Strategic Leadership, Knowledge Sharing, and Strategy Implementation among Commercial Banks in South Sudan

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ABSTRACT

The main objective of the study was to establish the role of knowledge sharing in the relationship between strategic leadership and strategy implementation among commercial banks in South Sudan. The subsequent hypothesis was that there is no significant intervening effect of knowledge sharing on the relationship between strategic leadership and strategy implementation. The Upper Echelon theory, Knowledge-Based theory, and Dynamic Capabilities Theory served as the foundation for the study. The study used a cross-sectional research approach and a positivist mindset. The 30 commercial banks in South Sudan made up the study’s population. Hence, a census survey was conducted. With the aid of semi-structured questionnaires, primary data was gathered. The four-step method of analysis outlined by Baron and Kenny (1986) was used to analyse the data. The study’s conclusions demonstrate that the relationship between strategic leadership and strategy implementation is considerably mediated by knowledge sharing. This finding is consistent with knowledge-based theory, which contends that an organization’s capacity to carry out its strategies is based on its capacity to capitalize on, protect, and utilize the knowledge it generates and disseminates. This study would play a vital role in the development of banking regulations and policies to support improved comparability of banks by fostering information sharing among many stakeholders to build capacity and skills.

Keywords: Commercial banks in South Sudan, knowledge sharing, strategy implementation, strategic leadership.

1. Introduction

1.1. Background

Strategy implementation is central to strategic management philosophy representing the ultimate purpose of firm existence—the actualization of set objectives (Mišanková & Kocisová, 2014). Strategic leadership has long been seen as a key factor in the successful and effective implementation of strategies. According to Thompson et al. (2010), the importance of leadership cannot be overstated because its plan of action and recommendations on how to advance change does impact on and advance the implementation process. Chapman (2004) defined leadership as a “general thread” that unites people’s brains and souls to ensure that strategic transformation takes place.

Strategic leadership studies reveal the existence of the relationship between strategic leadership and strategy implementation. Hutzschenreuter et al. (2012) argue that strategic leadership leads to successful strategy implementation through understanding the firm and putting appropriate measures to steer strategies towards future demands. However, Judge et al. (2002) contend that strategic leadership does not significantly lead to improved strategy implementation. Still, other studies (Abdow, 2015; Jooste & Fourie, 2009) found no direct relationship between strategic leadership and strategy implementation. This study, therefore, took a holistic approach to focus on the interaction among these variables: strategic leadership and knowledge sharing with strategy implementation.

Strategy implementation also relies on knowledge sharing, where access and harnessing of specialized knowledge, talents and expertise of employees are shared across the functional units to aid in the strategy implementation process (Chang & Chuang, 2011). The knowledge-based view
of a firm acknowledges that knowledge is the most crucial strategic resource for securing an organization’s long-term competitive advantage and that information sharing is a crucial tool for enhancing organizational performance and strategy implementation. Knowledge refers to an experience combined with new information and how it can be interpreted and reflected in a firm’s context to achieve a particular performance goal (Xue, 2017). While knowledge sharing is about transmitting and absorbing knowledge, including sending and the presentation process to the intended recipient and how the knowledge recipient effectively uses the acquired knowledge. Knowledge sharing thus can be in the form of interacting directly with people or indirectly with document creation (Hislop et al., 2018). Management of intangible resources is essential in the age of the global marketplace if a firm is to survive in a dynamic environment on a global scale (Subramaniam & Youndt, 2005; Teece et al., 1997).

Knowledge-based theory posits that managing knowledge-based resources is more likely to aid firms in achieving long-term higher performance and competency than managing tangible resources. Employees do have access to pertinent information and knowledge, which includes a set of common meanings and understandings of linked knowledge (Gold et al., 2001; Lin, 2007; Liu et al., 2005). In the strategy implementation process, knowledge should be shared, and others retrieved from the institution’s memory to aid in decision-making and planning of who should do what (Lunenburg, 2012).

The contextual focus of this study was the commercial banks in South Sudan, driven by the fact that these banks operate in a diverse setup characterized by different strategic options, leadership capability and knowledge levels, which requires specialized knowledge to be shared for strategy implementation to take place. This has resulted in these banks facing strategic plan execution setbacks. First, they vary in terms of organizational structures between local and foreign-owned that are rigid, thus hindering an ordinary leader from modifying appropriately in order to define objectives and coordinate knowledge sharing required for strategy implementation. A good structure allocates special value to developing employees’ tasks/roles and states how these tasks can be correlated so as to maximize efficiency in strategy implementation. Commercial banks in South Sudan also lack long operating experience in terms of strategic leadership and cumulative knowledge for sharing. In addition to the execution issues, these sets of challenges demand for strategic leadership.

