Construct

Construct	Mean	SD
SF	3.50	.685
IMP	3.45	1.019
INV	2.31	.716

The results in Tables 2 and 3 show the pattern of responses provided by the respondents. The answers to the strategy formulation questions were moderate, showing an average mean score for strategy formulation questions of 3.50, representing an agreement amongst most respondents regarding the strategy formulation process in the banks. Almost all the mean scores for items measuring strategy formulation were from 3.93 to 4.27 except for two measurements, which were between 1.00 and 1.91 with an SD of .685, depicting the closeness of the statistical data set to the mean. On average, the SD for the strategy formulation process is not farther away from the data set, indicating the concentration of the data set around the mean. The average mean score for employee involvement is 2.31, depicting the disagreement and neutrality among respondents about employee participation in the strategic process. The SD is .716, which is moderately minimal, reflecting the data set close to the mean.

Model Fit Assessment and Confirmatory Analysis

The model fit is necessary to determine whether the hypothesized theoretical model provides a good fit to the observed data (Dragan and Topolšek, 2014). Most fit indices apply the chi-square test statistic for the hypothesized model (Dragan and Topolšek, 2014). The chi-square test is appropriate for a small sample. A sample size of more than 200 will always produce a statistically significant result (Kenny, 2015).

When using SEM analysis, a sample size of 200 is considered large enough, and since the sample size of this study is more than 200, chi-square tests may not be suitable for the model fit test.

The model fit indices for SEM exceeded the accepted standardized indices suggested by previous researchers (e.g., Jöreskog and Sörbom, 1993; Browne & Cudeck, 1993). The variables used for mediation exhibited a fairly good fit. (RAMSEY = 0.076, CFI = 0.904, CFI = 0.904, PNFI = 0.0694, PGFI = 0.640, AGFI = 0.870), IFI = 0.905, NFI = .854, TLI (.882), GFI = .908, AGFI = .870. The model has achieved a good fit. The Chi-square/DF value is 2.574, which is < 5.0. Table 4 provides the summary of the fit indices.

Table 4: Goodness of Fit Indices

Goodness of fit	Cited	Acceptable model fit	Result	Goodness of fit Yes/No
X²			190.494	
df			74	
P value		>0.05	0.000	No
X²/ df	Kline (2010)	1.00 – 5.00	2.574	Yes
RMSEA	Steiger (1990); Browne and Cudeck (1993); Jöreskog & Sörbom (1993)	< 0.80	.076	Yes
GFI	Jöreskog and Sörbom (1993)	>.90	.908	Yes
CFI	Hu and Bentler (1999); Byrne (2010)	>.90	.904	Yes
TLI	Tucker and Lewis (1973); Bentler and Bonett (1980)	>.90	.882	No
IFI	Bollen (1990)	>.90	.905	Yes
NFI	Bentler and Bonett (1980)	>.80	.854	Yes
PNFI	Bentler and Bonett (1980)	>.05	.694	Yes
PGFI	James <i>et al.</i> (1992)	>.50	.640	Yes

All the indices conformed to the accepted goodness of fit indices and should exclude those that do not align with the acceptable level from the model due to their unpopularity of use in recent times (Sharma et al., 2005). The study used Cronbach’s alpha to measure the reliability of the constructs and discriminant validity using the average variance extracted method (AVE) to determine the reliability and validity of the model to corroborate the evidence of the model fit for this construct.

The results showed that all three constructs have Cronbach’s alpha coefficient of 0.865, which exceeded the acceptable level of 0.7 (Kannan and Tan, 2005). The test result for the composite reliability of the constructs was 0.807627, which indicates 81% validity and reliability of the model, as presented in Table 5.

Table 5: Discriminant Validity to Determine Reliability and Validity of the Model

λ	λ^2	ϵ		
0.826	0.682276	0.3177	N	4
0.881	0.776161	0.2238	Average variance Extracted	0.549008
0.832	0.692224	0.3078	Composite reliability	0.807627
0.213	0.045369	0.9546		
2.752	2.19603	1.804		

Confirmatory Factor Analysis

The confirmatory factors (CFA) determined the consistency of the model (Nazim and Ahmad, 2013), showing the covariance between the latent variables, as shown in Figure 3, showing the factor loadings, correlations, and covariances among the latent variables.

