

# ASSESSMENT OF THE IMPACT OF LEADERSHIP STRATEGIES ON ORGANISATIONAL PERFORMANCE IN ZENITH BANK PLC

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## **Abstract**

*Leadership strategy appears to play a vital role in the performance of an organization; it is also a process whereby one individual influences other group members toward the attainment of defined group, or organizational goals. Leadership is a one-way process, in which followers passively respond to what a leader does, or what a leader is, which tend to over simplify the processes at work. The study identified certain areas of problems ranging from unethical practices engaged by management staff, issues of corporate governance as well as inefficient management plan among others. Therefore, this study investigates the influence of strategic leadership on the performance of Zenith Bank, Plc by exploring communicating strategic direction, core competencies, human capital development, effective corporate culture and organizational flexibility as a component of strategic leadership on performance. Data was collected through the use of questionnaire and then analyzed using multiple regressions. The results indicated that there is a significant relationship between all these components and organizational performance. The study concluded that strategic leadership influenced organizational performance. It therefore recommends that high performance strategic leadership practice should be engaged by focusing on those variables that are found to be significant in this study. It is also recommended that the managers need to focus on establishing a good communication channels, focus on corporate governance and competencies.*

**Key Words:** Leadership Strategy, Performance, Organization, Assessment, Zenith Bank, Plc.

## **Introduction**

Globally, financial institutions like any other corporate entity are faced with the challenges of managing their limited resources. To attain the ultimate goal of survival and growth, an organization need to focus on its performance both in short and long run. Since it is the responsibility of managers to ensure that right thing is done through coordinated effort of their employees, it is presumed that strategies and leadership skills will eventually transform into the performance of the subordinate (Rollinson, Broadfield & Edwards, 2001). Here, strategies characterize actions taken by managers in order to accomplish corporate objective. These corporate objectives are most specified in form of increase in profitability, sales, growth in net Asset and the kind of vertical integration while a reasonable earning per share will motivate potential investors and shareholder (Ashok & Neaveeda, 2011). The aforementioned cannot be achieved without excellent leadership coupled with a good strategy to translate the plans into action. Thus, for performance to improve, it requires functional leadership, managerial acumen, as well as knowledge and abilities to maximize operational efficiency

Good Leadership is among the vital and significant driving forces of an entity (Dimitrios, Sakas & Vlachos, 2013). It is assumed that the success or otherwise of an organization is vested on the kind of leadership it has. Hence leadership makes a positive, significant and special contribution to the wellbeing of an organization. Studies on organizational behavior have been conventionally leader centered; as such they focused on the qualities of an individual leader. However, effective leadership

and the extent of influence leaders have on their followers was explained by contemporary leadership models such as strategic leadership model, authentic leadership models as well as servant leadership model among others (Avolio, 2007). Henceforth, this study has focused on strategic leadership and its role in organization performance.

Strategic leadership describe the firm's ability to foresee, predict and plan for the future of the organization by empowering employee with requisite skills to translate goals and objective of the organization into reality (Kjelin, 2009). Strategic leaders look beyond the vision of their eyes and work ahead of time to set the direction for their company. Equally, strategic leadership has developed into the key element of moving firm's forward and also plays a vital role in ensuring firm's competitiveness and profitability. Studies have indicated that organizations with higher strategic leaders are inclined to achieve a better firm's performance and in return, improve the chance of growth and success within the organization (Hambrick & Mason, 2011).

In the past 20 years, strategic leadership have received considerable attention and have experienced a lot of changes, leaders have identified and overcome the challenges that occur at the practical level in their organization. According to Guillot (2003), focus, complexity and time horizon are the 3 diverse elements that described leadership environment. When it comes to leading an organization, the chief executive officer and other senior executives are saddled with the responsibility of providing strategic leadership. They need to acquire adequate data about their immediate environment, product, working capital and services that will give them an edge over their competitors.

### **Statement of the Problem**

In recent year, competitiveness and the kind of environment our businesses operates have been complex, volatile, heterogeneous and have experienced a lot of uncertainties as well as turbulences. Thus, organizations are now employing capable, valuable and competent strategies for running day to day activities of their business in order to achieve goal congruence, gain operational excellence and promote growth and stability which are the resultant effects of firm performance (Halawi, Aronson & McCarthy, 2015).

