



**ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
SCHOOL OF COMMERCE**

**THE EFFECT OF STRATEGIC LEADERSHIP ON ORGNAIZATIONAL
COMPETTIVENESS**

BY

SARON MESFIN

JUNE 2023

ADDIS ABABA

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**A THESIS SUBMITTED TO ADDIS ABABA UNIVERSITY, SCHOOL OF
COMMERCE IN PARTIAL FULFILLMENT OF THE REQUIREMENT
FOR THE DEGREE OF MASTERS OF BUSINESS LEADERSHIP.**

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JUNE 2023

ADDIS ABABA

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CERTIFICATION

This is to certify that Mrs. Saron Mesfin has completed her thesis work entitled “**THE EFFECT OF STRATEGIC LEADERSHIP ON COMPETATIVENESS**”. As I have evaluated, her research is original work and appropriate to be submitted as a partial fulfillment requirement for the Award of Degree in Masters of Business Leadership.

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DECLARATION

I, Saron Mesfin, hereby declare that the thesis entitled “**THE EFFECT OF STRATEGIC LEADERSHIP ON ORGANZAITIONAL COMPETATIVENESS**” is my original work and submitted by me for the award of the Degree of Master of Business Leadership of Addis Ababa University at Addis Ababa and it hasn't been presented for the award of any other Degree, Diploma, Fellowship or other similar titles of any other university or institution and that all sources of material used for the study have been appropriately acknowledged.

Saron Mesfin

Student

Signature, June 2023

ACKNOWLEDGMENT

First and foremost, I would like to thank God almighty for his unwavering help through this journey. My heartfelt gratitude goes to my family and friends for their encouragement and support ever since the start of my education to the finalizing of this paper.

I would also like to thank Amhara, Tsehay, Gaddah, Ahadu, Sinqee and Tseday bank managements and employees for their understanding and cooperation towards the conducting of this research.

My special appreciation goes to my advisor Dr. Mahir Jabir for he has helped with his valuable guidance, comments, and suggestions throughout the process.

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ACRONYMS AND ABBREVIATIONS

HCD	human capital development
SI	strategic intent
SOT	Strategic ownership tendency
IN	Innovation
LED	leadership style
COM	organizational competitiveness
SPSS	Statistical Package for Social Studies
STD	Standard Deviation
SWOT	strength, weakness, opportunities and threats
NBE	National Bank of Ethiopia
SAP	Strategy as a Practice

ABSTRACT

This research aimed to understand the relationship between strategic leadership and organizational competitiveness of selected commercial banks in Addis Ababa. The research approach used in this study is the mixed research approach. Descriptive and explanatory research design was applied in this study. Explanatory research design was used to examine the relationship between strategic leadership and organizational competitiveness. A total of 1987 employees of Amhara bank, Tsehay bank, Gadda bank, Ahadu bank, Sinqee bank and Tseday bank in Addis Ababa were considered as a study population, of which 333 sample respondents were selected. The proportionate stratified sampling technique was adopted to choose the sample respondents from the sampling frame. Primary data were collected from study participants through self-administered questionnaire and interview. In this case, both inferential and descriptive statistics were adopted to analyze the data using SPSS application software. The results of findings indicated that strategic leadership dimensions namely human capital development, strategic intent and vision articulation, strategic and ownership tendency had a positive and significant effect on organizational competitiveness while innovation has a significant negative effect on organizational competitiveness. Specifically, among them, human capital development the highest effect followed by strategic ownership tendency and strategic intent and vision articulation. Finally, based on the finds of the study, the banks are recommended to high emphasis on human capital development by attracting, recruiting and maintaining human resources taking factors such as the availability of skilled and experienced man power. futher more, the banks should insure that the input all employees are considered while formulating strategy and managers should be attentive regarding employees concerns and needs. in addition clear as well as realistic mission and vision statement should be in place and also should be communicated to all employees.

Keywords: Leadership, Strategic leadership, organizational competitiveness

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

According (Barnard 1938) Leadership is the ability of a superior to influence the behavior of subordinates and persuade them to follow a particular course of action. Leaders should be able to determine objectives, should be able to manipulate means to take advantage of existing opportunities, control the instrumentality of a given course of action and catalyze and facilitate the action to take place. A leader should pose the following qualities in order to be influential such as vitality, endurance, decisiveness, persuasiveness, stability in behavior and knowledge. (Barnard 1938) further argues that persuasion is the key more than any economic incentives to obtain authority over subordinates with respect and competence.

Strategic leadership is grounded on the capacity of a leader to influence followers to perform voluntarily towards achieving collective goals of the organization. it is the ability to influence others to voluntarily make day to day decisions that enhance the long-term viability of the organization while maintaining its short-term financial stability. (Rowe & Nejad, 2009). It requires balancing out the short-term financial stability with the long-term direction setting of the organization. Furthermore, Slawinski (2007) defined Strategic Leadership as a practice which involves motivating, inspiring, encouraging, persuading and effectively communicating strategic decisions across the depth and the breadth of the organization. Strategic leadership is different from other types of leadership in terms of scope, time span of period and its impact on the organization. the scope of strategic leadership is broad and impacts the over-all organization entirely. As an organization is a combination of systems it affects all functional, business and operational areas. In terms of time usually strategic leadership involves with making strategic decisions that have a long-term effect on the organization. More over strategic leadership is at the heart of drastic organizational change. Although top level managers are more concerned in formulating strategic plan their decisions ultimately have a huge impact and anchors operational and managerial activities of the entire organization. Strategic decisions are rare, requires the

commitment of huge number of resources and set direction for the organization for its survival in the ever-competitive environment. (Abdurazak and Solomon 2019)

Organizational competitiveness: In the twenty first century in order to out stand the competitive landscape organizational capabilities relating to strategic leadership are vital that positions the organization in superior level over its competitors in terms of number sales, profit margin and market share. Human and social capitals are the most important derivatives to gain sustainable competitive advantage. (Halawi and Aronson 2005). More specifically researchers further argue that strategic leadership is a guiding tool to gain sustainable competitive advantage and insure profitability in the banking sector. (Cherian 2013).

In order to sustain competitive advantage is important to assess overall performance as well as to evaluate financial conditions of banks. The evaluation and assessment are important to stakeholders such as depositors, shareholders, managers and other regulatory organs. The more financial institutions become effectiveness the greater amount of funds that might be generated from the wide public, the better service quality and overall improvement of the national economy. (Lawrence 2011)

1.2 Banking sector in Ethiopia

Modern banking system of Ethiopia is dated back to Emperor Minilik II. At that time agreement was reached between the emperor and Mr.MaGillivray who was representative of the British owned National Bank of Egypt, on the establishment of Bank of Abyssinia in 1906. Soon after the name bank of Abyssinia was replaced by Bank of Ethiopia and the bank became the first legitimate indigenous bank following the start of the regime of emperor HaileSelassie. The bank operated as both commercial bank and commercial bank until it split up into national bank of Ethiopia and commercial bank of Ethiopia in 1963. During the H/Selassie era the banking sector was open to foreign banks with requirement of at least 51 percent domestically owned. As a result there was 1 state owned, 1 private owned and 2 foreign owned commercial banks operating in the country until nationalized by communist government in 1974. The communist

government merging three private owned banks in 1976 to make Addis Bank and further merge Addis Banks with state owned commercial banks in 1980 to make one state owned commercial banks. Following the downfall of Derg regime banking sector is liberalized for private sector as a result currently there are 1 central bank, 18 commercial banks (of which 2 of them are government owned) and one special bank operating in the country, Development Bank of Ethiopia. Currently, there are 29 commercial banks licensed to operate in Ethiopia and although there have are opportunities in the future for the entry of foreign banks the sector is still closed to foreign banks prohibiting them to operate in the current financial market. (National Bank of Ethiopia website 2022) Currently banking industry in Ethiopia is one of the most profitable businesses sector in Ethiopia. Millions and billions of profits is being generated by commercial banks every year. They finance projects from small to mega. They serve as the tool by which the government regulates the economy, the provide job opportunities for a thousand of people across the capital city Addis Ababa and other regional states. Commercial banks also play a critical role in a nation to build by the culture of saving and investment. In addition, they are the major contributors to the national economy.

1.3 Statement of the problem

It is observed that the number of commercial banks in Ethiopian banking industry have shown significant increases. Private Banks operating in Ethiopia are facing fierce competition over the last few years mainly because of new entrants in the market and aggressive branch expansion of existing ones. (Zerayehu, Kagnev and Teshome 2013). According to (Elisabet 2021)the rapid growth of technological advancement, product variety, service quality, human resource, compensation and local and foreign currency mobilizations are some elements that results in fierce rivalry among commercial banks.

The national economy in Ethiopian financial system is dominated by the banking industry The number of commercial banks in Ethiopia have been significantly increased. Currently, there are 29 commercial banks licensed to operate in the banking business in Ethiopia consisting of 8250 branches, serving the country's population nearly 115 million according to NBE quarterly bulletin published in October 2022. (National Bank of Ethiopia website 2022). Over 30 billion

deposits and 25 billion loans have been reported up to date. Although licensed out of these 4 banks namely Omo bank, Ramis bank , Sidama bank and Shebelle bank have not officially started operation yet. Between June 2022 up to the end of December 2022, 6 banks namely Tsehay bank, Sinqee bank, Amhara bank, Ahadu bank, Tseday Bank and Geda bank, Two of which were previously micro finance institutions have joined the banking industry and have started banking operation by launching their branches across different parts of the country. (National Bank of Ethiopia website 2022) It is answered without question that many potential entrants both domestic and foreign will join the banking sector in the near future. These results in stiff competition to maintain market share.

The nature of similarity in the service industry more specifically in the Ethiopian banking industry is becoming a challenge to stand out in the financial market, similarity in the use of technology, customer service management, human resource management, loan provision and process, interest rate and international banking service is observed which results with huge frustration and negative attitude towards saving among the wide public. (Elisabet 2021). Previously established banks, having more than 25 years of banking experience have reached the pick of their financial performance by having larger market share depicted by their customer base, mobilizing local and foreign currency and profiting from dispersion of loans. More over existing banks have already built a strong reputation among the eyes of the public which results from the number of years they have served coupled with their financial performance. This situation makes the competition more intense for new entrants to penetrate into the market and continue to exist given the uncertainty of economic conditions in the country as well as legislations continuously imposed by the national bank of Ethiopia.

The intense competition in the banking industry requires the institutions to come up with efficient strategies including strategic management with will have a great impact on sustaining competitive advantage. (McConnell 2013). (Hirschi 2009) Mentioned that there are some interesting relationships between strategic leadership and business success, strategic leaders are well aware of the market and resources, further they have a clear vision for the future of the company. Findings of this research indicate that strategic leadership is associated with

organizational culture, organizational competitiveness and market development. it is also indicated that strategic leadership well supports sustainable competitive advantage.

This study aims to close empirical and conceptual gaps in the topic raised. From empirical point of view prior researches conducted on the effect of strategic leadership on organizational competitiveness were used as a benchmark. For instance, (Nyamu 2017) studied the effect of strategic leadership on the organizational competitiveness of commercial banks in Kenya. The study based on trait theory and total quality management theory identified five variables namely human capital development, strategic intent and vision articulation which will be adopted in this study. Taking these variables into account, the study examines their effect on organizational competitiveness of Kenyan banks. In addition to this the impact of innovation and strategic ownership tendency has yet to be investigated.

This study also bridges the conceptual gaps in literature. Even though studies in different parts of the world have been conducted regarding the effect of strategic leadership on organizational competitiveness, as per the knowledge of the researcher the effect of strategic leadership on organizational competitiveness of commercial banks in Ethiopian context has not yet empirically determined. Thus, the findings of prior researches cannot be applied to Ethiopian commercial banks without empirical testing. This is because the financial market structure in Ethiopia is quite different from other parts of the world mainly because it is concentrated by domestic banks only due to restrictions from the government that prohibits the entry of foreign banks in the country. In addition there exists major difference in social, economic and political aspects as well as perception, culture and life style of the nation that makes it unique. The facts that the study is mainly focused on new entrants in the banking business contributes to existing knowledge gap in literature as well as create a room for future studies on the area of interest.

1.4 Research questions

1. What is the influence of human capital development on organizational competitiveness of commercial banks?
2. To what extent does strategic intent and vision articulation contribute to organizational competitiveness?
3. What is the influence of strategic ownership tendency with organizational competitiveness of commercial banks?
4. To examine the role of innovation regarding the organizational competitiveness of commercial banks?

1.5 Research objectives

1.5.1 General objective

The general objective of the research is to determine the effect of strategic leadership on organizational competitiveness of commercial banks in the case of new entrants.

1.5.2 Specific objectives

1. To assess the influence of human capital development on organizational competitiveness of commercial banks
2. To examine the effect of strategic intent and vision articulation on organizational competitiveness.
3. To determine the influence of strategic ownership tendency with organizational competitiveness of commercial banks.
4. To investigate the role of innovation regarding the organizational competitiveness of commercial banks

1.6 Significance of the study

This study is of great significance especially for commercial banks newly entering the banking sector in Ethiopia. Since are just starting operations and their high exposure of steep competition coupled with other risks? The finding of the study will assist corporate leaders to anchor their leadership strategically to enhance their organizational competitiveness as to what makes a difference in the banking sector what to do different as well. The findings of this study will not only benefit new entrants but also will benefit existing banks who established their operations several years back. Further other banks under the process of formation including foreign banks who might enter the banking sector in the future might use this paper as a stepping stone while preparing strategic plan. Also, this study adds to existing body of knowledge as the little empirical evidence is found especially in Ethiopian banking context. The findings of this study will pave a way for other researchers who are interested to conduct a study related to the topic of interest in their research enviers.