The regression weights on the factors are statistically significant, indicating $0.000 < 0.05$. The factor loadings are statistically significant at < 0.05 , suggesting that all the variables used have less than a 5% probability that they cannot influence the mediation role of employees in the relationship between strategy formulation and implementation, a depiction of a 95% probability that the influence of these factors impacts the mediation role of employees between strategy formulation and implementation. Figure 3 represents the factor loadings.

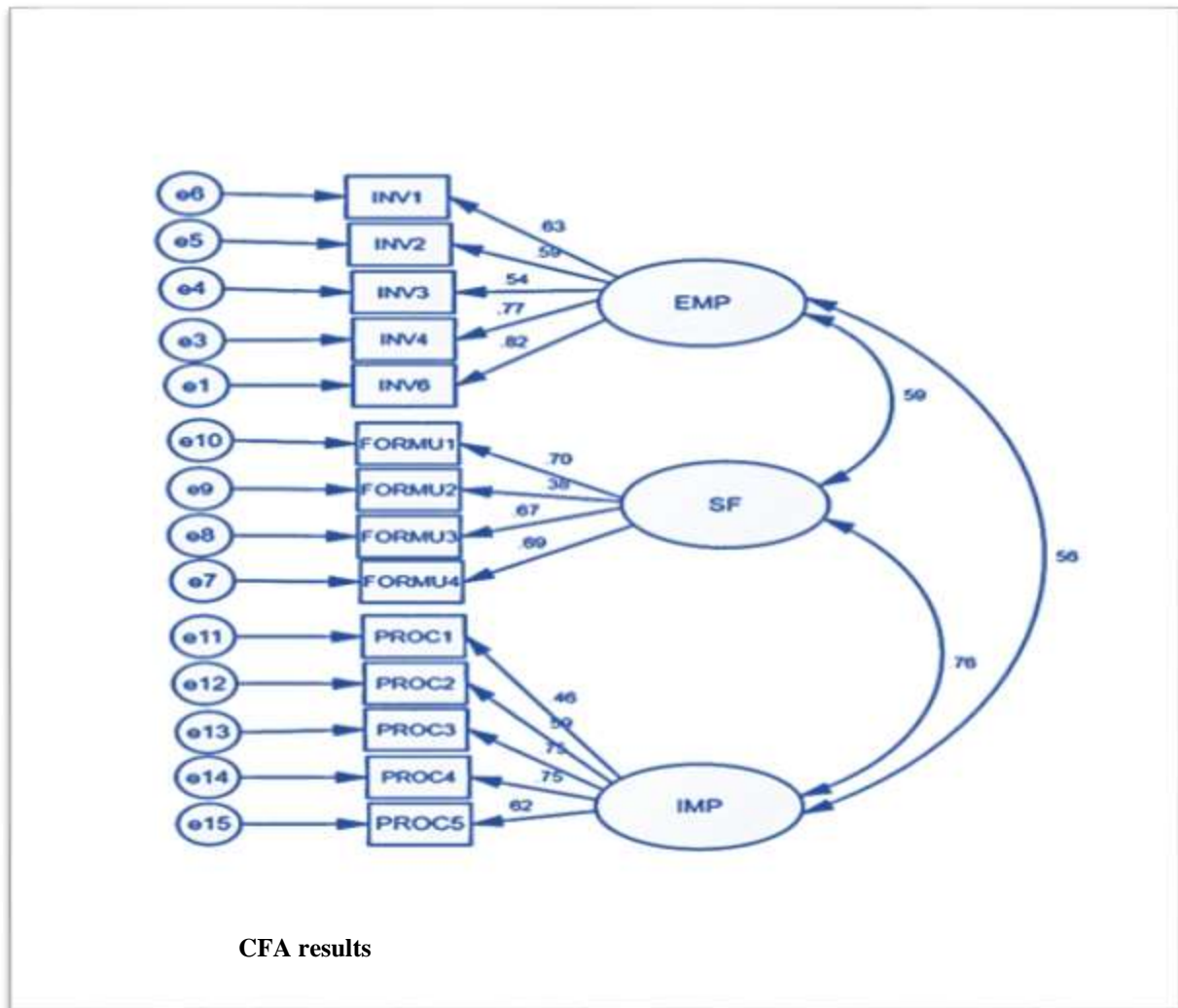


Figure 3: Confirmatory Factor Loadings

The factor loadings indicate the relationship between the latent variables and the confirmatory factors. The value of the factor loadings should be high. Factor loadings less than 0.3 represent a weak relationship and should be discarded. The factor loadings > 0.50 are significant (Hair *et al.*, 2010). The values of the factor loadings are high throughout except for one item, which had a loading of .382, which still meets the acceptable level. The estimate for the covariances indicates that strategy formulation directly affects strategy implementation.

