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Strategic Leadership as a Strategy Implementation Driver and Its Effect on the Competitive Advantage of Commercial Banks in Kenya

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Abstract

This study examines the effect of strategic leadership as a strategy implementation driver on the competitive advantage of tier-three commercial banks in Kenya. Despite their numerical dominance, these banks continue to record declining market shares compared to larger and more established competitors, raising concerns about the effectiveness of their strategy implementation mechanisms. Anchored on Porter's Theory of Competitive Advantage and the Contingency Theory of Leadership, the study adopted a cross-sectional survey design targeting 719 management employees across 22 tier-three banks. Using stratified random sampling, 172 participants were selected, and data were collected through a structured questionnaire. Descriptive and inferential analyses were conducted using SPSS. The regression results indicated that strategic leadership had a statistically significant positive effect on competitive advantage ($\beta = 0.426$, $p < 0.05$), explaining 38.4% of the variation in competitiveness among the banks. The findings underscore that ineffective strategic leadership practices—particularly lack of clear strategic direction, limited leadership by example, and weak employee alignment—contribute to the declining competitiveness of tier-three banks. The study contributes to strategic management literature by empirically validating leadership as a key driver of strategy implementation effectiveness in emerging market banking contexts. It recommends that bank executives institutionalize strategic leadership practices to foster organizational alignment, adaptability, and sustainable competitive advantage.

Keywords: Strategic Leadership; Strategy Implementation; Competitive Advantage; Tier-Three Banks; Kenya

A. INTRODUCTION

In the contemporary business landscape, characterized by volatility, uncertainty, complexity, and ambiguity, organizations increasingly rely on well-crafted strategies to sustain competitiveness and long-term performance. Strategy represents a deliberate plan of action that enables firms to create value, compete effectively, and achieve sustainable growth (Maleewat & Banjongprasert, 2022). While strategy formulation is a crucial phase, numerous studies emphasize that the implementation stage determines the ultimate success or failure of strategic initiatives (Afuah, 2020; Dasan, 2022). Organizations often adopt similar strategies yet attain divergent outcomes, largely due to variations in the effectiveness of strategy implementation drivers — the systems, resources, and leadership mechanisms that facilitate strategic execution (Adeyemo, 2021; Vigfússon et al., 2021). Among these, strategic leadership has been consistently identified as a critical determinant of implementation success (Alayoubi, Al Shobaki, & Abu-Naser, 2020).

Strategic leadership reflects a leader's capacity to articulate vision, align employees to organizational goals, and mobilize resources toward a shared strategic direction. It involves setting a clear direction, leading by example, fostering trust, and creating an adaptive organizational culture that enhances implementation efficiency and competitiveness (Nkanata & Mungara, 2024). Scholars such as Dii and Kiiru (2024) and Mwangi and Njuguna (2023) argue that organizations led by strategic leaders demonstrate stronger alignment between formulated strategies and operational actions, enabling superior performance and sustained competitive advantage. In this sense, leadership becomes not merely a managerial role but a strategic driver that transforms intentions into measurable outcomes.

The banking industry provides a particularly compelling context to examine this phenomenon. Banks operate in highly competitive, technology-driven, and regulatory-intensive environments where strategic agility and implementation effectiveness are vital. In Kenya, while commercial banks have adopted similar strategic tools such as agency banking, mobile banking, and digital transformation, the performance outcomes have varied widely. Large tier-one banks such as Equity Bank and KCB have leveraged these strategies to expand market

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dominance, whereas tier-three banks continue to experience limited growth and declining market share despite adopting comparable approaches. According to the Central Bank of Kenya (CBK, 2022), the sector is divided into three categories based on size and market share: tier one (large banks controlling 75% of the market), tier two (medium-sized banks with 17%), and tier three (small banks with less than 8%). Despite constituting the majority in number, tier-three banks remain marginal players with declining profitability and constrained competitiveness (CBK, 2024).

Persistent underperformance among tier-three banks raises critical concerns regarding the adequacy of their internal strategic enablers—particularly leadership effectiveness in driving strategic execution. Evidence from the Kenya Bankers Association (KBA, 2021) reveals that most tier-three banks face liquidity pressures, high operational costs, and difficulty meeting capital adequacy requirements. Extant literature identifies strategic leadership as a determinant of performance across sectors (Kwamini et al., 2022; Mulwa & Deya, 2022); however, most existing studies have focused on non-banking contexts or larger organizations, leaving a conceptual and contextual gap regarding how strategic leadership influences competitive advantage within smaller financial institutions.