Leadership gap have been identified as one of the fundamental challenges faced by financial institutions in Nigeria. It is part of the problems acknowledged after the 2005 banking consolidation that lead to dramatic structural growth. However, this growth necessitates expansion of banks that cannot be easily sustained and monitored. Equally important, leadership in Nigerian banks is being affected by blindfolded competition, lack of clear cut and efficient management plan, personality trait as well as absence of good code of corporate governance (Sun, 2012). Olayiwola (2009) suggested that unethical practices engaged by management team caused the distress that was experienced in the Nigerian banking sectors since after the 2005 consolidation. For instance, in 2012, the Central Bank of Nigeria used it statutory powers to replace the management team of five banks in Nigeria. This situation persisted up till 2018 in which at one time or another, the regulatory body have to sack management team of banks to save the bank from collapsing. The resultant reoccurrence of decline in financial performance of Nigerian bank have led to loss in confidence in the banking sector by investors and general public. However, Akinbode & Fagbohunge (2012) stated that a clear and good strategic leadership can redeemed the confidence lost and also pave way for a better performance. The study further reveals that competency, leadership acumen, skills needed to improve performance pose a serious threat to strategic leadership planning and implementation.

A lot of studies was conducted on assessing the impact of strategic leadership on firm performance, for instance Obunga (2014), investigates the relationship between strategic leadership and performance of Non formal financial institution in Kenya. Marangu, Obunga & Lilungu (2015) explained the cause and effects relationship between the two variables under study by focusing on non-governmental organization in Nairobi. Similarly, Abba (2010) examines the role of strategic leadership on financial performance of banks in Somalia.

An extensively literature review has indicated that majority of previous studies did not focus on banks excerpts few. It shows that as far as literatures reviewed in this study are concerned, there was no study on the role of strategic leadership on the performance of banks in Nigeria. Therefore, this study will try to fill this gap by exploring the influence of strategic leadership on performance of Zenith Bank Plc.

### **Objectives of the Study**

The main objective of this study is to assess the influence of strategic leadership on the performance of Zenith Bank Plc. Thus, the specific objectives are as follows:

- a. To investigate the impact of strategic direction, core competencies and human capital development on the performance of Zenith Bank Plc.
- b. To investigate the impact effective corporate culture and organizational flexibility on the performance of Zenith Bank Plc.

### **Research Hypothesis**

**Ho<sup>1</sup>:** Strategic direction, core competencies and human capital development does not have significant effects on the performance of Zenith Bank Plc

**Ho<sup>2</sup>:** Effective corporate culture and organizational flexibility does not have a significant effect on the performance of Zenith Bank Plc

### **Literature Review**

Leadership is a concept that drives more scholarly views. Some scholars viewed it as a personal trait. Hence the concept is elusive. According to Gray (2004), leadership entails the management of performance of an individual. It provides a true sense of purpose and tries to harness the potential of people in the business. Good leadership is also essential to strategic decision. Leadership is the ability to persuade or motivate subordinates or employees through any legal means to willingly contribute toward achieving organization goals in accordance with their maximum capability (Shehu, Fais, & Husna, 2012). For leadership to be efficient and effective, it has to be strategic.

Leadership style is the relatively consistent pattern of behavior that characterizes a leader (manager). Today organizations need effective leaders (managers) who understand the complexities of the rapidly changing global environment. Different leadership styles may affect organizational effectiveness or performance.

Strategic leadership enhances the ability of managers to create and re create ideas that will improve productivity and continued existence. Kirmi & Minja (2010) reveal that the creation of strategic intent and mission were shaped by strategic leaders and their ability to influence actions in making strategies and implementing the strategy which yields competitiveness. Strategic leadership allows managers to be proactive in dealing with risk and uncertainties associate with their business. A well-focused strategic manager follows a proactive approach rather than waiting for an event to occur to respond to changes or even create one. Avolio, (2011), stated that strategic leadership generally focused on behaviors associated with the creation of vision and mission in the organization.

Jacob (2006) stated that leaders should be generally direct and strategic in handling the affairs of their organization. Great leaders are being evaluated by the legacy they left behind in term of performance either financial or non-financial. The major aim of any strategic leader should be to make the organization a vibrant and highly competitive one that always excels among its pairs (Ashok & Neaveeda, 2011). This means that having a well performed and strategic management team, coupled with highly motivated employees and adequate resources might have a good impact the performance of an entity. However, every level of decision making have its set of commitment and needs. From strategic level to operational stage. But a good communication will help in achieving the goal congruence among these set of employees and managers. Internal audience is the main focus of communication from



strategic leaders at the direct level of leadership because it is through this medium that the vision and mission will be translated into action and will be implemented. This is because at this level, business leaders used maximum time and are more comfortable and familiar with the business environment (Guillot, 2003).

In the strategic level unlike the other levels, the performance requirement is the most challenging and if viewed from the standpoint of potential strategic leaders, it is also least familiar. McCleskey (2014), stated that leaders need to improve their critical thinking because of stringent performance requirement and increase in challenges in the business environment, so being strategic in confronting this issue is the best option. Therefore, it is vital to convince zenith bank plc's management team to use their integrative thinking to ensure best performance in their business.