Mediation Analysis

In testing the mediation role of employees, the researcher first examined the direct effect of strategy formulation on implementation and later introduced the mediation variable.

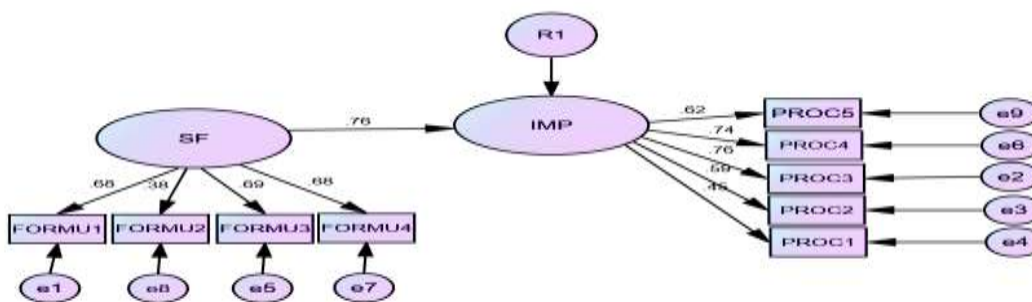


Figure 4: Direct Effect of Strategy Formulation on Implementation

The regression weight in Table 6 shows the direct effect of strategy formulation on strategy implementation. It indicates the regression weights on the variables.

Table 6: Regression Weight

Variables	Parameters	Estimate	S.E.	C.R. (t-value)	P-value	Results
IMP	<--- SF	.413	.071	5.793	***	significant
FORMU1	<--- SF	1.000				significant
PROC3	<--- IMP	1.293	.191	6.760	***	significant
PROC2	<--- IMP	1.063	.174	6.111	***	significant
PROC1	<--- IMP	1.000				
FORMU3	<--- SF	.920	.103	8.901	***	significant
PROC4	<--- IMP	1.262	.188	6.696	***	significant
FORMU4	<--- SF	.840	.095	8.836	***	significant
FORMU2	<--- SF	.534	.101	5.302	***	significant
PROC5	<--- IMP	1.193	.191	6.244	***	significant

Final Results of Structural Modeling

The indirect effect of strategy formulation on implementation when the mediator was introduced is shown in figure 5.