1.7 Scope of the study

This study will conceptually pertain around the issue of strategic leadership and organizational competitiveness. It is focused in commercial banks in Ethiopia who have started operation on the year 2022 between the months June up to December. The study excluded other banks who have been operating before 2022 to make it more manageable and banks that have been established after the month of December 2022. was also excluded because they have not fully joined the banking sector and have not yet located their branch across the country. Geographically the study is limited to banks namely Tsehay, Amhara, Geda, Tseday, Sinqee and Ahedu banks. Methodologically this study will use proportional stratified and purposive sampling techniques. Because of their direct relationship with the subject matter department heads and employees in strategy department of the mentioned banks will constitute the target population of the study. The responses from these individuals will be valuable as strategic issues mainly concerns corporate leaders who are assigned to duties and responsibilities in the strategic department. To analyze the findings of the study both descriptive and inferential statistics will be used.

1.8 Organization of this study

This study was structured with five chapters. Chapter one deals with background of the study, commercial banks in Ethiopia, statement of the problem, research question, research objectives, significance of the study, scope of the study and definition of terms. Chapter two discusses theoretical, empirical and conceptual review of related literature on the subject matter under study. Chapter three consists of the research design, target population, sampling methods, sample size, data collection instruments, and data analysis and presentation methods. The fourth chapter includes descriptive and inferential statistical analysis findings and their interpretations. Finally, chapter five summarise major findings, conclusions, and recommendations of the research paper.

1.9 Definition of terms

Leadership: Leadership is the ability of a superior to influence the behavior of subordinates and persuade them to follow a particular course of action. (Barnard 1938)

Strategic leadership: Strategic leadership is grounded on the capacity of a leader to influence followers to perform voluntarily towards achieving collective goals of the organization. (Rowe & Nejad, 2009).

Organizational competitiveness: it is defined as existing gap between the resources of a company and the goal established by its managers. (Hamel and Prahalad 1993)

CHAPTER TWO

LITERATURE REVIEW

2.1 Theoretical literature review

This section discusses the various theoretical foundations from previous researchers relating to strategic leadership, leadership style and organizational competitiveness.

2.1.1 What is strategy?

In the 6th century sun Tzu wrote “The art of war” following this many believe that the concept of strategy was born in the Chinese military era. Although the concept of strategy sated years back, it’s only recently that application into the real world came to practice. (Hubbard, 2000). Strategic can be defined as setting the firm’s general direction and identifying what creates sustainable value and advantage for the firm. Underpinning the strategy is a broader vision with aspirational goals, providing both an overarching trajectory for the firm and an inspiration for employees to achieve it. Setting company strategy requires leaders to devote time and thought on focusing on vision that is inspirational statement of purpose and direction for the organization. Setting the organization’s winning aspirations is also very important. In addition to this organization’s goals, sense of purpose, approach to competition and achievement of ambition are key points that leaders should focus on. Apart from articulation of sound vision, time-proven concepts of competitive strategy are of primary concern, including the influence of suppliers, the likelihood of new entrants, the threat of substitutes, and the firm’s position in its collaborative networks. Value proposition is also another important concept to pay attention to that details the features of a company’s product or service line that create value or destroy value and that are subject to a manager’s discretion. 333333

2.1.2 What is leadership?

Just as strategy, leadership is also defined by many scholars in different ways. According to (Armstrong, 2008) leadership is defined as the impact and authority imposed by people who are on the leadership position used to change the organization by delegating employees that are consider the most important resources of the organization, setting anticipated targets and

obtaining results. Another definition of leadership is by (Northouse, 2004) he defined leadership as an influence or an impact of a leader towards his followers that enables them to make voluntary efforts in accomplishing set of organizational goals. Leadership is the blood line of a business that connects the soul and body of it. Leaders are expected to acquire a certain skill that would benefit the entire organization. (Matthew, 2009). Leader bears the responsibility to establish dedicated work teams that works in harmony and cohesion towards a goal. They must make sure that there exists a free flow of information to all functional areas of the organization.

2.1.3 Strategic leadership

Strategic leadership; refers to the ability to make consequential wise decisions about ends also known as goals , paths and means in uncertain environments (Pisapia,2006). Strategic leadership is the ability to anticipate the future, the skill to scan the environment for possible opportunities and threats for organizational development and to encourage people to adapt to strategic changes. it gives a panoramic view of the organization's past, future and where it is heading to (Hoskisson, 2004). In order attain a sustainable competitive advantage strategic leaders direct their efforts towards exploiting opportunities in the environment. They work effortlessly to position the organization strategically, to able to cope up with changes in the environment and inspire their employees to grasp an opportunity to tap into the desired profit. (Kjelin, 2009).

Furthermore, strategic leadership establish quite the balance between the short term organizational goals and the long term aspirations and uses organizational resources optimally to boost success in the overall organizational systems (Hitt and Ireland 2002)According to strategic leaders have three roles which clearly depicts the nature of leadership in a firm. The first role of strategic leader is to be in charge of the entire strategic course of the organization. The second role is to maintain a healthy and productive relationship among workers and other stakeholders. Thirdly strategic leaders are responsible for the managing of skill development. (Zaribaf, 2010)



Figure 1: strategic leadership pyram.

Source: (Guillot, 2003)

2.1.4 Strategic Leadership Models

In this section, strategic leadership models prominent in literature studies such as the three Circle model, Nine Point strategic leadership model, the three dimensional strategic leadership model addressing the issue by pointing out hard factors and soft factors and the Five dimensional strategic leadership model is covered.

2.1.4.1 The Three Circles Model

(John, 2013) argued that the characteristic distinguishing the strategic leadership from other leaderships is in conferring the responsibilities on the whole, not on the departments, and explained his views with a three-circles model. He stated that the model is suitable for both teams and organizations, and these characteristics consist of three general functions that can be expressed in a simple way: The first one is motivating and developing the individual, the second is organizing and maintaining a team, the third is achieving the common goal he thinks that, when the general role of strategic leadership indicated in three circles is divided it creates seven functions. These are to determine a direction for the whole of the organization, to follow a successful strategy and policy, to ensure the execution, to organize and reorganize, to reveal the spirit of the institution, to connect the organization to other organizations and to the whole society, selecting the leaders of today and raising the leaders of tomorrow.



Figure 2: Broad functions of strategic leadership

Sources: (John, 2013)

2.1.4.2 Nine-Point Strategic Leadership Model

(Davies & Davies, 2010) stated that it is not always easy to distinguish between the characteristics of “effective, good leadership” and “strategic leadership” in studies, and pointed out that strategic leaders have three basic characteristics: the first one is strategic leaders are strategic thinkers. Secondly, strategic leaders are strategic learners. Strategic leaders also focus on values. The nine-point strategic leadership model have discussed five organizational abilities and four individual characteristics and underlined that in strategic leadership both individual characteristics and organizational abilities should exist together. They propounded organizational abilities as; strategic focusing, transforming strategy into action, aligning individuals and organizations, determining effective strategic intervention points, developing strategic skills, and the individual abilities as; not being content with what is available, attaching importance to strategic thinking and learning, creating a cognitive model for their own understanding and practices, and having personal and professional networks.

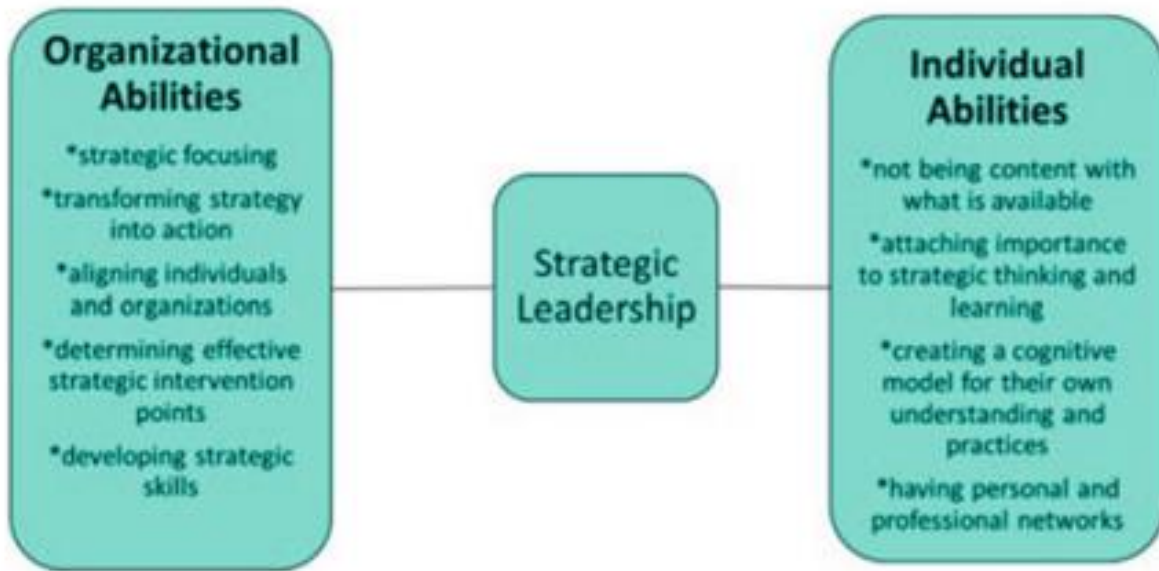


Figure 3: Strategic leadership model

Sources: (Davies & Davies, 2010)

2.1.4.3 The Strategic Leadership Model addressing the hard and soft factors

(Ülgen and Mirze, 2018) stated that strategic analysis and strategy selection are the elements requiring a rational and objective perspective by means of analytical analysis and hence they are defined as the hard factors in the literature. On the other hand, they propounded that the strategic management process is not only composed of hard factors, but also this work has a human aspect and since the people who make and implement the strategies are people having different values, ideas and characteristics, so the issues related to human are described as soft factors. They emphasized that, because of this above mentioned reason, in the studies on strategic leadership, the soft factors related to human should be considered. In the strategic leadership model of the authors there are three leadership styles: Operational (traditional) strategic leadership, visionary strategic leadership, transformational strategic leadership.

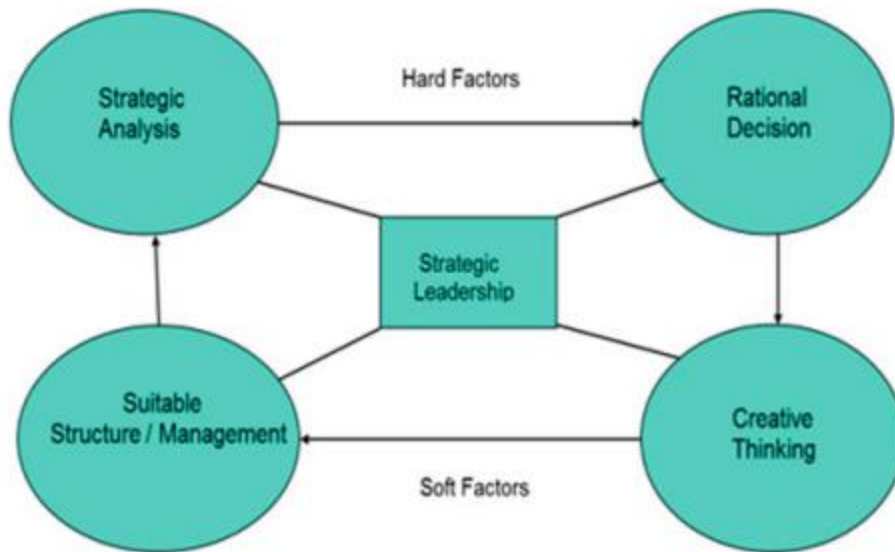


Figure 4 the strategic leadership model addressing hard and soft factors.

Source: (Naktiyotik, 2020)

2.1.4.4 Five Dimensional Strategic Leadership Model

(Pisapia, 2006) argued that leaders should carry on business in a multifaceted reality and hence this creates a need for a versatile series of leadership actions. He stated that in the new era we are in, the old leadership models are not sufficient, conditions require models to be revised, and this post-modern era demands leaders who maximize the agility and adaptability of organizations. According to him strategic leadership requires managing, transforming, bonding, bridging and bartering leadership actions, it is important to be able to use these behavioral patterns when and where necessary and in the fastest way. At the same time, strategic leadership is a powerful model that combines leadership with management, politics with ethics, strategic intent with tactics and actions, and builds a bridge between the old and the new. For this reason, strategic leadership characteristics are the most suitable leadership type for the conditions of our age (Pisapia, 2006).

He expressed the actions required by strategic leadership as follows;

Managing: Taking the necessary actions to achieve the predetermined objectives and goals effectively and effectively. **Transforming:** Changing organizational conditions and organizational culture, enabling the change by influencing employees' ideas and actions.

Bonding: To establish trust in the organization, to make it unique not only among individuals but to the whole system, on the other hand, to create emotional attachment to the values and aspirations of individuals.

Bridging: To establish and enhance the necessary connections to develop alliances with people who have power and influence, both inside and outside the organization, in order to obtain the resources and support needed to carry out the work.

Bartering: Being open to negotiations in order to meet the needs of individuals and the goals of the organization, to strengthen the relations and alliances, working with a win-win principle. He asserted that these five actions are multiple leadership actions specific to strategic leaders and stated that these actions will bring behavioral agility to leaders if they are used according to the situation they are in.

2.1.5 Integrating strategy and leadership

Working with the strategy principles and corresponding leadership principles requires a departure from focusing primarily on strategy or, conversely, on leadership. By focusing only on the former, the role of human agency fades into the background, becoming a given rather than an active managerial challenge. By focusing only on the latter, strategic content remains too deep in the shadow of leadership capacities, neither disciplining nor directing their application. With both the strategy and leadership principles much in mind, it is essential to actively connect them(Harbir and Michael, 2016).