Addressing this gap, the present study investigates the effect of strategic leadership as a strategy implementation driver on the competitive advantage of tier-three commercial banks in Kenya. Specifically, the study examines the extent to which strategic leadership has been embraced within these banks, evaluates the current status of their competitive advantage, and determines the relationship between strategic leadership practices and organizational competitiveness. By empirically testing this relationship, the study contributes to extending strategic management theory within emerging market contexts and offers practical insights for leadership development and competitiveness enhancement in Kenya's banking sector.

B. LITERATURE REVIEW

This study is grounded on two complementary theoretical perspectives: Porter's Theory of Competitive Advantage and the Contingency Theory of Leadership. These frameworks collectively explain how strategic leadership can act as an internal driver of strategy implementation, ultimately influencing organizational competitiveness.

Porter's Theory of Competitive Advantage

Porter's (1979, 2008) theory posits that a firm's competitiveness is determined by its ability to position itself favorably within an industry structure through five forces: rivalry among existing firms, the bargaining power of suppliers and buyers, and the threats of new entrants and substitutes. Sustained competitive advantage arises when firms effectively differentiate their offerings or achieve cost leadership. In this regard, strategy implementation becomes a central mechanism through which organizations translate strategic intent into market advantage. Internal enablers such as leadership, communication, and alignment mechanisms determine the success of this translation (Gareche et al., 2019; Islami et al., 2020). For tier-three commercial banks, the capacity to implement strategies effectively—rather than the mere formulation of them—determines whether they can compete with larger banks. Therefore, within Porter's framework, strategic leadership functions as a key internal capability that enables resource alignment, operational differentiation, and strategic agility, all of which reinforce a bank's competitive position.

Contingency Theory of Leadership

The Contingency Theory of Leadership (Fiedler, 1964) asserts that leadership effectiveness depends on the fit between a leader's style and situational variables such as task structure, team characteristics, and environmental dynamics. Leaders who adapt their style to the prevailing context enhance organizational responsiveness and performance (Kriger & Seng, 2005; Kundu & Mondal, 2019). In dynamic sectors such as banking, where regulatory, technological, and competitive pressures are constant, contingency-based leadership is crucial. Strategic leaders must interpret environmental signals, adjust their decision-making, and align employee actions with evolving strategic objectives (Lartey, 2020; Otley, 2016). Thus, effective strategic leadership operationalizes contingency principles by enabling flexible strategy implementation that maintains organizational competitiveness amid uncertainty. Taken together, both theories suggest that leadership effectiveness and

strategic implementation capacity are mutually reinforcing. Strategic leadership acts as the mechanism through which contingency-based adaptability and Porterian competitiveness are realized within organizations..

Empirical Review

Prior empirical studies consistently demonstrate that strategic leadership influences organizational competitiveness through its impact on strategy execution, innovation, and adaptability. In the Middle Eastern context, (Alabduljader, 2021) found that proactive leadership engagement in decision-making and resource allocation enhanced competitiveness in Islamic banks. Similarly, (Putra et al., 2024) showed that strategic leadership fosters a shared vision and alignment between strategy and resources, driving sustained competitive advantage in multinational organizations. In the hospitality sector, (Anggraeni et al., 2023) revealed that transformational leadership—characterized by inspiration and innovation—significantly improved competitiveness through strategic adaptability. In Sub-Saharan Africa, (Fatyandri et al., 2023) established that leaders with strong strategic thinking, emotional intelligence, and change management capabilities positively affected competitive positioning. Complementing these findings, (Sibghatullah and Raza, 2020) highlighted the "sense-making" role of leaders in translating top-level strategies into executable actions, reinforcing the importance of leadership in strategic alignment. In Kenya, (Sesi and Mutisya, 2023) demonstrated that strategic leadership significantly enhances competitive advantage in universities and teaching hospitals by promoting learning orientation and innovation. Likewise, (Nduati and Mang'ana, 2024) found that strategic foresight and employee empowerment are essential for achieving sustainable competitive advantage in the ICT sector. Collectively, these studies affirm that strategic leadership is a universal determinant of competitiveness, though its contextual manifestations vary by industry and organizational size. However, there remains a paucity of empirical evidence examining this relationship within smaller, resource-constrained financial institutions such as Kenya's tier-three commercial banks—organizations that operate under high competition yet limited strategic capacity. This gap underscores the need for the current study.

