

Leadership Skills as Antecedent for Competitive Advantage in Meeting Strategic Goals in Kenyan's Banking Sector

Harrison K. Mwangi

Mount Kenya University, Kenya

***Corresponding Author:**

Harrison K. Mwangi

Email: kimotholj@gmail.com

Abstract: There has been a crisis of leadership in most organizations during present decade and last one. It is in this period that there has been a fall of a number of firms while others are under the statutory management. Attempts have been made to salvage the situation and in most cases, there are recommendations of total overhaul of the management team. Some of them have reported significance profits such as the case of the New Kenya Cooperative Creameries limited, which has reported a pre-tax profit of 30% as compared with last year for a similar period as per the company's report 2009. Others are Uchumi Supermarket and Kenya Power and Lighting Corporation (KPLC), which have recorded significant improvement in their revenue. This is attributed to the change in management and leadership of these firms. The scenario has led to loss of billions by the shareholders and employees' pension. Many factors that do affect the performances of the firm include the decisions that the leader make. As observed by Robbins in 2007, firms' performance will be low if the leadership does have a challenge in providing direction and inspiration necessary to create and implement the organizational mission and vision, policies and strategies to achieve and sustain the organizational objectives which are necessary in the realization of the organization's intended outcomes. the objective of this paper therefore, is to examine leadership skills as antecedent for competitive advantage in meeting strategic goals in Kenyan's banking sector.

Keywords: competitive advantage, strategic leadership, strategy.

INTRODUCTION

Several scholars have attempted to define leadership. Luthans [1] defines it as a process of influencing a group to achieve set goals; meaning that a timeline to achieve set goals in organisations. Guillot [2] defines a strategy as a plan and adds that strategic leadership is the thinking and decision-making required in developing and affecting the plan. He define strategic leadership as the ability of an experienced, senior leader who has the wisdom and vision to create and execute plans and make consequential dimensions in the volatile, uncertain, complex and ambiguous strategic environment. According to him, leadership involves planning and executing the plans. However, strategic leaders do not necessarily have to be experienced but they have to be visionary.

According to Barnett [3], strategic leadership is a person's ability to anticipate, envision, maintain flexibility, think strategically and work with others to initiate changes that will create a viable future for the organization. He adds something important that one need to work with others. Despite how competent one is, he/she cannot succeed without others. Lussier [4] argues that strategic leadership is a process of providing the discretion and inspiration necessary to create and

implement a vision, mission and strategies to achieve and sustain organizational objective.

The upper level managers are ultimately responsible for every decision and action of every organization's employee. One important role they do play in strategic management is offering effective leadership. Robbins [5] observes that to be an effective strategic leader involves six important responsibilities. These are determining the organization purpose, exploiting and maintaining the core competencies, developing the organization's human capital, investing in programs and activities that improve employee skill abilities and knowledge, creating and sustaining a strong organization culture, emphasizing ethical decisions and practices and establishing appropriately balanced controls. Harrison [6] on the other hand posits that effective strategic leaders perform four responsibilities. They include conceptualizing the organizational vision mission and core values, overseeing the formulation of objectives strategies policies and structures that translate vision, mission and core values into business decision, creating an environment and culture for organizational learning and mutual exchange between individuals and groups and

servicing as stewardship and role model for the rest of the team.

Strategic management process

David [7] defines Strategic management process as the set of decisions and actions used to

formulate and implement specific strategies that will achieve a competitively superior fit between the organization and its environment to achieve organizational goals.