Recently, there is an increase in interest in strategic leadership among top management (Yukl, 2010). Many studies similar studies have been conducted on the subject matter, for Instance, Serfontein & Hough (2011) analyze strategic leadership in the context of South African banking industry, Kirimi & Minja (2010), and Carter & Greer (2013) among others. There is quite a lot of scholars that have indicated their interest on research in strategic leadership, such can be seen in the studies of Bradley and Barrick (2008).

Furthermore, a comprehensive treatment of strategic leadership was shown in the study of Finkelstein, Hambrick and Cannella (2009). The term was also explained vividly by Carter & Greer (2013) who give a clear picture of relationship between strategic leadership and organizational performance. Additionally, Ireland & Hitt (2009) reveal that meaning and purpose for the organization is being created by strategic leadership which in return affects organization performance. Evidence from previous studies has shown that organizations are created to achieve certain strategic goals. Leaders being at the forefront of an organization are expected to motivate individuals and should be capable of influencing the behaviors of employees in ensuring they contribute effectively toward achieving a predetermine goals of an organization.

Awan, Qureshi & Arif (2012) further confirmed this by observing that organizational performance is being improved by effective leadership. Hence, Strategic leadership is essential in all categories of business organizations. In a review of 21<sup>st</sup> century studies, Hitt, Haynes & Serpa (2010) noted the failure to effectively deal with environmental turbulence by the majority of business leaders is affecting the performance of these organizations. However, this failure was observed to be as a result of lack of strategic leadership. A similar finding was revealed by Kirimi & Minja (2010) who stated that when leaders fail to communicate the vision, mission and strategic plan of the organization to their members, the organization will fail. Additionally, the study further explained that management needs to convince the employees to be passionate and loyal to the organization. In another similar study, empirical review has shown that the formation of vision, mission and strategic intent of an organization is being guided by strategic leadership which in returns affects the performance. Evidence confirmatory evidence was provided by Goffee & Jones (2006) which state that practicing strategic leadership will leads to an improvement in the overall performance of an entity. Therefore, communicating strategic direction as well as core competencies will affect performance based on the aforementioned literature.

Another aspect of strategic leadership is the adoption of core competence by managers, studies have indicated that management discretion exists in the absence of restrictive factors with regards to decision making or when there is reasonable alternative course of action. And so, more discretion will make managers realize their pure intention. Elenkov (2005) stated that a sound theoretical and empirical arguments is being provided by upper echelons perspective on the role of core competencies on strategic leadership. Effective corporate culture is another aspect of strategic leadership that requires considerable attention. The relationship between organizational performance and effective corporate culture is vividly explained by trait leadership theory. This theory stated that successful leadership depends on personal trait such as intelligence and communication skills. The theory assumed that leaders should possess an essential quality that will make them suitable for leadership and enable them perform better.

However, it was argued by Derue (2011) that for growth and excellence to be achieved, a leader needs to have due diligence, enthusiasm, willing to take risk and emotional maturity. The study further suggested that leadership qualities associated with sustaining effective corporate culture are eminent projectors of management efficacy. On the other side, organizational performance is the outcome of a specific job performed over some time a while. Therefore, performance is measured in terms of output and outcome, profit, internal processes and procedures, organizational structures, employee attitudes, and organizational responsiveness to the environment among others (William, 2002). It is a comparative analysis of actual output measured against input. Richard (2009) stated that financial performance, shareholder return and product market performance are the three specific areas that encompass organizational performance. Those who provide asset and capital to the business will only commit their resources in the organization when they are satisfied with the value they received in exchange. Consequently, value creation is the essence of performance. As long as asset contributed value equal or greater than what is expected.

Recently, many organizations used balance scorecard in tracking the performance of their organization from perspective of financial performance and nonfinancial performance. The financial performance focused on return on investment, return on assets, and profit after tax. Therefore, strategic leadership plays a fundamental role in improving performance and success of an organization. It comprises of numerous aspect such as coaching lower employees, motivating them as well as mentoring them. This in return will have a positive impact on the performance of an organization.

### **Research Methodology**

Descriptive survey design method was employed in this study because it is the most appropriate method to collect data and test hypothesis. The descriptive survey method is used in describing a situation at hand or knowledge or beliefs of individual groups. A total number of 120 questionnaires were administered through an electronic means by the use of goggle form. Semi structured online administered questionnaire was administered to top, middle and low-level management staff. It was sent to some selected senior staffs of zenith bank both at branches, regional and head office (out of 377 branches of zenith bank plc about 76 branches across six regional offices and the head office staff have partook in responding to questionnaire). The senior staffs were selected because their role and responsibilities give them an exclusive and comprehensive view of the strategic leadership activities in the bank.