Conceptual Synthesis and Hypothesis Development

Drawing from the theoretical and empirical insights above, this study conceptualizes strategic leadership as a core strategy implementation driver that enhances competitive advantage through improved alignment, direction-setting, and leadership by example. Strategic leaders in banking institutions are expected to articulate clear strategic directions, inspire commitment, and align organizational resources toward strategic goals. When effectively practiced, these capabilities promote operational efficiency, innovation, and responsiveness to market changes, thereby improving competitiveness. Conversely, weak strategic leadership limits coordination, communication, and employee motivation—factors that erode competitive advantage. Based on this synthesis, the study hypothesizes that strategic leadership, as a key implementation driver, exerts a significant positive effect on the competitive advantage of tier-three commercial banks in Kenya. Research Hypothesis:

H_1: Strategic leadership has a significant positive effect on the competitive advantage of tier-three commercial banks in Kenya.

H_0: Strategic leadership has no significant effect on the competitive advantage of tier-three commercial banks in Kenya.)

C. METHODS

The study employed a quantitative, cross-sectional survey design to examine the effect of strategic leadership on the competitive advantage of tier-three commercial banks in Kenya. This design enabled the collection of quantitative data from a large population within a single time frame, facilitating the assessment of relationships among study variables (Saharan et al., 2020). The cross-sectional design was deemed appropriate for testing the hypothesized causal relationship between strategic leadership and competitive advantage within a real organizational setting.

The target population comprised management employees working in tier-three commercial banks within Nairobi City County, Kenya. According to the Central Bank of Kenya (CBK, 2024), there are 22 tier-three commercial banks in the county. Collectively, these institutions employ approximately 719 management-level staff who were identified as the units of observation, given their involvement in strategic decision-making and implementation processes.

A stratified random sampling technique was adopted to ensure adequate representation across all participating banks. Each bank constituted a stratum, from which a proportionate number of respondents were randomly selected. Stratified sampling minimizes sampling bias and enhances the generalizability of results (Nayak & Singh, 2021).

The sample size was determined using (Nassiuma, 2000) formula:

$$n = \frac{Nc^2}{c^2 + (N - 1)e^2}$$

Where:
n = sample size
N = population size (719)
C = coefficient of variation (0.3)
e = margin of error (0.02)

Substituting the values yielded:

$$n = \frac{719 * 0.3^2}{0.3^2 + (719 - 1)0.02^2}$$

$$n = 171.55$$

Accordingly, a sample of 172 respondents was drawn. Stratified random sampling ensured that the sample reflected the size and characteristics of the population across all participating banks.

Primary data were collected using a structured, self-administered questionnaire comprising closed-ended items measured on a five-point Likert scale. The instrument covered two constructs: (i) strategic leadership (independent variable) and (ii) competitive advantage (dependent variable). Prior to full-scale administration, the questionnaire was subjected to a pilot test involving 20 participants from non-sampled tier-three banks to ensure clarity and reliability. Construct validity was verified through expert review and factor analysis, while internal consistency reliability was assessed using Cronbach's alpha coefficients, all exceeding the recommended threshold of 0.70. Trained research assistants distributed and collected the questionnaires physically from the respondents. Ethical clearance was obtained from Kisii University, and a research permit was issued by the National Commission for Science, Technology and Innovation (NACOSTI).

Quantitative data were analyzed using both descriptive and inferential statistics through SPSS software. Descriptive statistics—mean, standard deviation, frequency, and percentage—were used to summarize respondent characteristics and variable patterns. Inferential analysis involved hypothesis testing through simple linear regression to determine the effect of strategic leadership on competitive advantage. Prior to model estimation, diagnostic tests were conducted for normality, linearity, and multicollinearity to ensure the validity of statistical assumptions. Statistical significance was evaluated at $p < 0.05$. The regression model employed was specified as follows:

$$Y=\beta 0+\beta 1X+\varepsilon$$

Where:
Y = Competitive Advantage
X = Strategic Leadership
β_0 = Constant term
β_1 = Regression coefficient
ε = Error term

D. RESULTS AND DISCUSSIONS

Response Rate

Out of the 172 questionnaires distributed, 142 were returned fully completed, representing a response rate of 82.6%. According to (Dubey and Kothari, 2022), a response rate exceeding 60% is considered adequate for quantitative analysis and generalization of findings. The high response rate in this study therefore enhances the reliability and representativeness of the data collected.