1.2. Problem Statement

Matching strategic leadership to strategy implementation has long been a cornerstone of strategic management research (Pollanen et al., 2017). This fundamental concept is that various leadership obstacles necessitate the systematic incorporation of other factors, such as knowledge sharing, for strategy implementation to succeed.

Interrogation of literature found several studies (Abdow, 2015; Jooste & Fourie, 2009) that have been carried out to determine the extent of the association existing between strategic leadership and strategy implementation. Further, others tried to show how knowledge sharing manifests among different organizations. Taylor (2013) studied implementing and maintaining a knowledge sharing culture via knowledge management teams in an empirical review of literature, with results showing that well-managed knowledge by strategic leaders significantly influences strategy implementation. Dahri et al. (2019) investigated the role of strategic leadership and management of knowledge in managing and empowering organization resources in a survey conducted among 115 leaders and found a positive and significant influence of strategic leadership on dynamic capabilities and strategy implementation.

A holistic approach that focuses on the interactions between the variables is necessary despite the fact that many empirical studies have linked each individual study variable to the implementation of a strategy. This is because different theoretical perspectives have been applied, and the variables have been measured differently. Most of these studies were carried out in different contextual setups ranging from SMEs, microfinance to manufacturing. However, this study extends to commercial banks in South Sudan. The use of different measures of research designs by previous studies presents a methodological gap for further interrogation. A study on descriptive research design using primary data as well as regression analysis to test for both direct and indirect intervening effects at the significance levels along the stated hypothesis is required for further comparisons. Therefore, the study aims to provide an answer to the question: What influence does knowledge sharing make on interaction between strategic leadership and strategy implementation in South Sudan’s commercial banks?

2. Literature Review

2.1. Theoretical Framework

Several theories, including Upper Echelon Theory (Hambrick & Mason, 1984), Knowledge-based Theory (Wright & McMahan, 1992), and Dynamic Capabilities Theory (Teece et al., 1997) underpinned this research. Hambrick and Mason (1984) are credited with creating and developing the Upper Echelon Theory (UET). It sees strategic organizational outcomes as a result of the managerial skills possessed by strategic leaders. It states that organizations are a reflection of their top managers and organizational outcomes are partially predicted by strategic leadership characteristics. It relates observable skills, competencies and values of strategic leaders, which are then linked to their decisions and firm outcomes. Firm outcomes like innovation, diversification and strategic change have been shown to be influenced by strategic leadership (Petrovsky et al., 2017).

The Knowledge-based theory was first originated by Wright and McMahan (1992) to support the arguments of the Resource-based View by Teece et al. (1997) that leaders have the ability and capacity to redirect, reconfigure, transform, integrate and shape central knowledge as a key resource to organizational success. The basic argument of Knowledge-based Theory (KBT) is that firms are heterogeneous entities loaded with knowledge (Judge
undertaken in an emerging economy with a case study of focusing on long-term success. The study, however, was shared in municipal settings tends to be pragmatic by edge sharing and strategic leadership practice for the information sharing. The significance of knowledge practices influence the implementation of strategies strategy execution. Additionally, effective strategic leadership can coordinate and harness employees’ abilities to perform certain work and share with other employees in different departments to unify strategy implementation. According to Tavana et al. (2020), the creation and transformation of knowledge into a competitive advantage is a priority for businesses, and those resources, especially knowledge, are crucial to ensuring that the advantage of the business is increased because it is difficult to imitate certain types of knowledge. According to this view, the firm’s better performance is dependent on its capacity to capitalize on, defend, and utilize the information that it creates and disseminates (Staunton, 2017).

In essence, a strategy must be properly defined, developed, and implemented by experienced brains using strategic leadership and the knowledge that is shared throughout the functional divisions. The study uses this theory because it claims that capabilities and company capacity, as well as capacities to deploy resources, are frequently combined with firm processes and procedures to determine how well a strategy is implemented. This theory’s main premise is that management’s involvement in strategy entails integrating, adapting, and reconfiguring firm talents, particularly internal ones, including competences and skills more specifically to match the environment (Di Stefano et al., 2014). According to the notion, businesses may accomplish the goals specified through a strategic plan and implementation process by combining their strengths with resources.

Research studies emphasize the significance of information sharing in figuring out how strategic leaders can improve the execution of strategies. Some research works claim positive associations, while others report negative relationships, and yet others come to the conclusion that the variables show no link at all.