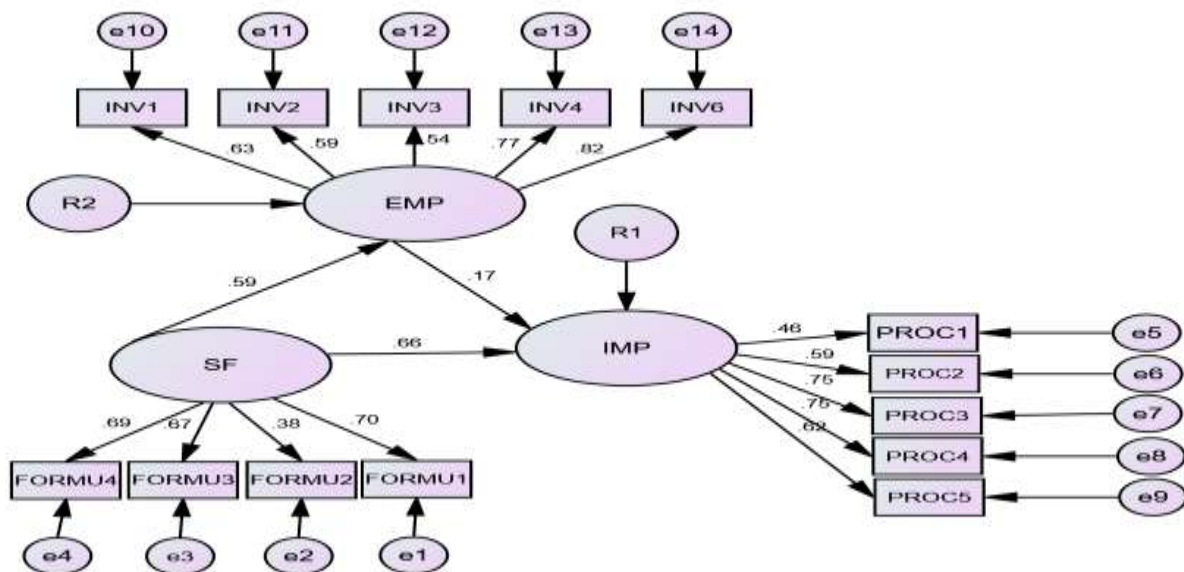


Figure 5: The Indirect Effect of Strategy Formulation on Implementation When the Mediator Was Introduced

The mediator entering the model took away some of the weights, reduced the effect of strategy formulation on implementation, and was still significant. The p-value is 0.000, which is < .05 depicting statistical significance. When an employee is involved in the implementation process, the effect on strategy implementation reduces. Specifically, (β 3) was significantly lowered after inclusion, showing a partial mediation with a p-value of 0.046, which is significant and reflects a mediation effect on strategy implementation. Also, the impact of employee involvement in strategy formulation has a p-value of 0.000, which is < 0.05, a depiction of statistical significance. There is more than a 95% probability that employee involvement in strategy formulation predicts effective strategy implementation. The results showed that strategy formulation has a direct effect on strategy implementation. There is strong evidence of a positive impact on strategy formulation and implementation when employees were in the model. Table 7 indicates the regression weights of the variables.

Table 7: Regression Weights

			Estimate	S.E.	C.R.	P	Results
EMP	<---	SF	.560	.089	6.291	***	significant
IMP	<---	SF	.505	.088	5.763	***	significant
IMP	<---	EMP	.140	.070	2.000	.046	significant
FORMU4	<---	SF	1.000				
PROC3	<---	IMP	1.062	.115	9.231	***	significant
PROC4	<---	IMP	1.065	.116	9.208	***	significant
PROC5	<---	IMP	1.000				
FORMU2	<---	SF	.642	.118	5.440	***	significant
PROC2	<---	IMP	.892	.114	7.826	***	significant
FORMU1	<---	SF	1.219	.132	9.229	***	significant
FORMU3	<---	SF	1.052	.118	8.909	***	significant
PROC1	<---	IMP	.861	.134	6.421	***	significant
INV1	<---	EMP	1.000				
INV2	<---	EMP	.882	.110	8.019	***	significant
INV3	<---	EMP	.625	.084	7.486	***	significant
INV4	<---	EMP	1.185	.122	9.744	***	significant
INV6	<---	EMP	1.162	.115	10.074	***	significant

Table 8: Summary of Estimates

Before mediator in the model:					
Imp ←-----SF	Beta estimate	S. E	C.R	P-value	Result
	.413	.071	5.793	***	Significant
After the mediator in the model					
Emp ←-----SF	Beta estimate	S. E	C.R	P-Value	Result
	.560	.089	6.291	***	significant
Imp ←-----SF	.505	.088	5.763	***	Significant
Imp ←-----Emp	.140	.070	2.000	0.046	Significant

There was a direct effect of strategy formulation on strategy implementation when the mediator entered the model. Beta increased from .413 to .560 with a p-value of 0.000, indicating statistical significance and a perfect mediation after including the mediator (employee). The results also showed the indirect effect of strategy formulation on strategy implementation when employees entered the model. The regression weight on strategy implementation was significantly lowered from .505 to .140, with a statistical significance of 0.000, showing a partial mediation. The total effect of employee involvement in strategy implementation = $\beta_3 + (\beta_1 * \beta_2)$. Where: $\beta_3 = .140 + (.505 * .560) = 0.42$. Employees' participation in the strategic process minimizes the challenges in strategy implementation.