Table 1. Response Rate

Category	Count	Percentage
Responses	142	82.6%
Non-responses	30	17.4%
Total	**172**	**100%**

Source: Research data, 2025

Descriptive Findings

Strategic Leadership among Tier-Three Commercial Banks

The study sought to assess the extent to which strategic leadership had been embraced as a strategy implementation driver among tier-three commercial banks. As shown in Table 2, mean scores for all items were below 2.90, indicating a generally low perception of strategic leadership practices. Respondents reported limited evidence of leadership by example, weak strategic direction, and inadequate employee empowerment by senior management. These results suggest that leadership within many tier-three banks remains operationally focused rather than strategically oriented, limiting effective strategy execution. The findings corroborate prior research by (Alayoubi et al., 2020), who argued that leadership commitment and role modeling are critical for continuous strategy implementation. Similarly, (Putra et al., 2024) emphasized that the absence of strategic direction from top management undermines employee alignment and weakens organizational performance.

Table 2. Strategic Leadership in Tier-Three Commercial Banks

Statement	Mean	Std. Dev.
Leaders in our bank set a strategic direction to achieve strategic goals	2.41	1.58
Employees are required to follow the strategic approaches set by managers	2.42	1.59
Managers demonstrate desired actions through leadership by example	2.41	1.56
Leaders in our bank ensure that activities are done in the right way	2.39	1.42
Leaders encourage employees to focus on set strategies	2.51	1.45
Managers empower employees to align with strategies and protocols	2.45	1.42
Strategic leadership in our bank enables continuous strategic success	2.57	1.42

Source: Research data, 2025

The low mean values highlight a leadership gap in strategic alignment and empowerment—core components of strategic leadership that drive implementation success. Within the context of Contingency Theory, this reflects limited adaptability and context-sensitive leadership behavior, which may hinder responsiveness to competitive market dynamics.

Competitive Advantage of Tier-Three Banks

The study further assessed the current status of competitive advantage across tier-three banks. Table 3 presents the descriptive results, which reveal low mean scores across all competitiveness dimensions. Respondents largely disagreed that their banks had achieved cost efficiency, customer growth, or product diversification in the past five years (overall mean = 2.47, SD = 1.07). These findings indicate that most tier-three banks have not realized substantial improvements in cost leadership, service quality, or market expansion—key elements in Porter's framework of competitive advantage. The results align with industry trends reported by CBK (2024), where small banks continue to face declining profitability and market share.

Table 3. Competitive Advantage of Tier-Three Banks

Statement	Mean	Std. Dev.
Our bank has significantly reduced operational costs over the past five years	2.47	1.07
Cost efficiency has enabled us to offer lower service rates than competitors	2.36	1.17
Service quality in our bank is superior compared to competitors	2.67	1.40
Customer base has grown significantly in the last five years	2.61	1.32
Customer loyalty has improved (fewer customers leaving)	2.23	1.41
Brand awareness and visibility have improved	2.59	1.04
Product portfolio has expanded in the past five years	2.26	1.40
The bank has expanded its branch network	2.18	1.35

Source: Research data, 2025

Overall, the descriptive evidence portrays weak competitiveness, possibly arising from ineffective implementation of strategic initiatives. This reinforces the theoretical assumption that leadership effectiveness serves as a critical internal enabler of strategic success and differentiation (Porter, 2008; Islami et al., 2020).

Regression Analysis: Relationship between Strategic Leadership and Competitive Advantage

To test the research hypothesis, a simple linear regression analysis was conducted to determine the effect of strategic leadership on competitive advantage among tier-three banks.

Table 4. Regression Results

Model Summary	R	R^2	Adjusted R^2	Std. Error	
	0.619	0.384	0.377	0.236	
ANOVA	**SS**	**df**	**MS**	**F**	**Sig.**
Regression	29.231	1	29.231	164.601	.000
Residual	24.860	140	0.178		
Total	54.091	141			
Coefficients	**B**	**Std. Error**	**Beta**	**t**	**Sig.**
Constant	0.785	0.212	—	3.698	.000
Strategic Leadership	0.426	0.058	0.619	7.341	.000

Dependent Variable: Competitive Advantage of Tier-Three Banks
Source: Research data, 2025

The model yielded an R^2 of 0.384, indicating that strategic leadership explains approximately 38.4% of the variation in competitive advantage. The relationship was statistically significant ($F = 164.601$, $p < 0.001$). The regression coefficient ($\beta = 0.426$) shows that a one-unit improvement in strategic leadership results in a 0.426-unit increase in competitive advantage. These results support the research hypothesis (H_1), confirming that strategic leadership has a significant positive effect on competitive advantage among tier-three commercial banks in Kenya. The findings are consistent with those of Letsoara (2022) and Anggraeni et al. (2023), who established that effective leadership acts as a key implementation enabler, driving organizational differentiation and competitiveness.