2.1.5.1 Learn to lead strategically

Neither strategy nor leadership is a natural-born skill set, so learning to become a strategic leader is essential. From the very beginning of acquiring knowledge up to developing it through formal careers obtaining a strategic leadership skill is a lifelong endeavor. So, too, is working to ensure that those who report to it are mastering the art as well. Academic research and management practice point to three avenues for developing the integrated understanding and application of strategic leadership namely Directed learning expressed by being engaged in formal development programs with strategy and leadership components to strengthen one's strategic thinking and execution, one-on-one coaching which is to pursue opportunities to receive guidance and feedback from mentors and professional coaches to improve one's strategic leadership and instructive experience which is to gain experience by taking on varied and increasing responsibilities and learning on the job what is most essential for thinking and acting strategically. It is that each of believed that the learning avenues is likely to be more effective when combined with an explicit and integrated emphasis on both strategy and leadership. Rather than a separate off-site program on strategy, for example, or a stand-alone program on leadership, a more optimal approach is to include a focus on both in all developmental initiatives. Each of these learning paths alone is insufficient for achieving the required integration, but taken together, they constitute a potent foundation for learning(Harbir and Michael, 2016).

2.1.5.2 Ensure Strategic Fit

Not every strategy can be led by every leader. An array of studies of executive succession and governing boards confirm the importance of ensuring that a manager is strategic fit for the particular challenges facing the position. Instead of sourcing an executive whose leadership record is generally exemplary, company directors often seek an outstanding executive whose particular experience fits with the specific imperatives of the firm at the moments, similar to how a sports team looks to recruit and sign the best performers at particular positions of need. Governing boards of firms facing financial challenges, for instance, are more likely to move their

chief financial officer into the corner office; boards of companies tackling marketing challenges are more prone to bringing up an executive from sales; and directors of companies looking to enter international waters are more likely to promote a manager with the global experience.

2.1.5.3 Convey Strategic Intent

Managers at all levels must be able to convey strategic intent if they are to effectively exercise strategic leadership. Whether chief executive or a frontline supervisor, a manager must be able to communicate the firm's strategic agenda in ways that are both unambiguous and persuasive. While defining direction, managers refrain from detailing or micromanaging the specific enactments of the intent, though they certainly continue to hold their team members or subordinates accountable (Harbir and Michael, 2016).

2.1.5.4 Layer Leadership

Strategic leadership should emanate from multiple tiers in a company or a country, not just the top rung. While the enterprise's strategic intent is conveyed by the most senior leader in the organization, it is then the responsibility of the managers populating the next tier to convey the same message downward and for their own subordinate managers to do the same in turn, with strategic leadership cascading down the company pyramid in what can be termed layered leadership. Since leadership should not be seen as limited to the apex of an organization, in our view, vertical collaboration among the tiers in executing the top management's strategic intent becomes vital. The strategic intent of the top echelon must be faithfully conveyed and diligently enacted through each of the successive layers below, and then the several echelons must work hand in hand to achieve it. For layered leadership to work, however, leaders at each tier must possess the strategic leadership skills required at their respective level. If a lack of strategic fit or an inability to convey strategic fit occurs at any level, those below will not be prepared to execute the strategic intent from above, and the chain of layered leadership is broken. Layered leadership thus serves as a vital connector between strategy and leadership. And in conveying downward the most senior leader's strategic intent, its effectiveness requires having put in place ability for all layers to make decisions together. It can be seen in private companies as well as public agencies (Harbir and Michael, 2016).

2.1.5.5 Decide Deliberatively

The capacity to connect strategy and leadership is confided in an ability to decide deliberately: to make informed, analytic, and farreaching leadership decisions. It applies to both the formulation and execution of company strategy. Deliberative thinking entails initiating and applying intentional logic, often requiring disciplined and complex calculations and it is built from both personal and abstract knowledge of past decisions and their consequences. Intuitive thinking leads to more reactive, tactical behavior, to more proactive and strategic conduct. The more analytic tools of deliberative thinking focus greater attention on long-term decision consequences, leading to a more comprehensive evaluation of alternative options. Deliberative decision making becomes especially important during a period when actions are urgent and the stakes are high, because it is then that decision makers are confronted with a host of unanticipated choices, and careful assessment of the options and the final selection among them are likely to be particularly impactful for an organization (Harbir and Michael, 2016).

2.1.6 Competitive rivalry

The extent of competition among existing firms is called competitive rivalry. The existence of fierce competition in an industry has a huge impact in profitability and requires firms to direct their efforts on advertising, price cutting and product and service innovation. The existence of competitive rivalry among an industry detects the development of strategies in an organization. (Bracker, 1980). Not all competitive rivalry is harmful and threatening. Some form of competition among firms results in product and service improvement and innovation which ultimately benefit the consumer and increase customer satisfaction (Pearce & Robinson, 2000).

2.1.7 Human capital development

According to (Hitt & Ireland, 2002) human capital is the aggregate knowledge and skills embedded in the workforce of the organization. In today ever changing and highly competitive environment human capital is one of the most crucial resources a firm can obtain to keep up with the pace. Employees are everything for an organization because they are involved in the life cycle of the organization from its very formation to its growth and sustainable existence.

Effective human capital development is a way which enables companies to attract the suitable individual into the company, the recruit and retain them and make them fit for the best interest of the organization. Further many researches indicate that human resource development can facilitate both individual and organizational growth and improvement of performance. (Nyamu, 2017) Aside from the traditional methods of managing human capital utilizing new methods by deploying state of arts technology, mentoring employees, establishing self-managed work teams, providing opportunities to facilitate experience sharing among similar industries and facilitating training immensely helps the organization to have high quality, dedicated, committed and skilled employees which will in return impacts organizational competitiveness of the organization. (Aswathappa, 2008).according to the study conducted by (Nyamu, 2017) human capital development is found to have the greatest influence on organizational competitiveness.

2.1.8 Strategic intent and vision articulation

Strategic intent is defined as the purpose for which the organization strives for. It is a process of constituting the philosophical framework of strategic management process. The mission, vision, goal and objective of the organization is concern of the strategic intent. Some characteristics of strategic intent are:

- It should promote an essence of winning.
- It should be relatively stable over a period of time.
- It should inspire people to make personal effort and commitment.
- It should encourage creativity.

One of the first tasks of strategic leadership involves in defining the firm's purpose of existence and preparing vision. Vision statement is statements that outline what the organization will become in the near future. It is attributes of a strategic leader to articulate clear and realistic statement describing the purpose of existence and inspiring employees to envision towards a common goal. This statement will be used as a tool for other employees in the exclusion of strategies that are in line with its vision statement. After developing a well-articulated vision statement, it is the responsibility of strategic leaders to inform as well as reinforce the vision to all members of the organization for the overall attainment of it. The vision should create a picture into the minds of the members of the organization as to what the future will be like for

the organization in next five to ten years. Strategic leaders should also be ready to commit the necessary resources to make the vision a reality. (Abdurazak & Solomon, 2019). In his study titled the effect of strategic leadership on organizational competitiveness of commercial banks in the case of commercial banks in Kenya (Nyamu 2017) has found that organizational competitiveness is significantly positively related to firms ability to generate strategic intent and well articulation of vision.

2.1.9 Strategy formulation

Strategic formulation is a process that involves crafting the corporate mission, setting achievable objectives and preparing policy guidelines. Mission of the organization depicts the very purpose of existence of the organization. If well-articulated the mission of company can clearly identify the unique character of the organization that set it apart from similar firms in the business. Mission statement creates agreed up on expectation in employees and helps to create public images of the organization to stakeholders in the environment. While many uses the word vision and mission interchangeably, their meaning is actually quite different as the former is what the organization aims to become and the later defines what the organization is all about right now. Objectives define the end result of a planned action. They are a means to quantify the action that is supposed to be performed by the members of the company in order to accomplish the vision. While Strategy provides an overall master approach on how the organization will compute and achieve the stated mission and objectives, a policy is abroad guideline that outlines the decision-making activities. Policies are tooling that help employees make informed day to day solution for the overall execution of corporate mission, objective and strategy. (Abdurazak & Solomon, 2019)

The three levels of strategy

Companies are required to draft different levels of strategies that serve for different operational and functional areas of the organization. there are three level of strategies more commonly used in companies today namely corporate level of strategies, business level strategies and functional or operational level of strategies

Corporate level strategies: detects the action plan and various functions that that are being performed by strategic business unit in a single line of business. The plan outlines the company's objectives resource allocation activities and coordination of strategic business units for the best performance of the company.

Business level strategy: in order to achieve corporate level strategies business level strategy provides a comprehensive plan directed to attain strategic business unit objectives, allocation of resources among functional areas and coordination between them for giving good contribution for the overall performance.

Functional level strategy: are focused a specific function. It is concerned with allocation of resources among different operations within that functional area and coordinating them for better contribution to Strategic business units and corporate level achievements. (Abdurazak & Solomon, 2019)

2.1.10 Strategic ownership tendency

All variables mentioned in this study are organizational level variables in contrast to strategic ownership tendency which is individual level variable. Strategic leadership tendency is the tendency employees to know the strategy identify to the strategy by owning it and strive for the implementation of the strategy with their best capacity. It is well known that organizations commit a great deal of valuable time, financial resource and commitment of knowledge of expertise in an attempt to formulate suitable strategy specific for a given firm. The mere existence of strategic plan solely cannot grant the success and organizational competitiveness of the organization. Even though many organizations have a strategic plan they still struggle to implement and execute the plan because of their failure to well enforce the strategy and its use into the minds of their employees. From the inception of the strategy to its implementation the process should involve the right people. Further the alignment of key stakeholders is essentially for the proper implementation of the Strategic plan. Studies indicate that the success of strategic

plan is found to be directly proportional to organization's commitment to inform and encourage the engagement of its entire workforce (Meredith, 2022).

2.1.11 Innovation

Innovation is one of the important factors that contribute to the firm organizational competitiveness and it is believed to be one of the single most important factors in enhancing and sustaining organizational competitiveness (Tidd, 2001). From Strategic point of view in the business context innovation is seen as the foundation on which firms can gain and sustain competitive advantage. (Lin & Chen, 2007). Now days in increasing regime of global competitive era, in order to make it in the business world and sustain competitive advantage firms are required to constantly to innovate their products and services. (Hamid & Tasmin, 2013). Scholars have classified types of innovation on the premises of considering innovation as object of change which was proposed by (Schumpeter, 1934) he proposed that there are five types of innovation namely new products, new processes, new sources of supply/raw materials, new markets and new ways organization. The second classification was proposed by (OECD, 2005) where innovation is classified as product, process, marketing and organizational innovations. Each type of innovation is extremely important depending on the need and to keep a firm on going and it is a key to the very survival of the organization in its existence of competitive global market. (Sheu, 2007)

2.1.12 Strategic leadership and organizational competitiveness

strategic leadership is a leadership concept that provides the a futuristic picture of organization what the organization will be like in what it aims to achieve and gears the effort of stakeholders towards the converting the objectives to reality bring life and sustainability to the organization. (Kouzes.J and Posne.B 2009).Where the external environment is highly uncertain, saturated and turbulent strategic leadership is the key to cope up with the pace and accordingly banks that strive to incorporate strategic leadership are found to have a chance in surviving the steep competition. Through the development of short term and long term plans, objectives and effective management of human resources the strategic leadership ultimately paves the way towards organizational competitiveness. Studies conducted concerning organizational

competitiveness indicate some financial and non-financial measures of organizational competitiveness. (Nyamu 2017) mentioned that lower turnover rates, productivity in terms of new product offerings, diversity of product range, employee creativity in terms of coming up with innovative products and improved level of customer satisfaction. The combined result of all these places the organization in a place higher than that of its competitors. As a result employees working in competitive environment where the bank is placed a leader in the market will develop a sense of belongingness and will identify with the organization which will further elevate the competitive overall position of the bank.

2.1.13 Strategy as a practice

Ever since the introduction of the concept of strategy in business as well as organizational science up to now detail analysis, definitions scientific proposals have been forwarded by scholars about the concept of strategy (Mintzberg, 1990). Apart from traditional view of strategy various paradigms of strategy have been birthed in an attempt of intensive investigation and understanding of strategic practices. Following the change in management philosophies the concept of strategy has also been evolving. as the result of the revolution and perceive the traditional view of strategy has face major criticism (Farjoun, 2002)In order to fill the gap of the traditional perspective a different perspective was introduced known as strategy as a practice. it was proposed by (Whittington R. , 1996)

Why SAP?

The foundation of traditional strategy perspective is grounded on objectivism and positivism from anthropological point of view. the concepts of traditional perspective emphasizes on formal planning, fair distribution of resources and an action to be performed on top to down basis while addressing how strategies are to be formulated. (Nag., Hambrick, & Chen, 2007) further the traditional perspective incorporated porter's five force analysis as well as SWOT frame work. These assumptions are found to be questionable by recent literatures. (Farjoun, 2002). Following the emergence of social theories concerning actor and system centric perspective the ideology of strategy as a social practice came to life. Epistemologically strategy as a practice lies on constructivism and ontologically it lies on subjectivism paradigm. In addition to this SAP proposed a holistic view by depth understanding of strategy development and implementation with investigating how the practitioners act and interact (Whittington R. , 2006).

Concepts of SAP

the concept of strategy was grounded on practitioners, praxis and practices (Johnson, Scholes, & Whittington, 2008), from the practitioner concept it includes all people who are responsible for the formulation and execution of the strategy. (Whittington R. , 2006) One of the shortcomings of the traditional perspectives was considering only the top-level managers in the development of strategic plan while neglecting key stakeholder. This was eradicated following the introduction of strategy as a practice model. Activities that are specifically related to strategy formulation and execution are under the concept of praxis. Finally, to link the concept of individual and a system on the basis of social theories the concept of practice was proposed.

Practitioners: They are the stakeholders of the concept of strategy they include managers, consultant internal agents and employees working under different departments involved in the process.

Praxis: They are all activities that constitute strategy making such as strategic planning scheduling meeting, following up, evaluating results and so on.

