

The Role of the Strategic Leadership Approach in the Management of Institutions and its Relationship to Profitability

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Abstract

Today's competitive environment is rapidly changing, thus most CEOs work to implement flexible procedure techniques such like strategic leadership to ensure that their companies can also change. This technique can be used by strategic leaders to inspire unity and cooperation among their teams so that they can create a positive impact on the organization as a whole but the significance of strategic leadership and its influence on large-scale profitability is not recent. So, it is essential to study the role of this type of leadership in the management and productivity or profitability of an organization and highlights the issues encountered through its implementation. This paper investigates the effect of strategic leadership on decision-making and organizational profitability and states some solutions to the obstacles which affect strategic leadership execution. Questionnaire surveys were employed to gather information. The respondents are varied between managers, chief officers, human resource employees, and others. The questionnaire also targets various sizes of companies. After collecting the data, the SPSS program was relied on to conduct the necessary tests to demonstrate the validity of the null and alternative hypotheses. The findings concluded that strategic leadership has an effective role in improving job performance and thus ensuring profitability. Also, there are many obstacles facing the achievement of strategic leadership in the organization such like: limited financial and human resources, lack of preparation while implementing the strategy, political interference, and late funding. The author recommends some solutions that are useful in overcoming those obstacles facing the strategic leadership, including: supporting cooperation and coordination between different directors, recommending communication strategy, bureaucracy eliminate, recommending proper planning, and raising staff morale.

Keywords: Strategic Leadership; Organizational Profitability; Decision-making.

1. INTRODUCTION

Companies urgently need to develop their internal structures in order to fit with market challenges as a result of the growth in technology. A specific strategy makes use of a company's main objectives, aims, regulations, plans, and obligations. The corporate environment of today is rapidly changing, so most CEOs work to implement flexible

procedural techniques to ensure that their companies can adapt. In order to be more competitive in a difficult environment, it is vital for a leader to match their perspective with the company's goals and targets. They must also motivate and develop their team members to guarantee that the company's vision and policies are carried out (Simon, et al., 2015). Every business needs a strong leadership team. In reality, no organization can run effectively without a leader. Numerous leadership theories and leadership styles need to be assessed in light of how important leadership is to enterprises. Several strategies have proven effective for a number of effective and creative leaders, even if no one approach fits every type of leadership. One of these strategies is the strategic leadership approach.

CEOs that practice strategic leadership develop a plan for their business that will help it compete or adapt successfully in a fast changing technological and economic environment. This technique can be used by strategic leaders to inspire unity and cooperation among their teams so that they can create a beneficial effect on the organization as a whole. Strategic leadership includes making decisions that cut across cultures, organizations, goals, characteristics, and ambitions. It necessitates the creation of plans that are feasible, appealing, and welcomed by one's organization and collaborators—whether collaborative, interagency, or international—as well as to those collaborators. Making wise, logical decisions, especially ones with broad implications, is a prerequisite for strategic leadership. Streamlining processes, enhancing strategic performance, encouraging creativity, and cultivating an environment that fosters the development of ideas are the major goals of strategic leadership. Strategic leaders may create a remuneration or incentive plan to motivate staff members and aid them in achieving their objectives.

Strategic leadership's importance and impact on broad-scale profitability, however, are not new concepts. Organizational senior executives frequently face unfair pressure from stakeholders to increase revenue rather than taking into account other crucial success factors like strategic leadership. Low profitability is a characteristic of organisations with inadequate senior management focus and training. So, in order to provide a comparative benefit and explain how innovative strategic leaders increase profitability, frameworks are utilized in successful organizations.

Moreover, there are a few issues with strategic leadership execution that need to be addressed. One of these is the constant demand for higher profits from stockholders. As a result, top corporate leaders are forced to rethink their approach more frequently. Second, companies are becoming more complex. The actions required to generate products and services, for example, cross multiple functional, organizational, and even geographical barriers. Then there's the balancing act of matching the needs of implementing complicated transformation initiatives with company performance. It can be challenging to acquire purchases for developing strategic plans for the future, especially when management is rewarded primarily on performance. Also, managers' involvement in the early phases of strategic execution is low. Finally, obtaining the necessary resources to carry out the strategy is difficult.