For instance, Alkheyi et al. (2020) studied strategic leadership practices on strategy implementation; the mediating effect of knowledge sharing in the UAE Municipalities. Deploying PLS-SEM (Partial Least Squire-Structural Equation Modelling) and a quantitative research design, the study’s conclusions showed that strategic leadership techniques have a big impact on information sharing and strategy execution. Additionally, effective strategic leadership practices influence the implementation of strategies through information sharing. The significance of knowledge sharing and strategic leadership practice for the implementation of strategies revealed that information sharing in municipal settings tends to be pragmatic by focusing on long-term success. The study, however, was undertaken in an emerging economy with a case study of municipalities, which differs from the current study that is undertaken in commercial banks in South Sudan.

Another study on the function of knowledge-oriented leadership (KOL) and knowledge sharing to manage the performance of the Ministry of Interior (MOI) in the United Arab Emirates was conducted by Almatrooshi et al. (2020). SEM was used in the study to explore its hypothesis. The MOI’s 441 employees were randomly chosen as a sample. The study’s findings, which tested both direct and indirect correlations, indicate that KOL had a favourable impact on organizational performance via knowledge sharing. The study, however, considered performance as the dependent variable, deviating from the current study that focuses on strategy implementation through strategic leadership and knowledge sharing in commercial banks, specifically in South Sudan.

Additionally, shared leadership and team innovation were explored by Lyndon et al. (2020), who investigated the relationship between cognitive trust and team learning using a mixed-method approach and sequential explanatory research methodology. They revealed that shared leadership is positively impacted by cognitive trust. Additionally, shared leadership and team creativity are entirely mediated by team learning. Participants’ experiences of shared leadership in teams, motivations for exercising leadership, motivations for accepting leadership, and outcomes of shared leadership are the main themes that emerged from the qualitative study. Team creativity was the focus of the study, which is built on by the current study to determine how strategy implementation can be enhanced through knowledge sharing and strategic leadership in a cross-sectional research design and positivism approach to test hypothesis.

According to a study by Kasemspin (2013) on the practical framework and causal model of empowering leadership, team cohesion, knowledge sharing behaviour, and team performance of petroleum refinery plant employees in Thailand, these factors have a mediated positive impact on team performance. The links between empowering leadership and team performance, as well as between team cohesion and team performance, are favourably mediated by knowledge sharing behaviour. Additionally, strong team cohesion is favourably connected with empowering leadership. The study focused on team performance as the dependent variable, whereas the current study focuses on strategy implementation in commercial banks instead of the petroleum industry.

2.2. Theoretical Framework

The independent variable in this study is strategic leadership with the dependent variable being strategy implementation. This is premised on the reality that strategic leadership plays a significant role in attaining strategy implementation through cultivating the frameworks and identifying control variables that are capable of influencing the implementation matrix. The intervening role in the relationship between independent and dependent variables was investigated further in this study. By determining how strategic leadership influences knowledge sharing and whether it reduces or increases the effect on strategy
The adoption of a 5-point Likert scale allowed for the quantification of the data, allowing for the achievement of more objective results in relation to the study’s aims.

The target respondents were heads of human resource, corporate planning/business development and managing directors (or their deputies), who, depending on the structure of the particular bank, were in a position to participate in the survey. Participants received guarantees of secrecy and anonymity before the questionnaire was provided. The management questionnaires were self-administered using a drop-and-pick-up later method to provide participants adequate time to answer the questions, improve the response rate, and increase the correctness of the answers. The researcher equipped himself with various aspects, including building rapport with the participants and observation of ethical issues in data collection.

In order to increase the response rate, appointments with the participants were made, upon which the researcher met the participants for data collection. Introduction letters from the University and Bank of South Susan, indicating the aim of the study, were given to the respondents. Additionally, participants were assured of voluntary participation and utmost confidentiality and anonymity.

3. Methodology

3.1. Data

This study used a descriptive cross-sectional survey and a positivist philosophy. It relied on primary data collected from each of the 30 licensed commercial banks using a semi-structured questionnaire and the assistance of well-placed insiders. The study used a census survey as it covered all commercial banks in South Sudan. Since a rule of thumb for regression analysis to be performed is a minimum sample of 30, the study targeted more than one respondent in each bank to ensure a 100% response rate. The commercial banks were selected because they are subject to the Bank of South Sudan (BSS) guidelines and regulations. The variables under the study fit well in the discussion within the context of these banks.