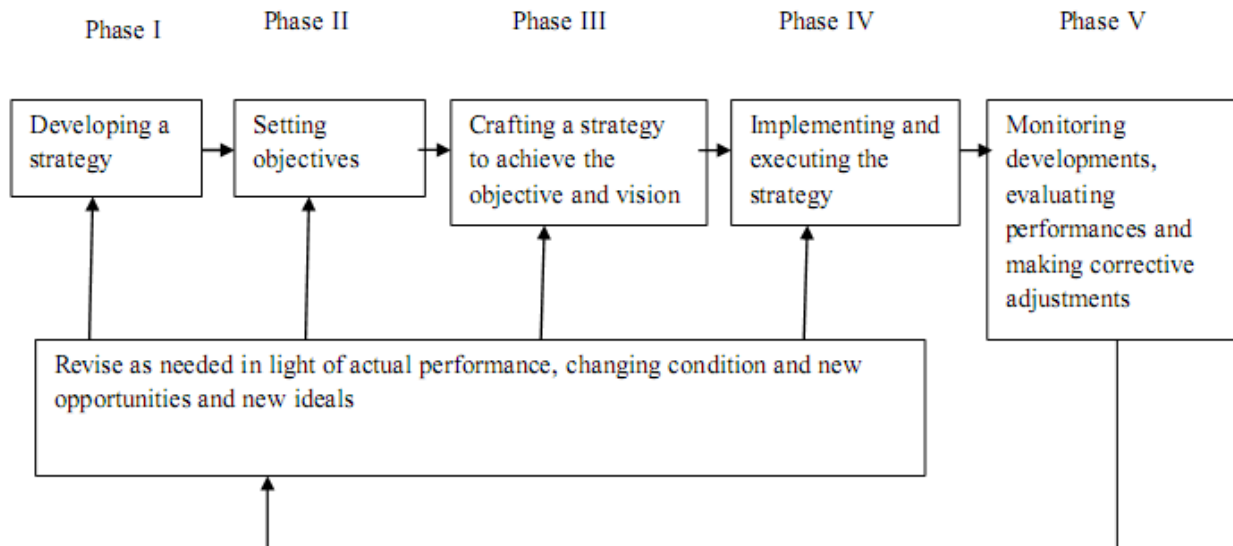


Fig-1: Strategic Management Process [8]

The leader needs to clearly understand the company’s strategies and be capable of offering the right and desirable direction for achievement of the organization vision. Arthur and colleagues [9] observe that for a strategic vision to function as a valuable managerial tool, it must provide understanding of what management wants its business to look like and provide managers with a reference point in making strategic decisions and preparing the company for the future. In their book, they outline the characteristic of an effective worded vision statement as one whose graphics paints a picture of the kind of company that management is trying to create and the market position the company is striving to stake out. That is directional in that it says something about the company’s destination and signals the kinds of business and strategic changes that will be forthcoming. It is also the one that is focused and specific enough to provide managers with guidance in making decisions and allocating resources and one that is flexible and not a once and for all time pronouncement. Vision about a company’s future path may need to change as events unfold and circumstances change. It should be feasible enough and be within the realms of what the company can reasonably expect to achieve in due time, desirable in that it appeals to long interests of stakeholders (particularly shareowner, employees and customers) and it is easy to explain in less than 10 minutes and communicates ideally; it can be reduced to a single memorable slogan.

Arthur and colleagues [10] aver that the ability of executive leaders to paint a convincing and inspiring picture of a company’s journey and destination is an important element of effective strategic leadership. They added that in order for the leader to effectively lead the drive for good strategy execution and operate excellence, the following are necessary. Staying on top of what is happening closely monitoring process, ferreting out issues and learning what obstacles lie in the path of good execution and putting consulting pressure on organization to achieve good results. It also includes keeping the organization focused on operating excellence, leading the development of stronger core competition and competitive capabilities, displaying ethical integrity, leading social responsibility initiatives and pushing corrective actions to improve strategy execution and achieve the targeted results.

In order for a leader to be on top of how well things are going, they have pointed that a leader needs to develop a broad network of contacts and sources of information both formally and informally. However, this need to be checked carefully since most of the subordinates rarely report the wrongs or failures making it hard for one to get the true picture of the situation. In most situations managers/leaders use the concept of managing by walking around and what different leaders believe about being with others. As quoted from Arthur and colleagues [11], Sam Walton, Wal-mart founder insisted, “The key is to get out into the store and listen to what the associate have to say.” As also seen from

Arthur and colleagues [12], Jack Welch, the highly effective Chief Executive Officer (CEO) of General electric (GE) not only spent several days each month personally using the GE operation and talking with major customers, but also arranged his schedule so that he could spent time exchanging information ideals with GE managers.