This paper investigates the impact of proper management using strategic leadership on decision-making and organizational profitability. It also outlines the obstacles to any strategy's implementation and finding proper solutions to these challenges.

2. LITERATURE REVIEW

Strategic executives manage organizational culture, technology, and structure to make sure they are in line with the overall strategy (Simon, et al., 2015). The capability to develop an organization's strategic purpose and vision while motivating and persuading others to share it in order to achieve organizational goals is known as strategic leadership (Marx, 2015). Top leadership groups are the focus of strategic leadership. The outcomes of short-term decisions have an effect on the organization's long-term viability. An organization's shared ideals provide a range of outcomes when a strategic leader is present (Witek-Crabb, 2016). This section of paper concerns about reviewing the previous literature which have the same paper's objectives.

2.1 Strategic Leadership and Organizational Performance

According to (Pradabwong, Braziotis, Tannock, & Pawar, 2017), Positive correlation exists between organizational performance and competitive advantage. Businesses use strategic leadership and ethical business practices to aid in the development of a nation's economy. A growing, profitable business is one that is sustainable. Dynamic managerial competences influence organizational strategy by a variety of managing abilities that boost profitability (Smutny, Prochazka, & Vaculik, 2016). The improvement in social communication skills, technical capabilities, and learning are important managerial talents that boost an organization's profitability (Smutny, Prochazka, & Vaculik, 2016). Managers strive to establish a setting where businesses can successfully develop, discuss, and evaluate their business environment initiatives (Baird, 2017). A complete scorecard can be used by organizations as a strategic management and planning tool to convey objectives, aims, daily processes, projects, goods, and services (Kshatriya, Dharmadhikari, Srivastava, & Basak, 2017). Organizational performance is what happens when a company successfully blends strategic and functional performance to reach specified aims (Cheng & Humphreys, 2016). When all organizational functions collaborate to achieve objectives that can be tracked using a balanced scorecard, total organizational performance is accomplished. It is critical to evaluate strategic success exclusively in the context of operational performance in order to determine whether a company accomplishes its strategic aims to boost profitability (Oyewobi, Windapo, & Rotimi, 2015).

Comprehending leadership paradigms and methods is essential given the surge in diversity, complexity, and continual change in modern enterprises (Kinnear & Ortlepp, 2016). Leaders must focus on strategies that ensure profitability due to how complex and diverse businesses are. Understanding the various leadership styles is essential for choosing which model to utilize for a corporation (Kapasi, Sang, & Sitko, 2016). Many academics have already looked into the ideas and approaches to understand various leadership philosophies. The ideas and approaches, however, continue to alter throughout time as a result of the intricate, diverse, and permanent variations in organizations. Trait, situational, and behavioral methods are common in traditional theories of leadership. Charismatic, transformational, and transactional leadership are examples of contemporary leadership styles. Experts in modern leadership models assert that good leaders make decisions in a variety of challenging and complex situations (Alvesson & Blom, 2015). Incorporating leadership ideas like border crossing,

emotional intelligence, and systems thinking have helped modern leaders better come up with methodologies to achieve higher profitability (Fiaz, Su, Ikram, & Saqib, 2017).

2.2 Strategic Leadership and Profitability

(Witts, 2019) discovered that a shortage of strategic leadership prevented organizations in the financial sector from reaching their financial targets. Another study came to the conclusion that strategic leadership was essential to a business' success (Kitonga, 2019). Research was done on the value of leadership in Kenya's highly competitive banking industry by (Nyamu , 2019). The presentation of the strategic vision and goal, organizational leadership, human capital, and other independent factors were all taken into account. The study's dependent variables were output, market share, and profitability. It has been demonstrated that an improvement in profit, output, and market share is influenced by organizational style of leadership, goal communication, and the efficient utilization of human resources.

Another study found that indicators of strategic leadership which are a well-trained workforce, a well-articulated business plan, and concise and unambiguous vision and goal statements. Return on equity (ROE) and return on assets (ROA) were measures of a bank's performance. Strategic leadership has been ensured that it has a major impact on a bank's performance (Nyangoka , 2019). (Nthini, 2019) investigated the operation of 48 state-owned businesses in Kenya. Customer satisfaction, profitability ratio, and employee turnover were all used as performance indicators. According to the study, strategic leadership significantly affects outcomes.