Discussion

The regression results confirmed a significant and positive relationship between strategic leadership and competitive advantage among tier-three commercial banks in Kenya ($\beta = 0.426$, $p < 0.05$). This finding substantiates the central premise of this study that strategic leadership operates as a critical internal driver of strategy implementation effectiveness. Specifically, leadership behaviors such as articulating a clear strategic direction, leading by example, and empowering employees appear to enhance a bank's ability to execute strategies successfully and, consequently, improve its market positioning. From a theoretical perspective, these findings align closely with Porter's Theory of Competitive Advantage, which posits that sustained competitiveness arises from an organization's ability to mobilize internal capabilities that create value and differentiation. While (Porter, 2008) primarily emphasizes structural and market forces, this study provides empirical evidence that internal leadership competence—a factor not explicitly central to Porter's original model—functions as a pivotal enabler of competitive advantage. Hence, the results extend Porter's framework by highlighting the mediating role of strategic leadership between resource deployment and market performance in service organizations. In other words, leadership acts as the organizational mechanism that translates strategic intent into customer value propositions and operational distinctiveness.

Moreover, the results are consistent with the Contingency Theory of Leadership, which asserts that leadership effectiveness depends on the situational context in which decisions are made. The banking environment in Kenya is characterized by regulatory volatility, digital transformation, and intense price-based competition, all of which demand adaptive leadership approaches. The positive coefficient obtained in this study suggests that leaders who can interpret environmental complexity, anticipate regulatory and technological shifts, and adjust their strategic actions accordingly, foster superior performance outcomes. This demonstrates that strategic leadership embodies contingency adaptability — the ability to align leadership behavior with situational demands to sustain competitiveness under changing conditions (Kriger & Seng, 2005; Lartey, 2020). Empirically, the study's results resonate with multiple prior studies that emphasize the role of leadership in driving organizational competitiveness. For instance, (Alabduljader, 2021) found that strategic decision-making participation and proactive leadership significantly improved the competitiveness of Islamic banks in Kuwait, while (Anggraeni et al., 2023) reported that transformational leadership behaviors promote innovation and sustained advantage in the hospitality sector. Likewise, (Fatyandri et al., 2023) demonstrated that strategic foresight and emotional intelligence are strong predictors of competitive advantage among manufacturing firms. The convergence of findings across sectors and geographies underscores the robustness of the leadership–competitiveness linkage, but this study makes a novel contextual contribution by evidencing this relationship in resource-constrained, small

financial institutions within an emerging market. More specifically, the findings address a persistent paradox in Kenya's banking sector: despite widespread adoption of similar strategies (e.g., mobile and agency banking), smaller banks have not achieved comparable competitive outcomes. This study suggests that the disparity lies not in strategic formulation but in leadership-driven implementation. Weak leadership engagement limits communication, coordination, and employee commitment, leading to partial or inconsistent execution of strategic initiatives. As a result, tier-three banks fail to capitalize on differentiation and efficiency advantages—two of Porter's key pillars of competitiveness. Thus, the study reveals that leadership execution capability may be the missing link between strategic planning and actual competitive performance in the Kenyan banking context.

In extending both theoretical and empirical understanding, this study contributes in several ways:

1. Theoretical Contribution: It demonstrates that leadership is not merely a moderating factor in the implementation process but a direct strategic resource influencing competitive advantage. This provides an integrated view of Porter's and Contingency theories, showing that adaptive, context-sensitive leadership serves as a strategic capability that bridges external market forces and internal operational alignment.
2. Empirical Contribution: The findings provide one of the few quantitative assessments of strategic leadership's impact within tier-three banks in sub-Saharan Africa, thereby filling a notable contextual gap. By quantifying the relationship ($R^2 = 0.384$), the study empirically substantiates the proposition that leadership accounts for a substantial proportion of competitive variance among institutions operating under similar environmental pressures.
3. Practical Implications: The results suggest that developing strategic leadership competencies—such as environmental scanning, communication clarity, and implementation monitoring—should be prioritized in bank management training programs. Effective strategic leadership can help smaller banks offset structural disadvantages such as limited capital or scale by leveraging human and cognitive resources for execution excellence.
4. Policy Implications: Regulatory bodies such as the Central Bank of Kenya (CBK) and the Kenya Bankers Association (KBA) could integrate strategic leadership capacity-building into sector-wide competitiveness enhancement frameworks. Leadership governance standards should not focus solely on compliance but also on strategic adaptability and execution effectiveness.