Such contacts provide the leaders a feel for what progress is being made, what problems are being encountered and whether additional resources on different approach may be needed. In addition, when the leaders talk informally with the employees at different organization levels they give encouragement, lift spirits, shifts attention from the old to the new, priorities, create excitements all of which generates positive energy, and help mobilize organization efforts behind strategy executions. Quist [13] indicates that effective leadership is enhanced by reduction of employees' dissatisfaction, delegation and empowerment.

It is viewed that part of the leadership requirement entail finishing a result oriented work climate and senior executions take the lead in promoting certain enabling cultural drivers. A strong sense of involvement on the part of company personnel emphasizes on individual initiatives and creativity, respect for the contribution of individuals and groups and pride in doing things right. Arthur and colleagues [14] observes that organization leaders who succeed in creating a result oriented work climate typically are intensely people oriented. This type of leaders understand that treating employees well generally leads to increased teamwork, high morale, greater loyalty and increased employee commitment to making contribution.

To lead the efforts to instil a spirit of high achievement in organisations, Arthur and colleagues [15] suggested that leaders need to treat employees with dignity and respect probably by providing attractive career opportunity and emphasise promotion from within. It is also done by providing high degree of job security and strong company commitment to training employees and making champions out of the people who turn in winning performances in ways that promote teamwork and cross collaboration. Further, encouraging employees to use initiative and creativity in performing their work, setting objectives and clearly communicating an expectation that the company personnel are to give their best in achieving targets and granting employees enough autonomy to stand out,

excel and contribute is important. More importantly is employing full range motivational techniques and compensation incentives to inspire personnel, nurture results oriented work climate, enforce high performance standards, and probably celebrate individual, group and company success. However, Arthur and colleagues [16] noted that managers or leaders whose units continue to perform poorly should to be replaced. For the average achievers, they have to be cautioned that they do have limited career potentials unless they show more progress in the form or more efforts and that leaders need to keep the organization bubbling with new/ fresh supply of ideas and suggestions for improvement.

METHODOLOGY

The study relied primary data obtained from the respondents and secondary data obtained from the journals, books and other print media. The study employed a descriptive survey design where samples of the firms and employee were selected. A structured questionnaire was used as the main tool for data collection where both closed and open-ended questions were used. The instruments were distributed to the respondents and the researcher waited for them and where it was not possible they were collected later. There was 84% response rate and only 16% non-responses. The data collected was first coded and the opinions of the respondents analyzed by use of statistical package for social sciences (SPSS). Pearson Chi-square tests were used to estimate the relationship between the strategic leadership and the organization performances. The tests were also done to estimate if strategic leadership could be used as a competitive advantage for the organization. The data was later presented in tabular form and charts for easier interpretation.

RESPONSE ON THE STRATEGIC LEADERS ATTRIBUTES

In order for the researcher to establish if the selected firms have strategic leaders, the respondents were asked to select from a list of ten characteristic of leadership those that they consider most important for a strategic leader. Guillot [17] suggested that a strategic leader must be the one who poses at least five of the many qualities or attributes. These attributes were team player, one with the ability to lead strategic process, visionary, innovative and one who communicate effectively. According to Guillot [18] majority of the respondents choose four of the attributes. These responses had frequencies much more than half the total responses.

Table 1: Characteristics of a Leader

Characteristic	Frequency	Percentages
Team player	38	88.4
Communicates effectively	11	25.6
Ability to lead formulation and implementation of strategies	36	83.7
Visionary	42	97.7
Innovative	29	67.4
Mobilizes resources	12	27.9
Integrity	8	18.6
Motivates the teamwork	12	27.9
Commitment to his work	6	14.0
Leader’s ability to think, plan, direct, and control	19	44.2

Table 1 shows that most of the respondents understood the most important characteristics for a strategic leader. Four of the characteristics had over 60% response with only one having 25%. This shows that most employees do not find the issue of effective communication to be important for a strategic leader.