2.3 Strategic Leadership and Decision-Making

Numerous case studies demonstrate how strategic choices can significantly affect a company's long-term performance, which is closely related to its objectives. Smart strategic decisions are nevertheless tremendously profitable even if they are typically made at the top management levels and often include considerable risk. Different leadership styles and decision-making processes are used in the fast-paced business world, including authoritarian, negative, participative/democratic, free-rein, and leadership by example. How a manager or leader interacts with his team members identifies his or her leadership style; it may be charismatic, laissez-faire, autocratic or dictatorial, or bureaucratic. The aforementioned styles have a considerable impact on an organization's decision-making processes and the sorts of formal and informal hierarchies. Good leaders can adjust their organizations and themselves to suit their needs because they are flexible. When the chance presents itself, they prefer acting appropriately. Voelkl (2004) stated that authoritarian executives must have extremely good decision-making skills since they make decisions without consulting other employees. However, only a small number of organizations may benefit from this leadership style because it marginalizes and stifles others. Democratic leaders typically communicate their tactics with the various stakeholder groups based on their knowledge, which is very different from the methods and behaviors of authoritarian leaders. The leader always makes the final decision, which is the single thing they all have in common. Voelkl (2004) asserts that depending on the situation, management and leadership styles may have different effects on formulating strategies.

2.4 Challenges of Strategic Leadership Implementation

Despite having excellent strategies, many businesses struggle to put them into action. Fouri (2007) identifies four types of barriers: the leadership barrier, which occurs when top leadership fails to provide adequate leadership, the resource barrier, which occurs when the organization's resource allocation does not align with the strategies, and the people barrier, which is related to targets and incentives. These barriers result from employees not understanding the organization's vision and key changes that are actually responsible for changes. It takes a team effort from the leadership group, including communication, coordination, and maintaining ties to lower levels of expertise, to properly implement a strategy. One of the main obstacles to successful plan implementation has also been recognized as an absence of strategic leadership (Beer & Eisenstat, 2000).

The management of diversity within the company's workforce, restricted human and financial resources, a lack of staff capacity to handle strategy implementation, a lack of preparation during the strategy execution, a broad responsibility for the entire country, top-down decision-making, top-down funding, and organizational design with a single team of commissioners working on a particular situation were among the internal obstacles to strategy. Long communication channels, technological demands that were unmanageable due to capacity issues, an absence of collaboration and coordination between different directorates, personality issues, poor teamwork, poor staff perception, trust absence in the information flow, suspicious relationships, data gaps, poor employee attitude, bureaucratic processes that delayed decision-making, and some functional areas that still lacked policies were additional factors. Analysis showed that these issues had damaged the IEBC's standing for upholding its mandate. Other external challenges include delayed funding disbursement/lack of financial freedom, mistrust by leaders and persistent criticism that the IEBC was unable to conduct credible elections, suspicion of poll results and strategic planning, refusal by losers to accept them, insecurity, delayed acceptance of projects and tenders, and continuous intervention with the commission's procurement activity; numerous and confusing laws, judiciary rulings interrupted or different.

3. MATERIALS AND METHODS

The survey approach was heavily relied upon in this study to accomplish the research's goals. By using this study methodology, the researcher was able to deduce the influence of management and strategic leadership on decision-making as well as the challenges involved in putting any strategy into practice. The researcher used a deductive approach in terms of research strategy. The study's objectives were first imposed by the researcher, who then connected them to a literature review and designed the survey method which is also called a questionnaire to meet those goals, investigate them, and establish their validity or error.