Practice: practice contains all the various tasks, procedures and norms employed during strategy making.

One interesting fact is that the three concepts overlap with each other resulting with emerging questions about the concept of strategy.

2.2 Empirical literature review

Empirical literature review discusses previously conducted studies both locally and internationally concerning the matter under study. Different researchers from different parts of the world had conducted research on strategic leadership and its impact on organizational competitiveness.

(Nyamu, 2017) Studied the effect of strategic leadership on the organizational competitiveness of commercial banks in Kenya. The researchers used descriptive research design and conducted a census that includes managers operating in forty commercial banks in Kenya. The study founded three variables based on theoretical foundations namely human capital development, organizational style of Leadership and strategic intent and vision articulation. The findings of the research indicate that human capital development has the highest significance effect on organizational competitiveness followed by organization style of leadership and strategic intent and vision articulation. further the finding indicates that strategic leadership practice influence organizational competitiveness by increasing market share, profitability and productivity. Although the finding of the study contributes to the body of knowledge specifically in the matter of the study, it is found to be only limited to commercial banks in Kenya and couldn't be generalized to other cases broad without empirical testing.

Another study conducted related to the matter under investigation is by (Monte, 2016). It is titled the effect of strategic leadership on the performance of commercial banks in Kenya. Both descriptive and inferential statistics was used in this study and the study involved 42 commercial banks in Kenya out of which it targeted managers working in financial operational and strategic departments. Based on theoretical foundations, the study tested variables such as vision and mission creation, resources portfolio, strategic formulation, strategic implementation and ethical value. These variables then were empirically tested to find out their impact on performance which is measured in terms of profitability, return on investment, return on asset and customer satisfaction based on the correlation analysis the findings indicate there is a significant positive relationship between strategic leadership and performance of commercial banks in Kenya.

Although the researcher concluded that strategic leadership is the key to performance it focused mainly on financial measures and ignored the other key areas or non-financial measures that contribute to the overall organizational competitiveness of commercial banks.

Similarly, (Katee, 2013) studied the effect of strategic leadership on the performance of commercial and financial state corporations in Kenya. The study was focused on concepts such as organizational culture, ethical practice and organizational control and their impact on financial performance of corporations in Kenya. The findings of the study indicates that there exists a significant positive relationship among strategic leadership and performance but these findings couldn't be applied to the banking sector as it was conducted on corporations in Kenya

On another study (Abhinava & Siddharth, 2007) conducted research titled strategic leadership and competitive advantage: a case of an Indian pharma firm in the new patent regime. The findings of the study embarked on strategic option, strategic intent and mission, identification recognition reconfiguration and conversion of resources onto capabilities are some characters that can be traced in strategic leaders. In addition to this it concluded that core competencies and innovation can position the firm into competitive advantage compared to its competitors. Although the findings can be used empirically to other similar firms it's is not suited for the banking industry.

Similarly (Geke 2021)conducted a research titled strategic leadership and competitive advantage of commercial banks in Kenya. The concept of strategic leadership that the researcher elaborated was capacity to anticipate business changes, capacity to question the status quo, the ability to interpreted information, decision making capacity and ability to align to stakeholder interest. These variables were examined to determine their relationship with organizational competitiveness. Each of the variables has an influence over the dependent variable and the correlation analysis indicates that there is a positive significant relationship between strategic leadership and organizational competitiveness.

2.2.1 Empirically studies in Ethiopian cases

Looking further in Ethiopian context a study conducted by (Micheal, 2021) titled the effect of strategic leadership on organizational innovation in selected digital tech firms in Ethiopia can be mentioned. The aim of the study was to assess the effect of strategic leadership on organizational effectiveness. The study focused on strategic thinking, absorptive capacity and operational efficiency dimensions of strategic leadership and their impact on organizational innovation. The researcher used an explanatory research design and was able to conclude that strategic leadership have a strong and positive impact on organizational innovation. The researcher recommended that since organizational innovation is key in performance digital firms these firms are required to strategically anchor their leadership emphasizing on absorptive capacity.

Similarly, (Elisabet 2021) conducted a study title assessment of competitive strategy formulation and implementation practices of private bank in Ethiopia: in the case of United bank. The purpose of the study was to investigate strategy formulation and implementation practices of united bank on its effort to gain competitive advantage. Descriptive research design was used and data was analyzed by using statistical tools. The sampling technique she used was non probability sampling technique which targeted 90 employees working in managerial and non-managerial positions. The study indicated several internal and external factors in the environment that have a significant influence on the decision-making regarding formulation and implementation of competitive strategy. The researcher finds out that the bank was struggling due to steep competition and find out that it was using mixed strategy which include cost leadership, differentiation and focus strategies to tackle the competition race. Further the researcher recommended that the banks should be flexible in formulation and implementing the competitive strategy, further the researcher recommended that National Bank of Ethiopia attempt to regulate unfair competition among private banks and enforce the application of code of conduct and ethics in the banking industry.

2.3 Conceptual framework

On the basis of theoretical framework work and empirical analysis of existing literature the following variables deemed to be important regarding the topic understand investigation were extracted. The independent variables on this study are strategic intent and vision articulation, human capital development, strategic ownership tendency and innovation. The dependent variable considered is organizational competitiveness.

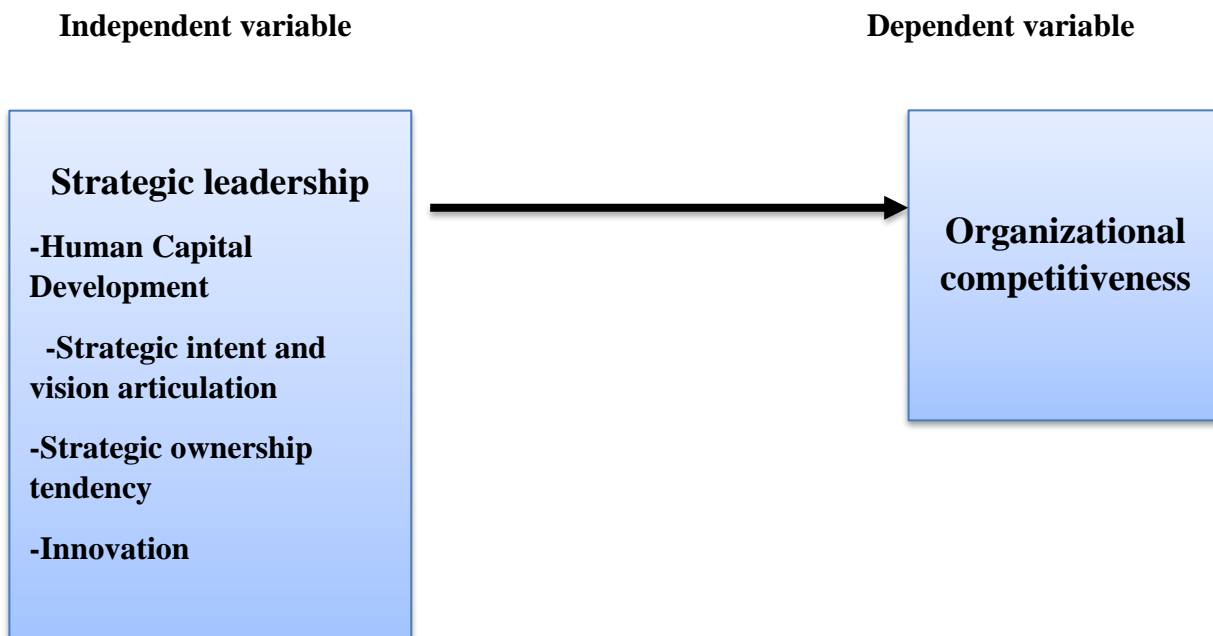


Figure 5: Conceptual Frame Work

Source: Conceptual Framework of own development

2.4 Research hypothesis

Research hypothesis to answer the research questions and attain the research objective the following hypotheses were formulated and therefore will be tested:

H1: Human capital development has a positive significant effect on organizational competitiveness;

H2: strategic intent and vision has a positive significant effect on organizational competitiveness;

H3: strategic ownership tendency has a positive significant influence on organizational competitiveness;

H4: Innovation has a positive significant effect on organizational competitiveness;

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the research methodology used in this study. It discusses the research approach, Research design, sample design, source of data collection method, data collection instruments method of data analysis, validity and reliability and research ethics.

3.1.1 Research Approach

Taking of data type used in analysis into consideration research approach can be classified as qualitative, quantitative and mixed research approaches. (Hair, 2010). The research approach that is used in this study is the mixed research approach. Data collected from different sources was quantified in terms of number and statistical tools were used to analyze them for the determination of relationship among variables. Further qualitative data was described and presented.

3.1.2 Research design

There are three well known research designs among which researchers could use depending on the research objectives namely Exploratory, descriptive, and explanatory research designs. (Kothari, 2004). This study used descriptive and explanatory research design based on the aim of the study which was to examine the relationship between strategic leadership and organizational competitiveness. Whenever one plans to investigate the effect of one variable onto the other explanatory research design is the most appropriate choice. This is mainly because these approaches enable researchers to establish functional correlation between two or more variables. (Kothari, 2004). In addition, this study describes a certain character of individuals and their

perception descriptive research design is used side by side. This study is carried out at a single point in time in the context of time frame therefore; it used a cross-sectional research survey.

3.2 Population, Sample Size, and Sampling Technique

3.2.1 Population

According to (Kothari, 2004) the population in a given study is consists of the entire people, object or entity in which one is interested to study. Thus, employees working in different positions hired in Amhara, Tsehay, Gaddah, Ahadu, Sinqee and Tseday banks are considered the population of this study. These banks started operations on the year 2022 between the months June up to December. However, to make the study economically, geographically manageable within a specific time frame the sampling frame of the study is constrained on employees the respective branches working in different departments at the head office level and premium/branches in the capital city Addis Ababa. Since the banks selected into conduct this study are new entrant and based on the fact that the head office and premium branches / branches have the highest number of human resources they are believed to be representative of the entire population. Below lies the summary of the sampling frame of Amhara, Tsehay, Gaddah, Ahadu, Sinqee and Tseday Bank according to the source obtained from their data base

Table 1: Target population of the study

Banks	Amhara	Tsehay	Geddaa	Ahadu	Sinqee	Tseday	Total
No. of Employees In AA (Target population)	513	479	137	345	289	224	1987

3.2.2 Sampling size

Drawing sample size from a sampling frame is one of the most critical issues in research. If the same is too large it is costly to analysis, manage and draw conclusion from on the contrary if the sample is too small its representativeness of the population will be questionable. Taking this into account in the case of quantitative study there are certain ways that will enable researchers to draw a sample from a target population. Among them the most commonly used is that of (Yamane, 1967) usually used if the population is finite and large. This formula he formula the sample size is presented below:

$$n = \frac{N}{1+Ne^2} = \frac{(1987)}{1+(1987*0.05^2)} = 333 \text{ employees}$$

Based on this formula the sample size of the study concludes 30 employees working in various department in head office and branch of the banks under the scope of this study. After the sample size is determined proportionate allocation of the sample size into different strata was performed, (PSS) formula was employed in order to do so ($n_i = N_i/N * n$).

Table 2: sample size

Strata	Amhara	Tsehay	Gedaa	Ahadu	Sinqee	Tseday
No of sample size	513	479	137	345	289	224
Sample from each $n_i = N_i/N * 333$	86	80	23	58	48	38

Source: own survey

3.2.3 Sampling Technique

This study utilized a proportionate stratified sampling technique. The reason behind the selection of stratified sampling method is that in a situation where the population is not homogenous in terms of specified characteristics for the purpose of selecting representative sample it is preferable to sub divide the population into more homogeneous group. The fact that each stratum is more homogeneous than that of the population will enable the researcher to acquire a better estimate of the entire population. Accordingly, the strata identified in this study are the individual private commercial banks named Amhara bank, Tsehay bank, Gedhaa bank, Ahadu bank, Sinquee bank and Tseday bank.

3.2.4 Source of Data

Once selecting the sample size, the next type requires the identification of data collection tools on which the relevant data can be gathered for further analysis. Data can be collected through two basic sources namely primary and secondary data sources. This study relies in the primary data sources gathered using self-administrated questionnaire and interview. Primary data source is preferred due to the fact that it is objective; provide the researcher with first hand data source which enhances reliability and it provides accurate information in terms of time frame. (Saunders, 2010).

3.3 Data Collection Instruments

One of the data collection instruments by which primary data can be obtain is through questionnaire and structured interview. The questionnaire was administrated to employees working in head office and premium/branches of the banks under exanimation. The questionnaire was structured according to the objective that this research paper aims to study. The questionnaire adopted the Likert scale where close ended questions presented to respondents

to rate them with the scales from five up to one. Where here: Strongly Agree (SA) = 5; Agree (A) = 4; Neutral (N) =3, Disagree (D) = 2; and Strongly Disagree (SD) =1. The first part of the questionnaire outlines the demographic characteristics of the respondents; the second part was focused on the variables which include human capital development, strategic intent and vision articulation, strategic ownership tendency and innovation. In addition to this structured interview was held by interviewing six employees working in managerial and non-managerial position in the respective banks incorporate their perception towards strategy as a practice as it will enabled the researcher to exploit information that is difficult to gain through questionnaire and generate detailed data with depth understanding a matter.

After careful analysis and approval of the questionnaire and interview by the advisor it was pilot tested using 30 samples taken from employees working in nib international bank, Berhan bank and Addis international bank to determine its reliability. Based on the feedback of the pilot test the questionnaire was administered to employees working in department level at head office and premium branches in Tsehay bank, Amhara bank, Ahadu bank, Sinqee bank and Gedaa banks.