Overall, the study reinforces that strategic leadership is both a behavioral and organizational capability. It transforms abstract strategies into tangible competitive outcomes by aligning people, processes, and purpose. The evidence suggests that without strong leadership anchoring the strategy implementation process, even well-designed strategies remain unrealized, particularly in dynamic, competitive, and resource-limited sectors like banking.

E. CONCLUSION

This study examined the effect of strategic leadership as a strategy implementation driver on the competitive advantage of tier-three commercial banks in Kenya. The findings demonstrated that strategic leadership exerts a statistically significant and positive effect on competitive advantage ($\beta = 0.426$, $p < 0.05$), explaining approximately 38.4% of the variance in competitiveness across the surveyed institutions. Empirical results revealed that many tier-three commercial banks exhibit weak strategic leadership practices, characterized by limited vision articulation, inadequate leadership by example, and insufficient employee empowerment. Consequently, these deficiencies constrain the effectiveness of strategy implementation and, by extension, diminish competitive performance. Theoretically, the study affirms and extends Porter's Theory of Competitive Advantage by demonstrating that internal organizational capabilities—specifically leadership competence—constitute a crucial mechanism through which firms convert strategic plans into sustainable market advantage. Furthermore, consistent with Contingency Theory, the findings underscore the need for adaptive leadership behaviors that align with contextual dynamics such as market volatility, technological change, and regulatory complexity. Overall, strategic leadership emerges as both a behavioral and structural capability that bridges strategic intent and organizational performance.

Theoretical Implications

This research contributes to the strategic management literature in three major ways.

1. Integration of Leadership and Competitiveness Theory: The study bridges Porter's structural view of competitiveness with Fiedler's behavioral contingency framework, offering an integrative understanding of how leadership adaptability drives strategic differentiation.
2. Extension of Leadership Theory to Emerging Markets: By focusing on tier-three banks in Kenya, the study expands the empirical boundary of strategic leadership research beyond developed economies, validating its universal significance under resource-constrained conditions.
3. Operationalization of Strategic Leadership as a Dynamic Capability: The findings conceptualize strategic leadership as a dynamic capability that enables continuous alignment between strategy formulation and implementation, reinforcing competitive resilience in volatile environments.

Managerial Implications

For practitioners, the results highlight that strategy implementation success depends not only on the quality of the strategic plan but also on the leadership mechanisms that translate it into coordinated action. Senior executives in tier-three banks should:

1. Institutionalize strategic leadership practices that emphasize clear communication, shared vision, and accountability at all levels.
2. Invest in leadership development programs focusing on strategic foresight, decision-making agility, and performance monitoring.
3. Empower middle management as agents of strategic alignment by providing autonomy, feedback loops, and recognition systems that encourage ownership of strategic goals.
4. Cultivating a leadership culture that values adaptability, learning, and collaboration can enable smaller banks to overcome scale disadvantages and compete effectively with larger institutions.

Policy Implications

At the policy level, the Central Bank of Kenya (CBK) and the Kenya Bankers Association (KBA) should recognize strategic leadership as a key pillar of organizational competitiveness. Policy initiatives could include:

1. Integrating leadership capacity-building modules into regulatory compliance frameworks.
2. Facilitating sector-wide leadership training partnerships between banks and academic institutions.
3. Encouraging mentorship and succession planning programs to ensure continuity in strategic leadership practices.

Such initiatives can strengthen the strategic governance ecosystem of the banking industry, particularly among smaller institutions struggling to remain competitive.

Limitations and Directions for Future Research

While the study provides important insights, it is limited by its cross-sectional design, which constrains causal inference. Future studies could adopt longitudinal or mixed-method designs to capture the evolution of leadership behavior and its long-term effects on competitiveness. Moreover, incorporating moderating or mediating variables—such as organizational culture, innovation capability, or digital transformation—could provide a deeper understanding of how strategic leadership influences competitive advantage across different organizational contexts. Comparative analyses between tier-one and tier-three banks could also yield valuable insights into how leadership maturity correlates with performance differentials within the same sector.

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