3.1 Questionnaire Design

The questionnaire began with an introduction to the study, its goals, and the advantages of its findings. The respondents were then given the assurance that their participation was voluntary and that the information they provided would be treated with the utmost privacy and not be

allowed to share with any outside parties. The questionnaire was divided into two major axes, with sub-questions on each axis. 32 questions were asked in all, including 3 questions regarding demographic information and 29 questions regarding the other subjects. The questionnaire's axes are as follows:

- Demographic questions, such as those pertaining to age, gender, area, marital status, education, and job status, make up the first axis.
- The second axis is to examine the opinions about the influence of strategic leadership on decision-making, and profitability, and outlining the obstacles to any strategy's implementation and trying to find proper solutions to these challenges.

3.2 Population and Sampling

This study used a questionnaire design whose target people contained 30 business people. The research utilized primary data, which was collected from respondents.

3.3 Data Collection Method

Through Google Form Link, the survey was made available online. The study sample was contacted by the researcher through social media sites including Facebook and WhatsApp groups. The target sample reached 52 respondents at nonrandom process, and the researcher excluded duplicated or incomplete questionnaires. The questionnaire format would be closed questions and it would consist of two axes, starting with the personal and Organization information and then going to details of strategic leadership. The survey used a Likert scale, on which respondents indicated their degree of agreement with a statement.

4. RESULTS AND DISCUSSIONS

There are several subheadings in this section. It gives a clear and straightforward explanation of the experimental findings, their interpretation, and any possible experimental inferences.

4.1 Characteristics of Study Sample

Distribution of the study sample was done according to five categories: Gender, Age, Position, Experience, and Company Size. The results showed that men held the largest gender advantage, with a rate of 19 percent (63.3%), followed by women with a rate of 11 percent (36.70%). From the age perspective, it was indicated that the largest percentage by age was in favour of those between the ages of 18 and 30, with a rate of 17 and a percent of (46.7%), followed by those between the ages of 31 and 40 with a rate of 11 and a percent of (36.70%), and those between the ages of 41 and 50 with a rate of 3 and a percent of (10.00%).

The findings also indicated that, based on Your position within the organization, the Other group received the highest percentage, with a rate of 13 and a percentage of (43.3%), followed by the Manager group with a rate of 6 and a percentage of (20.00%). According to Years of Work Experience, it was found that the largest percentage was in favor of those with 1–5 years of experience, with a rate of 11 and a percent (36.70%), followed by those with 5–10 years of experience, with a rate of 10 and a percent (33.3%), and those with 10-15 years of experience, with a rate of 6 and a percent (20.00%). From the standpoint of company size, it was shown that the biggest proportion in favor of small businesses was determined by the size of the

company. Large enterprise came in second with a rate of 9 and a percent of (30.00%), followed by Mid-market enterprise with a rate of 8 and a percent of (26.70%).

4.2 Descriptive Statistics

To examine the views and replies of the study sample, the following averages, frequencies, percentages, and standard deviation were computed for every subject of the questionnaire axes. The results showed as follows:

- Mean and Standard Deviation Results for Questionnaire Sections**

Analysis of the responses of Organizational performance and survival, Skillful Strategic Leadership, Success of the Organization, Obstacles of Strategic Leadership, and Strategic leadership and profitability could be shown in Table 1. The results showed that all paragraphs of questionnaire on average varied around the agreement.

Table 1: Mean and Standard Deviation Results

Phrase	N	Mean	Std. Deviation
Organizational performance and survival	30	4.15	0.63
Skillful strategic leadership	30	3.87	0.76
Success of the organization	30	4.19	0.46
Obstacles of strategic leadership	30	3.90	0.54
Strategic leadership and profitability	30	3.93	0.70

- Reliability Analysis**

In the current study, the researcher employs the Cronbach Alpha Coefficient as a metric for internal consistency for each portion of the questionnaire to assess the survey instrument's fairness and quality. The results presented as in Table 2:

Table 2: Survey Instrument Reliability (internal consistency)

Phrase	N of Items	Cronbach's Alpha Coefficient
Organizational performance and survival	2	0.634
Skillful strategic leadership	3	0.757
Success of the organization	3	0.285
Obstacles of strategic leadership	17	0.890
Strategic leadership and profitability	4	0.777

All alpha coefficient for the factors investigated in the survey have values in the acceptable range, and this means that the consistency between these questions is acceptable and can be used to measure overall satisfaction.