3.4 Validity

Scale of validity is measures the instrument in terms of what it is supposed to. It verifies whether the measures clearly define the concepts and is classified as content validity, predictive validity and construct validity. Validity is a key criterion to determine the effectiveness of measurements to address the topic under investigation and discuss the research questions. (Kazi and Khalid 2012)

on basis of this, the validity of the questionnaire used was given emphasis in this study as it was compiled from different empirical researches previously conducted related to the subject matter. After careful preparation of the questionnaire it was subjected to pilot test by involving thirty respondents from three banks. Preceding the results of the pilot test and intensive discussion with the advisor regarding the feedback for adjustments the final questionnaire was then distributed to the respondents for the collection of data.

3.5 Reliability

The reliability of a measure is defined in terms its ability to provide stable and consistent results and helps to indicate the appropriateness of measuring instruments. (Zikmund 1994) cronbach's alpha is the most frequently used test of reliability and is also used in this study. Based on this measure results of cronbach's alpha that are generally closer to 1 are considered reliable. a coefficient more than 0.80 are considered good and those up to .70 are considered acceptable whereas value less than .60 are deemed to be poor (Sekran 2003).

Table 3: reliability analysis

	N	Cronbach's Alpha
Human capital development	4	.847
Strategic intent	4	.851
Innovation	2	.831
Strategic ownership tendency	4	.871
Organizational competitiveness	8	.760
Total	22	.928
	N	Cronbach's Alpha

Source: SPSS output, 2023

3.6 Ethical consideration

Ethical consideration, are so important in research may professional association and agencies have adopted codes and polices that outline ethical behavior and guide the research. Harm to participants, lack of informed consent, invasion of privacy and deception are the four types of ethical issues one should bear in mind while conducting a research. (Bryman 2011)These studies include some questions that are considered descriptive such as age and gender but the disclosure of this information does not enable the researcher to identify the person. This study is structured with questions that are not sensitive by nature but the respondent is encourage to skip a question if found to be sensitive. The purpose of this study is clearly outlined to eradicate the issue of

deception and the privacy of respondents is kept protected as they are not required to mention their names.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION

The aim of this study was to examine the effect of strategic leadership on organizational competitiveness of commercial banks more specifically that of new entrants in the market. On the basis of the objective this chapter discusses the results of descriptive and inferential statistics to analyze both the qualitative and quantitative data. The responsive rate of the questionnaire and descriptive analysis of Demographic profile of the respondents under each attribute is presented first. Then follows the inferential analysis of correlation test, assumption test and multiple regression test. Finally the response of interview was analyzed and presented.

4.1.1. Response Rate

Before proceeding to data analysis the questionnaire was examined to identify incomplete and missing responses. The total number of questionnaires distributed to the target population was 333 out of this 294 questionnaires were collected. After further screening of the questionnaires for inconsistency 286 numbers of questionnaires are found to be usable for statistical analysis. Consequently the responsive rate in terms of percent is 85%.

4.1.2. Demographic Characteristics of the Respondents

The demographic characteristics of the respondent describe their personal information such as sex, age level of education, service year position and department they are working on. This information is believed to have some correlation with the study and was obtained, summarized and presented in the table below.

Table 4: Demographic Characteristics of Respondents

Category		N	(%)
sex	Female	126	44.1
	Male	160	55.9
Total		286	100
Age	21-30	121	42.3
	31-40	109	38.1
	41-50	46	16.1
	51-60	10	3.5
	Total	286	100
Educational background	Diploma	33	11.5
	Degree	120	42
	Masters	133	46.5
	Total	286	100
Year of service	1-5	101	35.3
	5-6	60	21
	above 10	122	42.7
	Total	286	100
position	Manager	44	15.4
	Team leader	33	11.5
	Supervisor	52	18.2
	Customer Representative	65	22.7
	Others	92	32.2
	Total	286	100
Department	Sales & marketing	29	10.1
	Customer Handling	46	16.1
	Finance	25	8.7
	Administration	44	15.4
	Human Resources	17	5.9
	Forex Exchange	26	9.1

	Loan	38	13.3
	Premium/ main branch	15	5.2
	Strategy and INNOVATION	22	7.7
	Others	24	8.4
	Total	286	100

Source: own survey,2023

According to table 4 126(44.1%) of the respondents are female while 160(55.9%) of the respondents are male. the gender composition of employees were relatively similar. This shows that there exists a proportionate variation in work force composition.

The age of respondents are depicted in table indicates out of the total target population 121(42%) are between the age of 21-30, 109(38.01%) are on the age range of 31-40, 46(16.1%) are between the age of 41-50 and 10(3.5%) are on the age range of 51-60. This indicates that majority of the respondents are young energetic individuals that bring about new energy and enthusiasm in the bank they work within that will result in higher productivity in the areas they work in.

Concerning the educational background of the respondents 120(42%) are first degree holders, while 133(46.5%) of the respondents are master’s degree holders and 33(11.5%) are diploma certified. this implies that majority of the respondents are highly educated and are able to comprehend the contents in the questionnaire which will enable the research to obtain credible data.

Regarding the year of service according to table 101(35.3%) of employees have a work experience of 1-5 years, while 60(21%) of the respondents have a work experience between the bracket of 6-10 years and 122(42.7) have a work experience of 10 years and above. this implies that the majority of the respondents are highly skilled and experienced in the banking sector.

As shown in table the position where the respondents were assigned to perform their duties indicates that 65(22.7%) of the respondents are customer representatives, 33(11%) of the

respondents are team leaders 52(18.2) work in supervisor level, 44(15.4%) are managers and 92(32.2%) of the respondents work in different other positions. This indicates that the respondents are composed of people working in various positions that will enable the researcher to capture data that represents the opinion of people working in different level of responsibilities.

Similarly, regarding the departments of which the respondents work within 29(10.1%) of the respondents work in the sales and marketing department, 46(16.1%) of the employees in customer handling areas, 25 (8.7%) work under finance departments, 44(15.4%) work in administration, 17(5.9%) of the respondents work in human resources, 26(9.1%) of the employees work in forex exchange, 38(13.3%) of the employees work in loan department, 15(5.2%) are from branches, 22(7.7%) are under strategy and innovation and the other 24(8.4%) are from other departments. as it can be observed the respondents are dispersed in all departments which will enable the researcher to have an in depth and aggregate information on the topic under study from people working in different departments holding perspectives.

4.1.3. Description of Study Variables

This study contains dependent, independent and mediator variable in order to examine the effect of strategic leadership on organizational competitiveness. The questions were structured into six dimensions namely human capital development, strategic intent and vision articulation, strategic ownership tendency, innovation, leadership style and organizational competitiveness. Descriptive statistic was used to understand the perception of respondents regarding the independent mediator and dependent variable. More specifically the mean and standard deviation are used to analyze the response of the respondents. If the mean scored value is in the range of 1.01 – 1.80 it represents strongly disagreed, 1.81 – 2.60 it represent disagree; 2.61 - 3.40 it represents neither agree or disagree ; 3.41 – 4.20 represents agreed ;while 4.21 – 5.00 represents strongly agreed.

Table 5: Descriptive Analysis of human capital development

S/N	STATEMENT	N	MEAN	SD
1	I believe the organizational competitiveness of the bank lies in its ability to effectively manage its human and social capital	286	3.96	1.1223
2	I believe Human capital development within the bank impacted us to achieve performance improvements	286	3.88	1.167
3	Effective human capital development practice in the bank I work on stirs employees towards working efficiently through uncertain and turbulent business environment.	286	3.5	1.095
4	The bank has a clear framework of employing competent employees in a clear and competent process based on the employee skills, competencies, experience etc.	286	3.72	1.081
	over all mean		3.765	

Source: own survey, 2023

4.1.4 Discussion on interpretation on human capital development

As shown in table 5 the highest responsive rate is the first statement which is I believe the organizational competitiveness of the bank lies in its ability to effectively manage its human and social capital, holding (mean value of 3.96, 1.223 STD). This indicates the respondents' perception that human and social capital is a major contributor of organizational competitiveness. The statement I believe human capital development within the bank impacted us to achieve performance improvement holds (mean value 3.88, 1.167 STD). This implies the respondent's performance has improved because of the impact of human capital development. Similarly the statement effective human capital development practice in the bank I work on stirs employees towards working efficiently through uncertain and turbulent business environment

hold (mean value 3.5, 1.095 STD). This indicates that majority of respondents agreed that effective human capital development practice of the bank they are working on enabled them to be productive and effective. as shown on table the statement the bank has a clear framework of employing competent employees in a clear and competent process based on the employee skills, competencies, experience hold a (mean value 3.72, 1.081 STD). This indicates the respondents have agreed to the fact that the employment procedures in the banks are clear and competent and it is based on employee skills and competence.

Table 6: Descriptive Analysis of strategic intent and vision articulation

S/N	STATEMENT	N	MEAN	SD
1	I believe the bank has a vision and mission which is shared widely throughout the organization and can be reflected in the banks activities	286	3.77	0.995
2	I am confident that bank has an elaborate process of strategy formulation involving all employees	286	3.62	0.980
3	The bank has a long term plans (strategies) which all stakeholders participated in formulating and regular meeting are held to review its progress	286	3.62	1.214
4	The bank has intent strategic leadership assessment of the entire business environment	286	3.79	1.118
	over all mean		3.7	

Source: own survey,2023

4.1.5 Discussion on interpretation on strategic intent and vision articulation

As indicated in table 6, majority of the respondent (mean value 3.77, 0.995 STD) have agreed that the bank the work in has a vision and mission which is shared widely thought the organization and can be reflected in the banks activities. Similarly majority of the respondents have agreed that the bank they work in has an elaborate process of strategy formulation involving all employees (mean value 3.62, 0.980 STD). The response of respondents for the statement the bank has a long term plans (strategies) which all stakeholders participated in

formulating and regular meeting are held to review its progress is agreed holding (mean value 3.62, 1.214 STD). Lastly, majority of the respondents have agreed that the bank they are working on has an intent strategic leadership assessment of the entire business environment holding (mean value 3.79, 1.188 STD).

Table 7: Descriptive Analysis of strategic ownership tendency

S/N	STATEMENT	N	MEAN	SD
1	The leadership of the bank strives to find a common ground with employees and does not impose itself-interest agenda	286	3.39	1.188
2	The bank reach out to resisters to understand our concerns	286	3.34	1.170
3	The leadership of the bank frequently seeks the view of us before making critical decisions	286	3.44	1.235
4	I believe the bank management strives to build trust with different types of stakeholders	286	3.66	1.127
	over all mean		3.45	

Source: own survey,2023

4.1.6 Discussion on interpretation on strategic ownership tendency

As indicated on table 7 the response of majority of the respondents were neutral holding (mean value 3.39, 1.188 STD) to the statement the leadership of the bank strives to find a common ground with employees and does not impose itself-interest agenda. This indicates that the respondents have doubts regarding the banks ground to find a common ground to work together as well as imposing its idea on employees. Similarly, majority of the respondents has neutral response holding (mean value 3.33, 1.170 STD) regarding the statement that the bank reach out to resisters to understand our concerns. This indicates that the respondents have doubts about the banks effort to settle resistance among employees and understand their concerns. Regarding the statement the leadership of the bank frequently seeks the view of us before making critical

decisions majority of the respondents have agreed with (mean value 3.44, 1.235.170 STD).finally majority of the respondents have agreed (mean value 3.66, 1.127 STD) to the statement believe the bank management strives to build trust with different types of stakeholders this indicates that the banks have strong relationship with different kinds of stakeholders.

Table 8: descriptive analysis of Innovation

S/N	STATEMENT	N	MEAN	SD
1	The more the bank innovate products the more it will perform better	286	4.09	1.148
2	The bank can increase their performance if it continues innovating new products	286	4.1	0.916
	Over all mean		4.095	

Source: own survey, 2023

4.1.7 Discussion on innovation

Table 8 indicate the majority of the respondents have strongly agreed (mean value 4.09, 1.148 STD) that the Bank with innovative products are more likely to perform better. Regarding to the statement that the bank can increase their performance if it continues innovating new products majority of the respondents have strongly agreed (mean value 4.1, 0.916 STD). This indicates that majority of the respondents believe that bringing about innovative products will boost banks performance.

Table 9: Descriptive analysis of organizational competitiveness

Statement	N	Mean	SD
The bank has come up with improved promotion of the products to the market than competitors	286	3.91	1.200
The bank has been able to introduce new product offerings than competitors	286	3.83	1.168
The bank has come up with a better marketing strategy of its products	286	4.01	1.076
The bank has been able to diversify its product range	286	3.87	1.072
The bank risk management has been improved	286	3.70	1.211
The bank has been able to come up with innovative products	286	4.01	0.964
The banks service pricing is more competitive	286	4.01	1.020
The level of customer service has improved over all mean	3.875	3.66	1.038

Source: own survey, 2023

4.1.8 Discussion on organizational competitiveness

Table 9 shows the respondent's perception towards organizational competitiveness and according to the respondents the bank they work on has come up with improved promotion of the products to the market than competitors shown by their responds agreed (mean value 3.91, 1.200 STD). The respondents have also agreed that (mean value 3.83, 1.168 STD) that the bank they work in has been able to introduce new product offerings than competitors. Majority of the respondent have agree (mean value 3.87, 1.072 STD) that their bank has been able to diversify its product range and bank risk management has been improved (mean value 3.70, 1.211 STD). Regarding customer service majority of the respondents have agreed (mean value 3.66, 1.038 STD) that their bank have increase the level of customer service. Similarly the respondents have agreed (mean value 4.01, 1.076 STD) that their bank has come up with a better

marketing strategy of its products, that the bank been able to come up with innovative products and the service pricing is more competitive.

4.2 Inferential analysis

In this section three major types of inferential statistics namely correlation test, assumption test and multiple regression was conducted. In order to determine the relationship between the variable the Pearson correlation test was carried out. Further the suitability of the data collected was tested using assumption tests namely multicollinearity, multivariate normality, linearity and homoscedasticity. Lastly a multiple linear regression analysis were preformed to determine the predictive variable effect on the dependent variable.