Hypotheses tests: The structural equation model was used to test the hypotheses, and the results show that H1: strategy formulation has a direct effect on strategy implementation is accepted. ($\beta = .413$, $p = 0.000 < 0.05$). A statistical significance depicting a direct relationship between strategy formulation and implementation. H2: employee involvement in strategy formulation impacts strategy implementation is accepted at ($\beta = .560$, $p = 0.000 < 0.05$). Employee involvement in strategy formulation predicts the effectiveness of strategy implementation. H3: The employee mediates the relationship between strategy formulation and implementation. The relationship between strategy formulation and implementation is accepted ($\beta = .505$, $p = 0.000 < 0.05$). Strategy formulation predicts the effectiveness of strategy implementation. Employee mediates the effect on strategy implementation is accepted. ($\beta = 0.140$, $p = 0.046 < 0.05$). Therefore, we can conclude that the employee mediates the relationship between strategy formulation and implementation. Employee involvement consequently predicts the effectiveness of strategy implementation. The study findings align with those (Osama *et al.*, 2016).

Findings Related to Objectives

The regression weight for strategy formulation is .413, the standard error is .071, and the coefficient is 5.793, with a statistical significance of $.000 < 0.05$, indicating a high probability that strategy formulation has a direct effect on strategy implementation, with a statistical significance of .000, which is strong statistical evidence to establish the relationship between strategy formulation and implementation. It also shows the weights of the observed and latent variables of the construct. The standard path coefficients indicate the relationships between the independent and dependent variables.

Employee involvement in the strategic process minimized the effect on strategy implementation. Specifically, β_3 significantly lowered after inclusion, showing a partial mediation with a p-value of 0.046, which was significant and represents a mediation effect on strategy implementation. Also, the employees involved in strategy formulation have a p-value of $0.000 < 0.05$, showing an impressive statistical significance. There is more than a 95% probability that employee involvement in strategy formulation predicts effective strategy implementation. The results showed that strategy formulation has a direct effect on strategy implementation. It also has an indirect effect on employee involvement. There was evidence of a positive impact on strategy formulation and implementation when employees entered the model.

Contribution to practice

The study made a theoretical contribution to strategy formulation and implementation, the mediating role of employees in rural and community banks in Ghana.

The current literature has not examined the mediating role of employees in strategy formulation and implementation in rural and community banks in Ghana. Strategy implementation failure is directly associated with the design of the strategy (Ralie and Nienaber, 2015) and the level of employee participation in the strategic process.

The study revealed that strategy formulation has a direct relationship with strategy implementation, and employee involvement moderates the effect of challenges on the implementation process. The research findings precipitate an insight into the need for policy direction to allow employee participation in the strategy formulation process to encourage

embracing activity that creates strategic awareness and undoubtedly drives the trajectory of strategy implementation.

Recommendation

The result of the study has several implications for top managers of the RCBs. Regarding strategy formulation, top managers must involve employees at strategic levels within the RCBs. The employee involvement must span middle management, lower management, and employees, which can be limited to functional heads, unit heads, and employees with strategic roles and responsibilities. For example, key employees in operations department, credit risk, and customer service departments should be part of the strategy formulation and planning. When strategy formulation is inclusive, it brings a pool of skills for a well-formulated strategy (Čarter and Pučko, 2010). The top management must encourage creativity, knowledge sharing among staff to elicit new thinking perspectives, and innovation in product and service offerings to clients. The first thing that facilitates creativity and idea generation is when leadership creates a favorable environment consistent with reliability (Taylor, Machado, and Peterson, 2008) and strategic activities to advance an effective strategic management process since most RCBs are not big organisations. And the departments and unit departments can form teams to encourage creativity and ideas supported with reward systems.

Limitations and Suggestion for Future Work

The current study provides significant findings that are applicable in theory and practice. However, we must consider these findings alongside their probable limitations. The study used a cross-sectional design to sample participants across rural and community banks in Ghana. This design potentially represents results that show the relationships between variables without necessarily the causal relationship or explanation of the direction of the relationship or determining the cause and effect of the phenomenon. However, a longitudinal research design will allow the researcher a long period to explore the causality of variables.

The study focused on the mediating role of employees in the relationship between strategy formulation and implementation, eliciting the predictors of effective strategy formulation and implementation without examining the strategic outcome of the organisational performance. It is, therefore, possible to look at strategy implementation and organisational performance.

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