LEADERS’ CONTRIBUTION TO PERFORMANCES

The respondent were requested to rate the contribution of their leaders contribution to the

institution’s performances. From table 2, 88.4% rated their leaders to be contributing strongly to the performances of their firms. This illustrates that leaders are very important and very influential to the achievement of the set goal. Only 11.6% response viewed their leaders as contributing moderately to the performances of the firm. According to them, other factors contribute to performances.

Table 2: Leaders’ Contribution to Performances

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid strongly contributes to performances	38	88.4	88.4	88.4
Moderately contributes to performances	5	11.6	11.6	100.0
Total	43	100.0	100.0	

Using chi-square test cross tabulation was done to try establishes the relationship of strategic leaders and the how they contribute to the performances of the firm. This was after establishing that according to the responses, the employees perceived that their

leaders are strategic and have greatly contributed to the success of the firms. As seen from table 2, those 88.4% of the response who believed that their firms have strategic leaders they also believed strongly that those leaders contribute to the high performance of the firm.

Table 3: Strategic Leaders * Leaders Contribution to Performances Cross Tabulationb(Count)

		Leaders contribution to performances		Total
		strongly contributes to performances	Moderately contributes to performance	
STRRGIC	Strategic leader	38	2	40
	Non strategic leader	0	3	3
Total		38	5	43

Table 4:Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	24.510(b)	1	.000		
Continuity Correction(a)	16.137	1	.000		
Likelihood Ratio	15.031	1	.000		
Fisher's Exact Test				.001	.001
Linear-by-Linear Association	23.940	1	.000		
N of Valid Cases	43				

A Computed only for a 2x2 table

B 3 cells (75.0%) have expected count less than 5. The minimum expected count is .35.

From the analysis of, the

Pearson Chi-square value was 24.51(b)

Degree of freedom as 1

Probability as 0.0001

The probability value is far much smaller than the 0.05 at 95% significance $P < 0.05$

Reject H_0 -Strategic leaders have no influence on the organization's performances of the banking industry in Nakuru and accept H_1 . From the analysis, there is a very strong relationship between the strategic leaders and the performances of the firm. This shows that very effective strategic leaders will help the firm achieve high performances and vice versa. This might

explain why some firm operating in the same environment with similar threats record differing revenues. There are a number of ways in which leaders can influence the degree of achievement of the set goals. As per the responses, it shows that majority of them either strongly or moderately agrees to the statements. This shows that a leader needs to be a person with diverse characters and not a person with one trait.

LEADERS' INFLUENCES ON PERFORMANCES

There are ways in which a strategic leader may influence the achievement of strategic goals in an organization. The factors range from the personal attributes to those factors that relate to other people. No ideal person may have all the listed qualities but a strategic leader may be defined on how well the person is able to balance them and thus enabling the firm to have a viable future.

Table 5: Ways Leaders Influence Firm's Success

Variable	Strongly agree	Agree	undecided	disagree	Strongly disagree
Promotion of effective communication	58.1	41.9			
Demonstrates high levels of integrity	53.5	44.2	2.3		
Ensures clear vision and mission to the team	55.8	39.5	4.7		
Communicates the vision to the team	53.5	41.9	2.3	2.3	
Provides vision and direction of what is ahead	55.8	44.2			
Communicates high performances expectation	39.5	51.2	7.0	2.3	
Facilitates a defined organization structure	44.2	53.5	2.3		
Promotes employees commitment to the job	39.5	55.8	4.7		
Allocates the available resources appropriately	46.5	44.2	2.3	7.0	
Ability to build and sustain a team	51.2	46.5	2.3		
Strategic leader need a strong team to succeed	37.2	32.6	20.9	7.0	2.3
Performs the role of a teacher	46.5	41.9	7.0	4.7	
Ensures that targets are met	58.1	32.1	7.0	2.3	
Adheres to quality management systems	62.8	37.2			
Taking staff welfare seriously	53.5	44.2	2.3		
Concerned to health and safety of employees	51.2	48.8			
Leads the formulation and implementation	72.1	25.6	2.3		
Emphasize on rewards	30.2	55.8	7.0	7.0	
Delegates responsibilities	39.5	60.5			
Feedback establishes processes for follow up	32.6	51.2	14.0	2.3	
Promote learning culture	32.6	62.8	2.3	2.3	
Facilitates horizontal learning	37.2	39.5	18.6	4.7	
Totals	1051.1	995.1	109.3	41.9	2.3

Mean was calculated

$1051.1/22=47.8,$

$995.1/22=45.2,$

$109.3/22=4.96$

$41.9/22=1.9,$

$2.3/22= 0.14$

From the calculated means, 93% of the respondents agreed with the issues that depending on

how the leader handles the issues, they would influence the performances either positively or negatively.