In order to collect data for this study, a structured questionnaire was employed, which is a tool made up of questions and prompts to elicit responses from participants. They are intended to gather information from a given respondent (Oluwatayo, 2012). In this study, primary sources of data were considered crucial. Closed-ended questionnaires with a standardized format were used to collect primary data from the sample target. Frankfort–Nachmias and Nachmias (2004) assert that questionnaires often include questions with a range of potential responses, and respondents are asked to select the one that best expresses their understanding of the matter at hand. Their questionnaire contained well-structured questions derived from a theoretical perspective. Each of the study’s construct questions used a 5-point Likert scale, with 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, and finally 5 = Strongly Agree as the response levels. The adoption of a 5-point Likert scale allowed for the quantification of the data, allowing for the achievement of more objective results in relation to the study’s aims.

4. Results

4.1. Hypothesis

In order to test the hypotheses, the study used a descriptive cross-sectional survey and a positivist philosophy. It relied on primary data collected from each of the 30 licensed commercial banks using a semi-structured questionnaire and the assistance of well-placed insiders. The study used a census survey as it covered all commercial banks in South Sudan. Since a rule of thumb for regression analysis to be performed is a minimum sample of 30, the study targeted more than one respondent in each bank to ensure a 100% response rate. The commercial banks were selected because they are subject to the Bank of South Sudan (BSS) guidelines and regulations. The variables under the study fit well in the discussion within the context of these banks.

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The data were analyzed using descriptive and inferential statistics. Two stages of analysis were employed: first, computation of regress scores on the predictor variables, and second, evaluation of the mediation. There were two main methods: (a) the causal steps strategy propounded by Baron and Kenny (1986), which assesses the significance of the regression weights of the individual paths in the mediation models, and (b) the product of coefficients approach, which evaluates the significance of the indirect effect. To accomplish mediation using a causal steps strategy, Baron and Kenny (1986) identified four essential conditions that should be met. First, there should be a significant relationship between the independent variable (strategic leadership) and the outcome variable (strategy implementation). Secondly, there should be a significant relationship between the independent variable (strategic leadership) and the mediator (knowledge sharing). Thirdly, the mediating variable (knowledge sharing) may be significantly related to the outcome variable (strategy implementation) while controlling for the independent variable (strategic leadership). Fourthly, the independent variable (strategic leadership) should be insignificantly related to the outcome variable (strategy implementation) while controlling for the mediator (knowledge sharing).
According to Baron and Kenny (1986), the mediation relationships are established in four steps with the help of three regression equations. To investigate the mediating effect of knowledge sharing on the relationship between strategic leadership and strategy implementation, a three-stepwise regression and hypothesis test, various approaches were formed, and the significance of the path coefficients at each step was observed.

In Step 1, simple linear regression analysis was undertaken with strategic leadership predicting strategy implementation. A general linear regression model stated below was applied for estimation purposes:

\[ SI = \beta_0 + \beta_1 SL + \varepsilon \]  

(1)

In Step 2, simple regression analysis was undertaken with strategic leadership predicting knowledge sharing. A general linear regression model indicated below was applied for estimation purposes:

\[ KS = \beta_0 + \beta_1 SL + \varepsilon \]  

(2)

In Steps 3 and 4, multiple regression analysis was undertaken with strategic leadership and knowledge sharing predicting strategy implementation. A general linear regression model indicated below was applied for estimation purposes:

\[ SI = \beta_0 + \beta_1 SL + \beta_2 KS + \varepsilon \]  

(3)

4. Findings and Discussions

The study determined descriptive statistics of knowledge sharing measured by database, meetings, discussion fora, personal conversations and reports. The results are presented in Table I.

Table I above shows that all the variables had means scores of higher than 3.5 (or rounded to 4) with reports having the highest mean score of 3.908 out of the possible 5, with the database having a lower means score of 3.556 out of 5. This shows that a majority of the respondents strongly agreed that reports manifested the highest among the commercial banks in South Sudan. The standard deviation for reports was 0.988, meaning that the data was mostly concentrated around the mean. The results, therefore, relate to the objective of the study in the sense that the database, meetings, discussion fora, personal conversations and reports as the sub-constructs of knowledge sharing manifest differently among the surveyed banks and are able to determine the level of strategy implementation with reports manifesting highly as far as strategy implementation is concerned.

The findings in Table III show a statistically significant and favourable relationship between strategic leadership and knowledge sharing (R = 0.740). Additionally, the R² of 0.548 shows that knowledge sharing accounts for 54.8% of strategic leadership. The significance of the model was indicated by the value of F, which was 113.918, with a significance level below 0.05.