- Correlation Analysis**

The link between the studied variables is ascertained using the Pearson correlation coefficient. Table 3 shows the findings of the statistical study with the Pearson correlation coefficient for this relationship:

Table 3: Pearson correlation coefficient for each section of the questionnaire

		Correlations				
		Organizational performance and survival	Skillful strategic leadership	Success of the organization	Obstacles of strategic leadership	Strategic leadership and profitability
Organizational performance and survival	Pearson Correlation	1	.537**	.531**	.490**	.473**
	Sig. (2-tailed)		.002	.003	.006	.008
	N	30	30	30	30	30
Skillful strategic leadership	Pearson Correlation	.537**	1	.636**	.773**	.669**
	Sig. (2-tailed)	.002		.000	.000	.000
	N	30	30	30	30	30
Success of the organization	Pearson Correlation	.531**	.636**	1	.770**	.711**
	Sig. (2-tailed)	.003	.000		.000	.000
	N	30	30	30	30	30
Obstacles of strategic leadership	Pearson Correlation	.490**	.773**	.770**	1	.852**
	Sig. (2-tailed)	.006	.000	.000		.000
	N	30	30	30	30	30
Strategic leadership and profitability	Pearson Correlation	.473**	.669**	.711**	.852**	1
	Sig. (2-tailed)	.008	.000	.000	.000	
	N	30	30	30	30	30
**. Correlation is significant at the 0.01 level (2-tailed).						

Table 3 shows the followings:

- There is a significant relationship between Organizational performance and survival and Skillful strategic leadership, at a significance level of 0.01, and a correlation coefficient of 0.537
- There is a significant relationship between Organizational performance and survival and Success of the organization, at a significance level of 0.01, and a correlation coefficient of 0.531.
- There is a significant relationship between Organizational performance and survival and Obstacles of strategic leadership, at a significance level of 0.01, and a correlation coefficient of 0.490.
- There is a significant relationship between Organizational performance and survival and Strategic leadership and profitability, at a significance level of 0.01, and a correlation coefficient of 0.473.
- There is a significant relationship between Skillful strategic leadership and Success of the organization, at a significance level of 0.01, and a correlation coefficient of 0.636.
- There is a significant relationship between Skillful strategic leadership and Obstacles of strategic leadership, at a significance level of 0.01, and a correlation coefficient of 0.773.
- There is a significant relationship between Organizational Skillful strategic leadership and Strategic leadership and profitability, at a significance level of 0.01, and a correlation coefficient of 0.669.

- There is a significant relationship between Success of the organization and Obstacles of strategic leadership, at a significance level of 0.01, and a correlation coefficient of 0.770.
- There is a significant relationship between Success of the organization and Strategic leadership and profitability, at a significance level of 0.01, and a correlation coefficient of 0.711.
- There is a significant relationship between Obstacles of strategic leadership and profitability, at a significance level of 0.01, a correlation coefficient of 0.852.

5. CONCLUSION AND RECOMMENDATIONS

This paper investigates the impact of proper management using strategic leadership on decision-making and organizational profitability. It also outlines the obstacles to any strategy's implementation and finding proper solutions to these challenges. The researcher relied on the quantitative methodology by using the questionnaire as a method for collecting data from the research sample. After collecting the data, the SPSS program was relied on to conduct the necessary tests. The findings showed that strategic leadership has an effective participation in improving job performance and thus ensuring profitability. Also, with regard to the role of strategic leadership in making correct decisions that positively affect the success of the institution, the majority of the sample agreed on the role of strategic leadership in decision-making. Furthermore, the researcher found that there is a significant correlation between organizational skillful strategic leadership and Strategic leadership and profitability. The majority of sample opinions agreed that there are many obstacles facing the achievement of strategic leadership in the organization such like: limited financial and human resources, lack of preparation while implementing the strategy, political interference, late funding, the non-acceptance of results, delayed acceptance of projects, unmanageable technological demands, poor staff perception, and mistrust by leaders.

The researcher also recommends some solutions that are useful in overcoming those obstacles facing the strategic leadership, including:

- supporting cooperation and coordination between different directors
- recommending communication strategy
- Bureaucracy elimination
- recommending proper planning
- raising staff morale

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