STRATEGIES

To succeed in any market one need to apply several strategies depending on the market situation.

Possible combinations are necessary and thus the decisions made by our leaders largely determine how the targets are achieved.

Table 6: Strategies that Strategic Leaders may use to Competitive in the Market

Variable	Strongly agree	Agree	Undecided	Disagree	Strongly disagree
Having clear vision mission and goals	65.1	34.9			
Stability growth strategy	27.9	72.1			
Growth concentrating on single product	9.3	20.9	37.2	14.0	18.6
Growth concentrating on diversification	46.5	44.2	7.0	2.3	
Differentiation strategies	30.2	53.5	11.6	4.7	
Defined target market	27.9	41.9	20.9	4.7	4.7
Innovation	62.8	27.9	2.3	7.0	
Promotion of effective communication	20.9	69.8	7.0	2.3	
Integrity	25.6	51.2	20.9	2.3	
Provision of vision and direction of what is ahead	53.5	44.2	2.3		
Use of teams	37.2	60.5	2.3		
Performs the role of a teacher and a mentor	2.3	55.8	34.9	7.0	

Table 7: Strategic leader * Competitive Advantage Cross Tabulation (Count)

		Competitive advantage		Total
		competitively advantaged	Not competitively advantaged	
Strategic leader	Strategic leader	27	13	40
	Non strategic leader	1	2	3
Total		28	15	43

Table 8: Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	1.434(b)	1	.231		
Continuity Correction(a)	.324	1	.569		
Likelihood Ratio	1.353	1	.245		
Fisher's Exact Test				.275	.275
Linear-by-Linear Association	1.401	1	.237		
N of Valid Cases	43				

a Computed only for a 2x2 table

b 2 cells (50.0%) have expected count less than 5. The minimum expected count is 1.05.

The study assumed that firms that are successful in the market were equated to be having a competitive advantage over others and thus being able to effectively compete in any other market place. From the analysis, it shows that firm cannot use strategic leader as option for competitiveness for survival in the market. Pearson Chi-square value for the cross tabulation was, 1.434 (b) with a degree of freedom of 1 assumed significance as 0.231. Since this significance levels was larger than 0.05 then we fail to reject the second null hypothesis and accept the alternative hypothesis.

P=0.231

At confidence level of 0.05

P > 0.05

Therefore since P > 0.05 then fail to reject H₀

Employees perceived that strategic leaders contribute strongly to firm's performances but cannot be used singly as a competitive advantage for the firm

CONCLUSION

In conclusion, it can be deduced that leader in an organization are equated to a captain in a ship. This means that during the decision making process the leaders plays a very influential role. To gain competitiveness in the market, any management needs to understand the environment and be able to adequately analyze it. It is after this that the options needs to be strategic to survive in the market. The leaders' decision will determine the overall

performances. A leaders need to be knowledgeable to the task that they are undertaking and thus organizations need to invest in their leaders. Firms may opt to promote horizontal learning, encourage personal development, and have incentive geared towards personal development.

Leadership in any organization is important in determining the performances of the organization. The study found out that strategic leaders greatly influence the performances of the organization. As observed by Barnett [19] Strategic leaders need to work with others despite how competent one is to succeed. The relationship between strategic leadership and organization performances is a strong one and linear. However, strategic leadership cannot be used solely as a competitive option by organization to succeed. One needs to integrate other factors and the input of other teammates to succeed in achievement of the set goals. The researcher recommends that for the organizations to excel in their pursuit of their targets, they need to invest heavily in their management.

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