4.2.1 Correlation Test

in order to investiage the relationship between strategic leadership and competativeness pearson correlation was carried out. The four catagories of strategic leadership were taken as independent variable and organizational competativeness was taken as dependent variable.

Table 10: correlation test result

		Correlations				
		HCD	SI	SOT	IN	COM
HCD	Pearson Correlation	1	.783**	.595**	.424**	.651**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	286	286	286	286	286
SI	Pearson Correlation	.783**	1	.621**	.469**	.627**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	286	286	286	286	286
SOT	Pearson Correlation	.595**	.621**	1	.225**	.591**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	286	286	286	286	286
IN	Pearson Correlation	.424**	.469**	.225**	1	.204**
	Sig. (2-tailed)	.000	.000	.000		.001
	N	286	286	286	286	286
COM	Pearson Correlation	.651**	.627**	.591**	.204**	1

Sig. (2-tailed)	.000	.000	.000	.001	
N	286	286	286	286	286

** . Correlation is significant at the 0.01 level (2-tailed).

Source: SPSS output, 2023

according to (Cohen 1988) the degree of correlation between to variables is small for values $r=$ -0.1 to 0.29 and +0.10 to + 0.29, medium for $r=$ -0.3 to -0.49 and +0.3 to + 0.49 and small for values $r=$ -0.50 to -1.00 and +0.5 to + 1.00. According to the table of the correlation matric the independent variable namely human capital development, strategic intent and vision articulation, strategic ownership tendency and innovation are positively and significantly correlated with organizational competitiveness. More specifically human capital development accounted for the first highest strong coefficient of correlation in this research with organizational competitiveness ($r=0.651$, $p \leq 0.01$). It indicates that there is a strong positive significant correlation between human capital development and organizational competitiveness. Strategic intent and vision articulation accounts for the second highest strong coefficient of correlation with organizational competitiveness ($r=0.627$, $p \leq 0.01$). It has strong positive and significant correlation with organizational competitiveness. The third highest strong coefficient of correlation is with strategic ownership tendency which has strong positive and significant with organizational competitiveness. ($r=0.591$, $p \leq 0.01$). It indicates that there exists a strong positive and significant with organizational competitiveness. In contrast organizational competitiveness has a small coefficient of correlation innovation with ($r=0.204$, $p \leq 0.01$) respectively. As it is indicated in the correlation table the value of Sig (2-Tailed), shows that all are (.000). Therefore, the researcher can connote that there is a significant high correlation between the independent variables human capital development, strategic intent and vision articulation and strategic ownership tendency with the dependent variable while there is a significant low correlation of innovation with organizational competitiveness.

4.2.2 Assumption tests

To understand the impact strategic leadership on organizational competitiveness of commercial banks it is necessary to carry out a multiple linear regression. In order to carry that out and proceed to multiple linear regressions several assumptions have to be met (Hair, et al. 2006). The five assumption tests are multicollinearity, multivariate normality, linearity and homoscedasticity

4.2.2.1 Multicollinearity

Multicollinearity describes a situation in which the independent variables are highly correlated sharing of predictive power. When independent variables are Multicollinearity, there is “overlap” or sharing of predictive power. The means to indicate Multicollinearity is by checking “Tolerance” and “variance inflation factors” (VIF) values. If the tolerance value below 0.1 and VIF value above 10 percent it indicates there exists multicollinearity problem (Thomas, Willim and matt 2006)

Table 11: Multicollinearity test result

variables	Collinearity Statistics	
	Tolerance	VIF
HCD	.361	2.768
SI	.324	3.086
SOT	.574	1.741
IN	.760	1.315
a. Dependent Variable: COM		

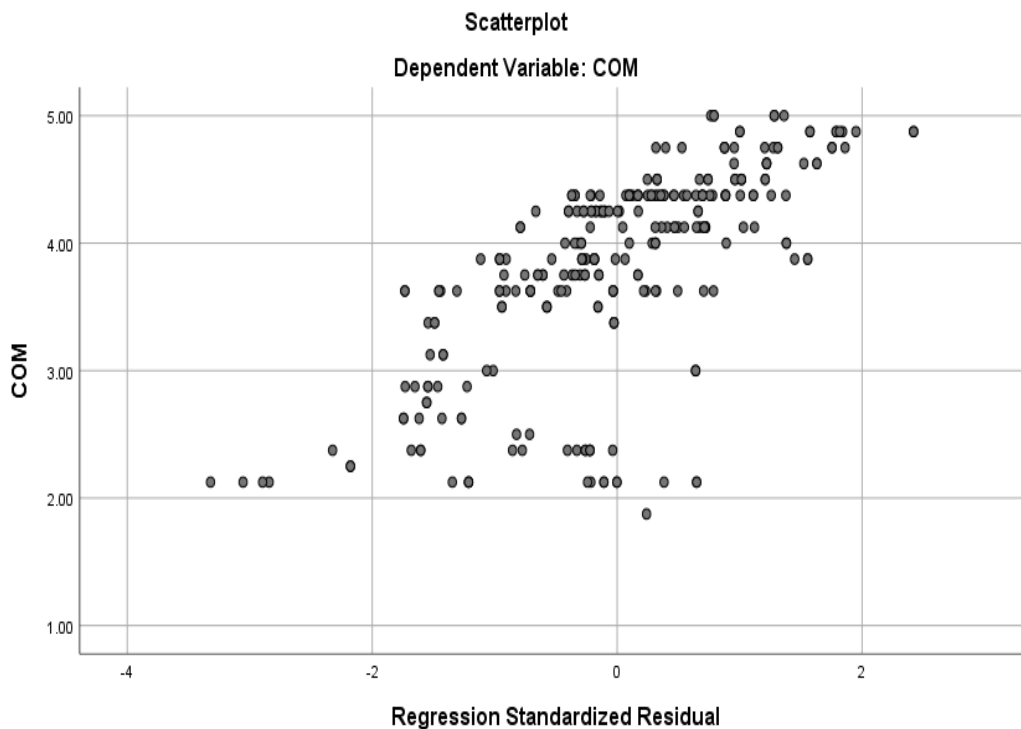
Source: SPSS output, 2022

The results of the multicollinearity test indicate that there is showed that the collinearity statistics analysis of variance inflation factors (VIF) value ranges from 1.315 to 3.086. Therefore there it is possible to proceed to regression analysis as there is no multicollinearity issue.

4.2.2.2 Homoscedasticity and Linearity Test

Homoscedasticity assumption in regression analysis indicates that the residuals at each level of the predictor variable(s) have similar variances. It is possible to check the distribution by using the plots of ZRESID against ZPRED. The graph will looks like a random array of dots evenly dispersed around zero that indicates that at each point along any predictor variable, the spread of residuals should be fairly constant.

figure 6: Scatterplot



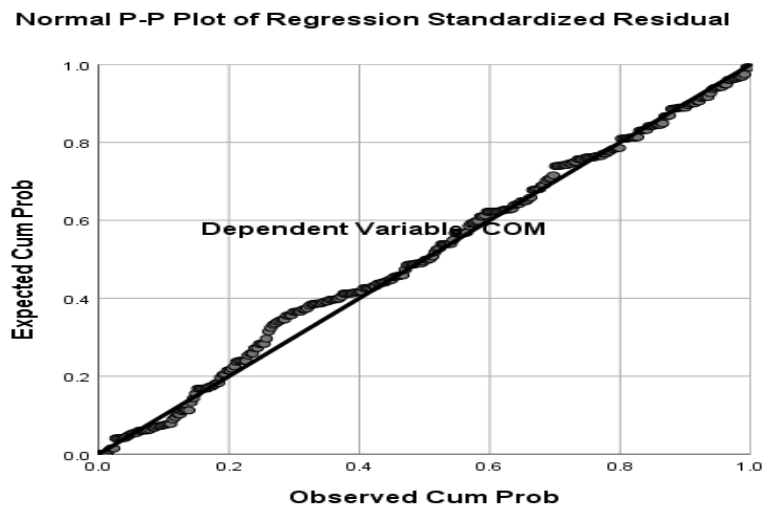
Source: SPSS output, 2023

Above it can be see that the pattern of the data points is getting together towards the right which indicates mild Homoscedasticity.

Test of normality

Another assumption test that needs to be met is the test of normality that will indicate that variables are normally distributed. The normality test is calculated for kurtosis and skewedness to test for normality and they values should be within the range of +2 to -2 (David.G 2011).Table 13 presents the tests for kurtosis and skewness. it is observed from the table below that all the variables lie within the accepted range of +2 to -2. Regarding linearity normal Q-Q chart plots indicates the random and even dispersion of points through out the plot. The expected values are presented by a straight diagonal line the observed values are assumed to be exactly along the straight line in order to conclude that normality is achieved. As it can be seen below the Q-Q plot of the all variable considered in this study are closer to the straight diagonal line with a little deviation from normality.

Figure 7: linearity test



Source: SPSS output, 2022

Table: 12 Normality test

Descriptive Statistics					
	N	Skewness		Kurtosis	
		Statistic	Std. Error	Statistic	Std. Error
HCD	286	-1.865	.144	3.435	.287
SI	286	-1.373	.144	1.964	.287
SOT	286	-.531	.144	-.550	.287
IN	286	-1.810	.144	5.890	.287
COM	286	-.856	.144	-.198	.287
Valid N (listwise)	286				

Source: SPSS output, 2022

4.3 Multiple Linear Regression Analysis

Using the (Baron and Kenny 1986) approach a multiple regression analysis was carried out. The effect of independent variable on the dependent variable was examined. In this case the independent variable is strategic leadership where the dependent variable is organizational competitiveness.

4.3.1 ANOVA Analysis

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	91.093	4	22.773	73.688	.000 ^b
	Residual	86.843	281	.309		
	Total	177.936	285			

a. Dependent Variable: organizational competitiveness

b. Predictors: (Constant), human capital development, strategic Intent and vision articulation, Strategic ownership tendency, Innovation.

The above table shows that the p-value of the independent variables is less < 0.05 i.e. 0.000 which indicates the variation explained by the model is not due to chance. So, the above ANOVA table shows the acceptability of the model. This clearly shows that all the independent variables together statistically predicted the dependent variable organizational competitiveness.

Table 13: The Effect of the Independent Variables on Dependent Variable

Coefficients ^a								
Model				Standardize	T	Sig.	Collinearit	
				d			Statistics	
				Beta			Tolerance	VIF
1	(Constant)	1.275	0.253		5.047	0.000		
	HCD	0.357	0.069	0.360	5.197	0.000	0.361	2.768
	SI	0.266	0.080	0.244	3.326	0.001	0.324	3.086
	SOT	0.230	0.050	0.252	4.590	0.000	0.574	1.741
	IN	-0.155	0.062	-0.120	-2.502	0.013	0.760	1.315
R=.716a								
R ² =0.512								
Adjusted R ² = 0.505								
Std. Error of the Estimate=0.55592								
Durbin-Watson=1.749								
a Predictors: (Constant), IN, SOT, HCD, SI								
b Dependent Variable: COM								

Source: SPSS output, 2023

As it can be seen in the table the linear regression of the independent variable with the dependent variable results with R=716a and R square =0.512. This indicates that the independent variables namely human capital development, strategic intent and vision articulation, strategic ownership tendency and innovation strongly predicted the dependent variable organizational competitiveness. The R square value indicates strategic leadership variables explains 51.2%

variance in organizational competitiveness while the remaining 48.8% are explained by other variables that the researcher did not include in this model.

4.3.2 Coefficients

Regarding the level of significance/the p-value for all variables were statistically significant ($p < 0.05$). This indicates that strategic leadership dimensions have significant relationship with organizational competitiveness. The table shows the standardized beta coefficient of the descriptive dimensions of strategic leadership. Human capital development has the highest standardized beta coefficient, which is a value of 0.360. This means that human capital development has the greatest effect organizational competitiveness. When human capital development increases organizational competitiveness also increases 36%. Strategic ownership tendency is the second highest predictor of organizational competitiveness with standardized coefficient beta value 0.252 which means the increase of strategic ownership tendency increases organizational competitiveness by 25.2%. Strategic intent and vision articulation have a standardized beta coefficient value of 0.244 which is an indicator of if strategic Intent and vision articulation is increased then organizational competitiveness also increases by 24.4%. Surprisingly, the standardized beta coefficient value of innovation is -0.120 which indicates that if innovation increases organizational competitiveness will decrease by 12%.

Based on the findings the hypothesis 1, 2, 3 stated that human capital development, strategic intent and vision articulation and strategic ownership tendency are supported human capital development ($p\text{-value} < 0.05$; $\beta=0.357$); strategic intent and vision articulation ($p\text{-value} < 0.05$; $\beta=0.266$); and strategic ownership tendency ($p\text{-value} < 0.05$; $\beta=0.230$). Surprisingly, hypothesis 4 stating innovation has a significant positive relationship with organizational competitiveness was rejected based on the survey ($p\text{-value} > 0.05$; $\beta=-0.155$), ($p\text{-value} < 0.05$; $\beta=-0.155$). Although the relationship between innovation and organizational competitiveness is significant it has a negative correlation with organizational competitiveness while keeping other variables constant. The innovation component well studied in this study is product innovation since the banking business is heavily service in nature the results of negative relationship might be due to this and considering other forms of the innovation might result on positive relationship with organizational competitiveness. Further that the increase in innovation alone while keeping other

variables constant does not have a positive effect on organizational competitiveness. Findings of pervious researches indicate that product innovation has a non-significant effect on organizational competitiveness (Kiveu 2017)

Predicted organizational competitiveness score = $1.275 + .357 \text{HCD} + .266\text{SI} + .230\text{SOT} - .230\text{IN} + e$

Table 14: Summary of the Research Hypothesis Test Result		
	Alternate Hypothesis	Result
H1	Human capital development has a positive significant effect on	Supported
H2	strategic intent and vision has a positive significant effect on organizational competitiveness	Supported
H3	strategic ownership tendency has a positive significant influence on organizational competitiveness	Supported
H4	Innovation has a positive significant effect on organizational competitiveness	Refuted
Source: own survey, 2023		

4.4. In-depth interview results

In depth interviews were conducted with six employees of Tsehay, Tseday, Amhara, Geda, Ahadu and Sinqee banks, both managerial and non-managerial employees. The employees were interviewed independently at different times. The interview questions were structured based on the concept of strategy as a practice, and more specifically about practice, praxis and practitioners.