To ensure validity and reliability of the data collection instrument, the questionnaire was aligned with research objective and ensured that all the information contained in the data collection instrument will help in achieving the research objective (Saunders, 2009)

The relationship between independent and dependent variables was established using a multiple regression analysis. It was used because it is a technique that uses two or more independent variables to predict a dependent variable. Therefore, this study uses multiple regression analysis to explain the relationship between communicating strategic direction, core competencies, human capital development, effective corporate culture and organizational flexibility as a component of strategic leadership and performance of zenith bank plc. Since this study have five independents variable, the multiple regression model is shown below:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

*Where*

$\varepsilon$  = Error term, Y = Performance of zenith bank plc;  $\beta_0$  = Constant (coefficient of intercept);  $\beta_1 \dots \beta_5$  = regression coefficient of five independent variables; X1= Communicating the strategic direction; X2= Adoption of core competencies; X3= Sustaining effective corporate culture; X4= Human capital Development; X5= organizational flexibility;

**Testing of Hypothesis****Regression analysis**

As stated earlier, multiple regression analysis was used in testing the relation between the dependent and independent variables. The results of regression analysis show how strategic leadership influenced organizational performance in zenith Bank plc

**Table 1: Summary of the Model**

Model	R	R Square	Adjusted R Square	Std Error of Estimate
1	0.818	0.791	0.703	0.707

**Source:** Research Survey, (2020)

From the table above, it can be seen the independent variable can significantly explain the dependent variable since the adjusted R square is 0.703. it implies that the independent variables namely: organizational flexibility, adoption of core competencies, sustaining effective corporate culture, communicating the strategic direction and human capital development will explains organizational performance of zenith bank with 70.3% variation.

**Table 2: ANOVA Test**

Model		Sum of squares	df	Mean square	F	Sig.
1	Regression	123.112	5	24.624	47.187	.000
	Residual	48.028	91	0.521		
	Total	171.14	96			

**Source:** Research Survey, (2020)

In order to test whether the model is fit for the data, ANOVA test was conducted, from table 2 above, the p Value of .000 signify that the regression model is significant in determining how the independent variable affects the dependent variable. It shows how organizational flexibility, adoption of core competencies, sustaining effective corporate culture, communicating the strategic direction and human capital development influenced the performance of zenith bank plc. At 5% level of significant, the f value of 47.178 indicated that the overall model is significant

**Table 3: Coefficients of Standard Regression Model**

Model	Unstandardized Coefficient B	Std error	Standardized Coefficient Beta	T	P value
Constant	0.988	0.182		5.429	.000
organizational flexibility	0.862	0.212	0.749	4.066	.000
effective corporate culture	0.714	0.312	0.621	2.288	.027
adoption of core competencies	0.606	0.208	0.527	2.913	.005
human capital development	0.803	0.117	0.699	6.863	.000
Communicating the strategic direction	0.716	0.296	0.623	2.419	.020

**Source:** Research Survey, (2020)

Table 3 shows the result of multiple regressions analyses of the regression model using standardized method. The coefficient analysis result indicated that organizational flexibility, adoption of core competencies, sustaining effective corporate culture, communicating the strategic direction and human capital development have a significant influence on performance of zenith bank plc. Base on Table 3 above, the results of the variable are significant at  $p\text{ value} < 0.05$ . The Results shows that the variables; organizational flexibility, adoption of core competencies, sustaining effective corporate

culture, communicating the strategic direction and human capital development have the *p-value* of .000, .027, .005, .000 and .020 in which all are significant at 5% level of significance. The outcome of the five strategic leadership variables that are significant, human capital development and organizational flexibility are the most significant variables. Hence human capital development and organizational flexibility is the most significant influencer of performance in zenith bank plc. Therefore, based on the above analysis, the entire null hypothesis should be rejected and alternate should be accepted.

### Discussions of Findings

It was found in this study that communicating strategic direction of an organization to employee has an effect on their performance. The study also found that revealing core value during implementation of strategy enhanced organizational performance in zenith bank plc. This is in conformity with Dyer, Gregersen & Chritensen (2011) who stated that leader that used efficient mode of communication tends to achieve greater results.

The study also established that adoption of core competency influence performance. This is in line with the findings of Gorgens & Kusek (2010) which stated that having a clear understanding how the system works greatly influence performance in an organization. The study also reveals that performance of zenith bank is greatly affected by extent of human capital development. The study also found out that performance of an organization is greatly affected by organizational flexibility and sustaining effective corporate culture. This concurs with the finding of Katan (2014) who discover that organization need to be flexible in response to changes and that should form part of its culture in order to improve performance. In a nutshell, all these variables are component of strategic leadership, therefore it can be concluded that strategic leadership influenced organization performance.

### Conclusion and Recommendation

The study concluded that strategic leadership has an influence on organizational performance of organization, however, for this to be achieved; the managers need to focus on establishing good communication channel, sustaining effective corporate culture, human capital development and adoption of core competencies.

The study then recommends that high performance strategic leadership practice should be engaged by focusing on those variables that are found to be significant in this study.

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