4.1. Step 1

Strategic leadership was regressed against strategy implementation. The results are presented in Table II. The results in Table II demonstrate a substantial and favourable link between strategic leadership and strategy execution (R = 0.742). Strategic leadership is shown to account for 55.1% of strategy implementation by an R² of 0.551. The initial stage in testing for an intervening impact was validated by the F-value of 20.25 and a p-value of 0.000.

4.2. Step 2

The second part of the intervention test entailed examining the impact of strategic leadership on knowledge sharing. The test results are displayed in Table III.
4.3. Step 3

In Step 3, knowledge sharing was regressed against strategy implementation. The results for Step 3 are presented in Table IV.

The results depict a significant effect of knowledge sharing on strategy implementation as indicated by an $R$ of 0.828 and an $R^2$ of 0.686, implying that strategy implementation is influenced by knowledge sharing at 68.6%. The p-value is below 0.05, fulfilling the condition to move to Step 4.

4.4. Step 4

In Step 4, the effect of knowledge sharing was controlled when strategic leadership and strategy implementation were tested. The results are presented in Table V.

The findings in Table V demonstrate that strategic leadership is statistically significant when knowledge sharing is employed as a control variable (p-value below 0.05, which is less than 0.05 threshold at 95% confidence level). As the variation increased from a coefficient of 0.551 to 0.723 with a p-value below 0.05, it is evident that knowledge sharing improves the implementation considerably. The results
Further show that the variation explained by knowledge sharing is significant (p-value below 0.05), which leads one to the conclusion that an intervening effect is most likely. This is in addition to the fact that the significance was enhanced by the F-value of 121.654 of the model, which was insignificant in that case. In the fourth phase, it is recommended that some type of mediation be encouraged if the intervenor’s effect (knowledge sharing) remains strong after strategic leadership has been taken into account. The finding supports full mediation if strategic leadership loses its importance when knowledge exchange is regulated. The study supports partial mediation if strategic leadership is still significant (that is if both strategic leadership and knowledge sharing significantly predict strategy execution). According to the results of step four, knowledge sharing remained significant (B = 1.036, t = 7.623, p < 0.05) even after strategic leadership was controlled, indicating some sort of mediation. Additionally, it can be seen that, despite having a negative impact, strategic leadership is statistically significant (B = 0.304, t = 0–2.517, p < 0.05). After taking into account all of these findings, it’s now concluded that there is a significant intervening influence of knowledge sharing on the anticipated link.

5. Limitations of the Study

In spite of some flaws, every effort was made to guarantee that they did not, at least, significantly affect the results. First, this study zeroed down on strategic leadership in terms of transformational and transactional leadership and left out other indicators that might play a major role, such as top management team characteristics, corporate governance and managerial competence, as possible indicators that might influence the relationship between strategic leadership and strategy implementation either as moderating, mediating or controlling variables. Second, the scope of this investigation was restricted to a developing market with noticeably underdeveloped commercial banks. This would suggest that when attempting to extrapolate the results to more established markets regionally and other parts of the world that record high commercial banking development with sophisticated and efficient technology, care should be exercised.

Thirdly, the study used the assumption that there was a linear relationship between strategic leadership and knowledge sharing concerning strategy implementation. The possibility that the study variables had a different kind of relationship, such as a curved relationship, was not explored in the current study. It’s vital to remember that there may be more techniques that could be employed in descriptive research but weren’t considered, in addition to the analytical methodologies used. It is acknowledged that the study’s findings are in no way diminished by this potential limitation. Our understanding of the core concepts underpinning strategic leadership would have increased with the use of such additional statistical approaches and the operationalization of variables. The second methodological flaw relates to data collecting, which is generally a very expensive activity but is made even more so when there are no data bases. The participants in this study prepared and physically answered questionnaires. Despite the aforementioned and previously noted limitations, every effort was made to ensure that they had no negative effects on the study’s findings.

6. Suggestions for Future Research

The study focused on commercial banks in South Sudan driven by the fact that these banks operate in a diverse setup characterized by different strategic options, leadership capability and knowledge levels, which require specialized knowledge to be shared for strategy implementation to take place. Additional comparable studies in industries, including manufacturing and micro financial institutions should be conducted in order to confirm the study’s conclusions. Such a study would increase empirical understanding in the area and broaden the generalizability of the findings. The majority of the questionnaires were administered through the drop-and-pick-up later technique. As a result, there was a higher chance of misinterpreting the data in the questionnaire and survey response syndrome. Since they are believed to permit more thorough data collection from respondents and thorough comprehension of the survey material, future studies should provide respondents with research survey tools during in-person interviews.

Conflict of Interest

The authors declare that they do not have any conflict of interest.

References