“Before starting the banking operation, the bank had prepared major strategic formulation. It took a while to be approved by the board of directors and to start the implementation process. Questions such as which areas to focus on and what the future direction should be were given major emphases.”

“The bank has a chief executive officer (CEO), and under it there are functional departments led by chief officers responsible for each department. The bank has a department dedicated to strategy. Under that department the banks have a strategic leadership and change management directorate.”

According to the respondents, there exists a central chief executive officer that controls different departments in the banking structure. Of these departments one specific department is delegated strategy department. The name of the department may differ for each bank. It is named “marketing and strategy department” in one bank, “innovation and strategy” department in other, and “strategy and research department” in others. According to the response of the interview, this strategic leadership and change units play the leading coordination role in strategic issues.

“the first stakeholders in the strategy development are the founders of the bank who contributed their capital to the formation of the bank. Although they might not be directly involved in the strategy development process their aspiration and expectations are considered and reflected by board of director.”

“Before starting the formal banking operations the bank have a dedicated project office that is responsible for the issues concerning the strategic plan.”

“The main stakeholder that is involved in strategic formulation is the strategy department. All the employees working in this department contribute to the formulation process directly or indirectly. Due to the fact that the bank is new in operation there are only few strategies that are formulated. “

“Looking further on corporate strategy formulation process different workshops were conducted including staff members of strategy and directors from all operational departments were involved. The comment and feedbacks were incorporated in the process of formulation of corporate strategy. As to resource source mobilization and marketing strategies similar process was held by conducting survey in city branches and outline branches while taking other banks experiences as a benchmark and interviewing potential customers. In addition, marketing departments usually are involved.”

“The opinion of the stakeholders was reflected either formally or informally in meetings. since the bank has started operation only recently the number of staffs employed are few in number and in most cases, it was not possible to include create a team from each departments that works in coordination with the strategy departments in the formulation process.”

As indicated in the response of respondents, in most banks under this study the strategy formulation process is still in infant stage. it can be observed that over all the top-level managements and specific departments were highly involved in the strategy development process as the respondents indicate the involvement of other staff working in the operation areas is quite small. Even though only feedback was considered for the time being due to the above constraints in the future as the size of the manpower increases the banks have plans to increase parties involved in the strategic formation process.

“The process of the concept of strategy begins by identifying who we are, what do we have, what we do not, and generally increasing information capital regarding the finance sector in Ethiopia looking in-depth into the current condition in the banking industry. It also requires taking macro-economic situations in the country into consideration and making sure that certain procedures are compliant with NBE directives. This stage is most commonly known as analysis. The scope of the analysis was both internal and external. From the internal aspect business proposals were prepared and procedures that were mandatory to start operation were taken care of. After that SWOT analysis was performed to identify strength weakness opportunities and threats using the SWOT matrix.”

“The vision, mission, objectives, values and the overall strategic plan were first prepared. The vision and mission statements formulated are usually too broad rather than specific. Then after, several meetings were held to receive feedback on strategic plan and objectives. After being approved by the CEO the entire employee was communicated.”

“The process of strategic formulation involves the identification of core competences articulating mission, vision and objectives as well as strategic plan to translate long term objects into short term goals. Each operation organ is then commutated to the increase the level of awareness and ownership among employees. With coordination of HR department trainings sections were prepared to equip employees with the knowledge and knowhow of strategic plan.”

The process from the inception of strategic formulation to its implementation is common for most banks. The major processes undertaken in strategic formulation are summarized below. As explained by the respondents, the process includes preparation of internal and external analysis using SWOT matrix and identifying vision, mission objective and values as well as the strategic plan. Most banks prepare annual plans based on the corporate strategy to translate long term objectives into short term goals. Then the process usually involves conducting meetings and workshops with stake holders to receive feedbacks.

After these procedures the banks proceed to approve the overall strategic plan and communicate to all employees. Then after the monitoring and evaluation of actual results compared to expected results were investigated. Feedback is usually the end of the stage.

“There are several tools the bank use for strategizing the strategic plan after its formulation. One concept related to this is increasing the capital development that is to increase the amount of capital contributed by the shareholders. Increasing capital development is very important as it builds up the economic power to recruit employees and to open branches in order to increase productivity. in addition to this it creates a good image in the eye of the public initiating and attracting new potential individual as well as corporate customers “

“Raising the amount of deposit and customer base through resource mobilization efforts is the major source of strategizing. Annual deposit and customer base targets are specified to each branch which also services as key performance indicator. Resource mobilization teams are formed to execute the respective budget. Then after district offices monitors the performance based on actual results compared to expected ones. Marketing and advertising the products and service of the bank is also another tool that goes hand in hand with this activity”

“In my opinion developing the human capital of the firm by attracting recruiting and maintaining competent and skilled employees into the bank is an important tool in strategizing. After acquiring the required man power it is important to empower them to utilize their full potential.”

“There is a trend to communicate each employee about the strategy particularly related to the place of assignment. Action plan and responsible body is also usually delegated not only to communicate but also receive feedback to increase ownership.”

“An important tool in strategizing is to always manage risks and be compliant to rules and regulations imposed by the government. At the very start of the banking operation risks

should always be considered and policy and procedure by which employees are governed should be prepared. National bank of Ethiopia issues different types of directives that guide the banking operations. it is important to constantly make sure that the entire operation performed throughout the bank is compliant to the rules, regulations and directives issued by the national bank of Ethiopia ‘

As indicated above from the response of the respondents several tools are used in making strategic plans such as arranging workshops, meeting, providing training to employees and in order to successfully implement it, increasing capital development, marketing and advertising, investing in human capital and considering risk and compliance are some a major activity that are helpful. From the quantitative analysis it is found that human capital development has a strong significant relationship with organizational Competitiveness therefore while strategizing it is important to give emphasis to human capital development as it is a key contributor in the competitive process.

“Corporate strategies usually constitute the involvement of top-level managers only. From the managerial side their response sides with the traditional strategic leadership assumption of assigning strategic formulation role to top level managers.”

“I personally think that the strategy department is heavily involved in the strategic formulation stage the involvement of operation level employees is quite small.”

On the bases of the above responses it is possible to understand that the task of strategy formulation is entirely assigned to left to directors, division managers and the employees at corporate level. In order to increase ownership all in employees should be able to contribute via survey and one common practice is that leveling every item in the working environment with corporate mission, vision and value this will enable employees to internalize them and identify with the corporate strategy. Further the involvement of customers should also be considered through preparation of surveys to identify what the

general public really expects from the banks and to incorporate this as a tool to increase competitive advantage. From the quantitative analysis the Responses of employees indicate that they were indifferent to items under strategic ownership issues implying major activities are yet to be done to increase their involvement as well as to create a sense of belongingness to the strategic plan in the process of directing efforts towards its implementation.

CHAPTER FIVE

SUMMARY OF MAJOR FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

This chapter concludes up the study undertaken so far by outlining the major summary of the quantitative analysis and qualitative analysis, forwarding conclusions, recommendations and indicating limitations which might have suggestions for future research areas.

5.1. Summary of Major Findings

With regards to general information of the respondents, out of the total respondents:

- Majority of the respondents are male 160(55.9%).
- 121(42%) of the respondents fall in between the age range of 21-30 and 120(42%) are first degree holders, while 133(46.5%) of the respondents are master's degree holders
- 101(35.3%) of employees have a work experience of 1-5 years Staff and 65(22.7%) of the respondents are customer representatives and 92(32.2%) of the respondents work in different other positions
- Majority of the respondents 46(16.1%) of the employees work on customer handling areas.
- The correlation analysis showed that the three independent variables namely human capital development, strategic intent and vision articulation, strategic ownership tendency have a strong significant correlation while innovation have a low significant correlation with the dependent variable organizational competitiveness with $p\text{-value} < 5$ scoring a Pearson Correlation Coefficient "R-value" $r = 0.651$, $r = 0.627$, $r = 0.59$ and $r = 0.204$ respectively.
- The regression model analyzing the relationship between strategic leadership and organizational competitiveness indicate that all dimensions of strategic leadership have a statistically significant positive effect on organizational competitiveness with human capital having the highest beta coefficient and the most significant effect on organizational competitiveness $p < 0.05$; $\beta = 0.357$. The increases on human capital development increases organizational competitiveness by 36%. Strategic ownership tendency and strategic intent and vision articulation are found to be the second and third

strong predictors of organizational competitiveness $p < 0.05$; $\beta = 0.230$, and $p < 0.05$; $\beta = 0.266$ respectively. The increase in these variables will increase organizational competitiveness by 25.2/5 and 24.4% respectively. Innovation having a statistically significant negative relationship with organizational competitiveness the increase of Innovation will decrease organizational competitiveness by 12%, $p\text{-value} < 0.05$; $\beta = -0.155$).

- The findings of qualitative analysis indicates internal and external analysis using SWOT matrix, identifying vision, mission objective and values as well as the strategic plan , conducting meetings and workshops with stake holders to receive feedbacks, approving the over all stratic plan and communicating to all employees are major process undertaken in strategic formulation.
- Several tool are used in making strategic plan such as arranging workshops, meeting, providing training to employees and inorder to successfully implement it, increasing captial developmenet, marketing and adevertizing, investing in human captial and considering risk and compliance are some a major activities that are helpful.
- shareholders represented by board of directors, the CEO, chief department officers, directors and specific departments are the major stakeholders in formulation of the strtaegic plan which indicates a low involvement of employees in the operational level.

5.2 Conclusions

Based on the findings of the qualitative and quantitative analysis the researcher concluded that dimensions of strategic leadership human capital development, strategic intent and vision articulation and strategic ownership tendency have a strong significant effect on organizational competitiveness of new entering commercial banks in Ethiopia. Human capital development is considered to have the highest impact on organizational competitiveness followed by strategic ownership tendency and strategic intent and vision articulation.

Based on the findings of the study innovation have a statistically significant negative relationship with organizational competitiveness. The first three hypothesis are accepted while rejecting the fourth hypothesis.

Regarding the concept of strategy as a practice, the practitioners of strategy formulation process board of directors, the CEO, chief department officers, directors and specific departments. there exists a low involvement of employees in the operational level.

The praxis in making strategic plan such as arranging workshops, meeting, providing training to employees. increasing capital development, marketing and advertising, investing in human capital and considering risk and compliance are some major activities that are helpful in implementation. finally internal and external analysis using SWOT matrix, identifying vision, mission objective and values as well as the strategic plan, conducting meetings and workshops with stakeholders to receive feedbacks, approving the overall strategic plan and communicating to all employees are major practices undertaken in strategic formulation.

5.3 Recommendation

The following suggestions are forwarded based on the findings of the study

- The results illustrated that strategic leadership had positive and significant effect on organizational competitiveness. Specifically, human capital development had the highest effect on organizational competitiveness. new entrant banks are recommended to place a high emphasis on human capital development by attracting, recruiting and maintaining human resources taking factors such as the availability of skilled and experienced man power previously employed in other local banks as well as the energy and enthusiasm of fresh graduates new entrant banks .
- Apart from the involvement of top-level managers and directors in the strategic formulation process the input of employees from all functional and operational departments should also be included. In addition the management organ of the banks should be responsive to the concerns of employee, strive to find a common ground and employee conflict resolution methods in order to deal with resists from the side of employees to increase strategic ownership which is the second significant predictor of organizational competitiveness.
- As strategic intent and vision articulation is the found to be the third significant predictor of organizational competitiveness the banks should insure that well formulated vision and vision statements and realistic and achievable objectives are in place by detail assessment of the internal and external environment. The approved mission and vision statements should be communicated to all employees through different mechanisms employees should be able to forward their opinion regarding there implementation.
- Taking current macro-economic conditions, evaluation of the actual results and feedback form all stakeholders' strategic plans should be subjected to revision to insure the banks are going into the right direction with aspect of organizational competitiveness.

Limitations and Recommendation for Future Research

The scope of this research was delimited to new entrant commercial banks in Ethiopia excluding local banks that have been operating in the banking business for many years. The researcher could include all commercial banks in Ethiopia in this study. The researcher could not include all the commercial banks due to financial and time constraints. The cross sectional nature of this research enable the researcher to capture information only in a single point of time. The researcher was not able to conduct a longitudinal study because the time allocated to conduct and complete this research work was less than a year. In-depth longitudinal study could be conducted to examine effect of strategic leadership on organizational competitiveness including other dimensions of strategic leadership.

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Appendices

Appendix – I

Survey Questionnaire



ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
Survey Questionnaire

Questionnaire to be filled by Respondents

Dear Participant,

My name is Saron Mesfin , a postgraduate student of Addis Ababa University, College of business and economics school of commerce I am conducting a research entitled “The effect of strategic leadership on competativeness of commercial banks: In the case of new entrants” for the partial fulfillment of a master of degree in Business Leadership.

The purpose of this questionnaire is to gather information about employees’perceptions strategic leadership concepts in commercial banks, and their effect on competativeness mediated by leadership style. Your honest and sincere responses to this questionnaire will play a great role in making the research successful. I assure you that all the responses will be treated confidentially and only be used for academic purposes. Participation is purely voluntary and no need to write your name. I thank you in advance for offering your golden time and if you have any questions, please feel free to contact me at the below contact:

Saron Mesfin

Phone: +251 960557008

Email:

saronmef@gmail.com

General Direction

Your Participation is Voluntary

Do not write your name on the Questionnaire

Part I. General Information

Direction: The following statements are about your personal information. Please write the necessary information on the blank space provided and, in the optional items, indicate your answer by putting a tick mark (x) in the box.

1. Sex Female Male
2. Age (years old) 21 - 30 31 - 40 41 - 50
51 - 60
3. Education Diploma Degree Masters
 Other, please specify _____
4. Service Year 1 - 5 6 - 10 Above 10
5. Position Manager Team Leader Supervisor
 Customer Representative Others, please specify
-
6. Department Sales & Marketing Customer Handling
 Finance Administration
 Human Resource Management Forex Exchange
 Loan premium/main Branch
 strategy and innovation

PART II: Please indicate your level of agreement on the items listed below.

The scale is underscored as follows strongly Disagree =1, Disagree = 2, Neutral-3, Agree=4, Strongly agree=5

NO	ITEMS					
	[SL] strategic leadership [HCD]Human capital development	1	2	3	4	5
HCD1	I believe the organizational competitiveness of the bank lies in its ability to effectively manage its human and social capital					
HCD2	I believe Human capital development within the bank impacted us to achieve performance improvements					
HCD3	Effective human capital development practice in the bank I work on stirs employees towards working efficiently through uncertain and turbulent business environment.					
HCD4	The bank has a clear framework of employing competent employees in a clear and competent process based on the employee skills, competencies, experience etc					
	[SI]Strategic intent and vision articulation					
SI1	I believe the bank has a vision and mission which is shared widely throughout the organization and can be reflected in the banks activities					
SI2	I am confident that bank has an elaborate process of strategy formulation involving all employees					
SI3	The bank has a long term plans (strategies) which all stakeholders participated in formulating and regular meeting are held to review its progress					
SI4	The bank has intent strategic leadership assessment of the entire business environment					
	[SOT]Strategic ownership tendency					

SOT1	The leadership of the bank strives to find a common ground with employees and does not impose itself-interest agenda					
SOT2	The bank reach out to resisters to understand our concerns					
SOT3	The leadership of the bank frequently seeks the view of us before making critical decisions					
SOT4	I believe the bank management strives to build trust with different types of stakeholders					
[IN]	Innovation					
IN1	The more the bank innovate products the more it will perform better					
IN2	The bank can increase their performance it continues innovating new products					

Influence of strategic leadership on banks organizational competitiveness

The major assessments of organizational competitiveness are listed below. After you read each of the items, evaluate them in relation to your bank and then put a tick mark under the choices below

5=strongly agree 4=Agree 3=Neutral 2=Disagree 1=strongly disagree

1	The bank has come up with improved packaging and promotion of the products to the market than competitors					
2	The bank has been able to introduce new product offerings than competitors					
3	The bank has come up with a better marketing strategy of its products					
4	The bank has been able to diversify its product range					
5	The bank risk management has been improved					
6	The bank has been able to come up with innovative products					
7	The banks service pricing is more competitive					
8	The level of customer service has improved					

Appendix – II Interview questions

1. How do you describe the strategic leadership process of your bank?

የባንክዎን ስትራቴጂያዊ አመራር ሂደት እንዴት ይገልጹታል?

2. Can you explain the key stakeholders involved in the strategic formulation and implementation process of the bank you work in?

በሚሠሩበት ባንክ ስትራቴጂያዊ ቀረጻ እና ትግበራ ሂደት ውስጥ የተካተቱትን ቁልፍ ባለድርሻ አካላት ማስረዳት ይችላሉ?

3. From your observation, what are the major activities performed from the inception of strategy to its implementation?

በእርስዎ ዕይታ ከስትራቴጂው ጀምሮ አንስቶ እስከ ትግበራው ድረስ የተከናወኑ ዋና ዋና ተግባራት ምን ምን ናቸው?

4. What tools, procedures and methods are used for strategizing? Of them all, which ones do you consider the most effective?

ለስትራቴጂ ቀረፃ ምን ዓይነት መሳሪያዎች, ሂደቶች እና ዘዴዎች ጥቅም ላይ ይውላሉ? ከነዚህ የትኛውኞቹን ይበልጥ ውጤታማ ናቸው ብለው ያስባሉ?

5. Do you find strategic leadership process inclusive of employees opinion? If not, what could be done to improve the process?

ስትራቴጂያዊ የአመራር ሂደቱ የሰራተኞችን ሀሳብና አስተያየቶች ያካተተ ሆኖ አግኝተዋል? ካልሆነ ሂደቱን ለማሻሻል ምን ሊደረግ ይችላል?

Appendix – III SPSS Outputs

A. Correlation Test Result

		Correlations					
		HCD	SI	SOT	IN	LED	COM
HCD	Pearson Correlation	1					
	Sig. (2-tailed)						
	N	286					
SI	Pearson Correlation	.783**	1				
	Sig. (2-tailed)	.000					
	N	286	286				
SOT	Pearson Correlation	.595**	.621**	1			
	Sig. (2-tailed)	.000	.000				
	N	286	286	286			
IN	Pearson Correlation	.424**	.469**	.225**	1		
	Sig. (2-tailed)	.000	.000	.000			
	N	286	286	286	286		
CO M	Pearson Correlation	.651**	.627**	.591**	.204**	.243**	1
	Sig. (2-tailed)	.000	.000	.000	.001	.000	
	N	286	286	286	286	286	286

** . Correlation is significant at the 0.01 level (2-tailed).

Source: SPSS output, 2022

B. Multicollinearity Test Result

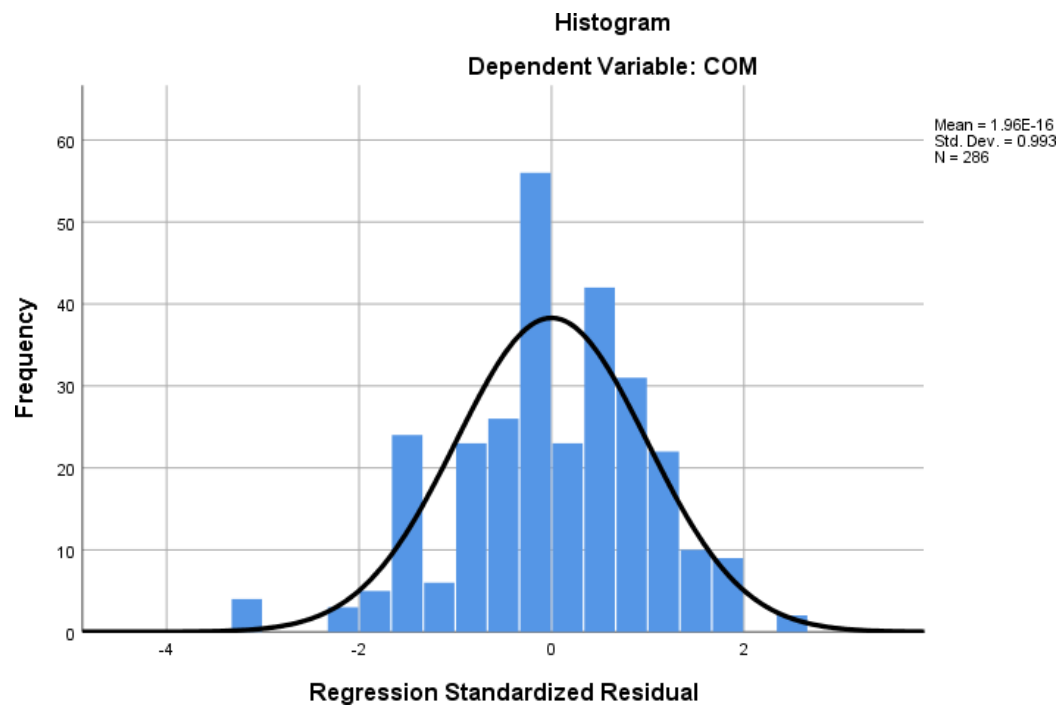
variables	Collinearity Statistics	
	Tolerance	VIF

HCD	0.355	2.820
SI	0.312	3.201
SOT	0.572	1.749
IN	0.734	1.362
a. Dependent Variable: COM		

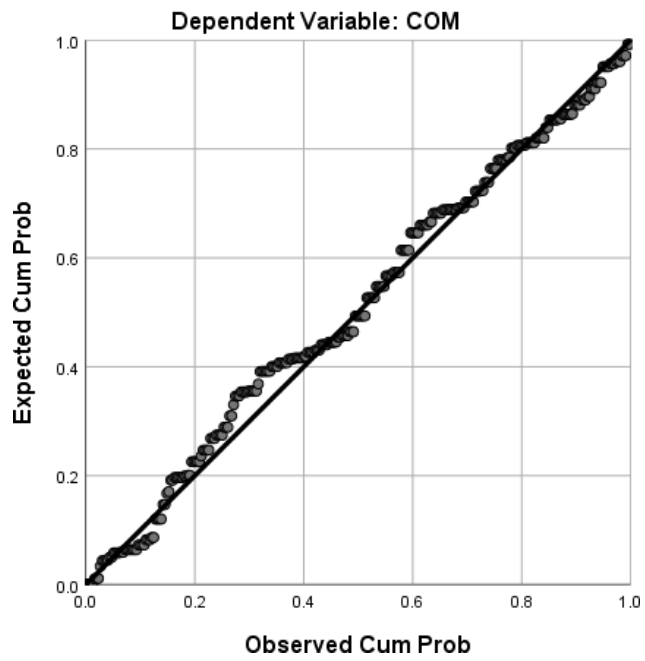
C. Normality Tests

Descriptive Statistics

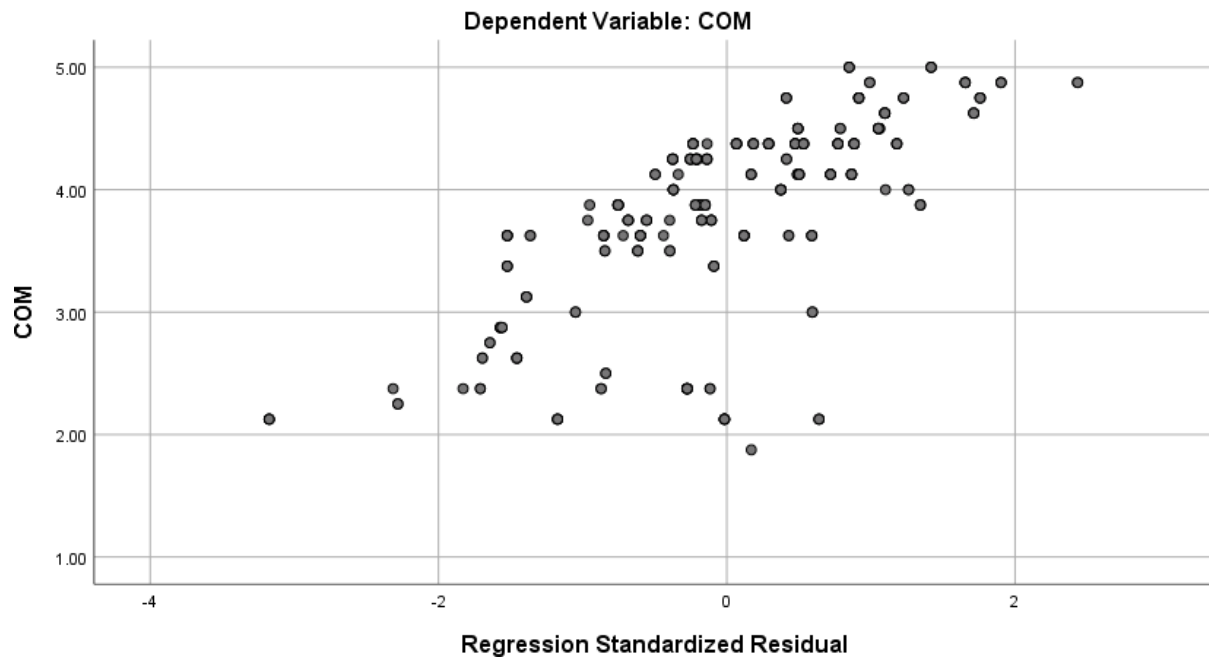
	N	Skewness		Kurtosis	
		Statistic	Std. Error	Statistic	Std. Error
HCD	286	-1.865	.144	3.435	.287
SI	286	-1.373	.144	1.964	.287
SOT	286	-.531	.144	-.550	.287
IN	286	-1.810	.144	5.890	.287
COM	286	-.856	.144	-.198	.287
Valid N (listwise)	286				



Normal P-P Plot of Regression Standardized Residual



Scatterplot



D. Regression: Effect of the Independent Variables on Dependent Variable

Coefficients^a								
Model				Standardized	t	Sig.	Collinearity	
				Coefficients			Statistics	
				Beta			Tolerance	VIF
1	(Constant)	1.275	0.253		5.047	0.000		
	HCD	0.357	0.069	0.360	5.197	0.000	0.361	2.768
	SI	0.266	0.080	0.244	3.326	0.001	0.324	3.086
	SOT	0.230	0.050	0.252	4.590	0.000	0.574	1.741
	IN	-0.155	0.062	-0.120	-2.502	0.013	0.760	1.315
R=.716a								
R ² =0.512								
Adjusted R ² = 0.505								
Std. Error of the Estimate=0.55592								
Durbin-Watson=1.749								
a Predictors: (Constant), IN, SOT, HCD, SI								
b Dependent Variable: COM								

E: Anova

ANOVA^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	91.093	4	22.773	73.688	.000 ^b
	Residual	86.843	281	.309		
	Total	177.936	285			

a. Dependent Variable: COM

b. Predictors: (Constant), IN, SOT, HCD, SI

