The Role of Strategic Leadership on Employee Performance with Mediating Effect of Employee Engagement: An Empirical Study of Higher Educational Commission Employees

Bushra Alvi [*] | Aftab Haider [†] | Muhammad Akram [‡]

Abstract: *The study was conducted to investigate the relationship of strategic leadership on employee performance through the mediation of employee engagement in the Higher Education Commission Islamabad head office. The inquiry was conducted in a natural working environment of an organization where respondents are situated/located that is a field study. A simple random sampling technique was used to carry out the research. The questionnaires were based on a five-point Likert scale measuring strategic leadership, employee engagement and employee performance. 167 questionnaires were distributed among middle-level employees of the Higher Education Commission, out of which 127 were useable. The data were analyzed using SPSS software. The descriptive statistics indicated that strategic leadership shows a significant positive impact on employee performance, whereas employee engagement does mediate the relationship between the independent variable, i.e., Strategic leadership, and dependent variable i-e, Employee Performance. Recommendations to improve employee performance under this study are provided to the organization*

Key Words: Islamabad, Higher Education Commission, Strategic Leadership, Employee Engagement, Employee Performance

Introduction

According to Allen (2008), In this advancement era where there are major shifts in technology and production, unfortunately, it is difficult to keep the valued employees on board. The survival of the organizations in every sector of the economy is always dependent on skilled personnel's (Harrison, 2012). In this competitive world, it is very much important for organizations to bring change and keep pace with development in order to maintain their position in the economy (Dhaifallah, 2013). Success full change initiates from inside the organization if communicated effectively concerning the needs of employees and having strong resources devoted to the change (Arami, 2016). Employees are considered the backbone of corporations. Therefore, it is a need to manage all the functions of the firms in order to maintain sustainability, and it is very much

important to a favorable environment for the employees (Bass & Avolio,2017). We have come up to live in an age where leadership is the solution to this problem through which productivity can be increased (Wilson, 2016). According to Bass (2008), leadership is not a supernatural or exquisite state; rather then it is an observable and learnable set of practices that needs to be performed effectively in an organization. In the present time frame, many enterprises are facing issues like immoral practices, staff resignation rate, and poor financial performance. It is because of the lack of effective leadership. According to Vigoda-Gadot (2012), the main goal of any enterprise is to accomplish its set objectives and to gain a cutthroat edge, to be a competitor in the industry; therefore, it is very important for an organization to have effective leadership for

---

[*] HR Officer, Bahria University, Islamabad, Pakistan.

[†] Senior Assistant Professor, Business Studies Department, Bahria University, Islamabad, Pakistan. Email: aftabhaider@bahria.edu.pk

[‡] Senior Assistant Professor, Department of Business Studies, Bahria University, Islamabad, Pakistan.

creating a vision, articulating the vision to the employees and for coordinating and motivating the employees.

Leadership is a comprehensive concept and practice in which the employees of an organization are entangled in the procedure of being affected or having control over others (Munyeka,2014). Employees of the organization are always inquisitive in asking about different elements that make a usual employee a renowned captain (Bateman &Snell,2002). A leader is a leader because of the follower (Tannenbanum& Schmidt,2012). In order to effectively implement the strategies, it is the foremost responsibility of a leader to identify the attributes and capabilities of his followers(Sofi & Devanadhen,2015). Leadership is the potential to have mastery over others. He is the one who identifies the abilities of his followers and is able to regulate, monitor and coordinate the activities of the followers (Deedenwii, 2017). The issue of leadership in the government and private sector is a common problem in all underdeveloped countries (Marcus & Olowu, 2017). According to Drucker (2015), all successful companies have one major quality that differentiates them from unsuccessful organizations, and that is the efficient leadership of an organization. Furthermore, research shows that the power full and top executives are the most fundamental and deficient resource of any enterprises (Malachy, 2016). Leadership is not only restrained to business, but it covers all other sectors: government, education, transport and every other form of organization (Iqbal et al.,2015). For the last few decades, the importance of group effectiveness has been considered as the main aim of many papers (Choudhary,2013). The process of controlling teams and ensuring that they are working effectively requires a presence of a leader who can formulate a vision for an organization, encourage them to attain the vision of their business (Koech & Namusonge, 2012). According to Ebrahim Hassan (2018), it is believed that leaders are there to set smart goals and empower their subordinates to achieve those goals, this is the reason leader plays a vital role in formulating a vision, empowering the employees, managing conflicts and resolving the challenges arisen in a team environment this is why their role is considered as a critical tool in team management. According to Choi (2007), a leader needs to have a great awareness and the competencies that are there in the competitive world that leads to success and help them to make the relevant, timely and correct decision in the leadership of change and leadership of subordinates. Leadership is an enthusiastic environment and culture in the organization (Al-Phasand& Al-Amaze, 2016). According to (Akor) 2014 effective leadership style can encourage and develop excellencies in the growth of employees of the organization. One only focusses of early studies was to identify the personality traits that characterize victorious leaders (Mahoney et al., 2007). Trait theories assume that leaders are born, not made, and they have certain inborn attributes which differentiate them from others. However, the difficulty in classifying and verifying those traits leads to the criticism of the trait theory approach (Szitagy et al., 2000). A leader is one who influences and motivates behavior, having a can-do personality and strong leadership skills (Theresa, 2019).

Leaders have a managing style in every stage of goal formulation, and that is essential for the effectiveness and success of teamwork (Gilbreath, 2014).Baridam(2007) stated that in many researches it had been observed that the leaders are not fully aware of the potentials of their subordinates and what they are capable of due to which they lack in implementing the strategies by identifying the best fit for the best job and what characteristics an employee has to best utilize the resources and have maximum production. As a result of these issues, which are not identified on time, can cause a major decrease in the motivation of the employees that result in a major effect on the productivity of team members. According to Knotz (2008), Leaders have different styles, and it is always a challenge for leaders to identify which style could be the best fit for a particular group of employees as leaders sometimes fail to identify the situation and with that to implement the best leadership style to have maximum productivity and to increase the motivation of the employees. It is always difficult for leaders to provide an imperative direction for subordinates that can help them to achieve organizational objectives (Maizura et al.,2011). According to Gyensare et al. (2016), leadership is always a two-way process where the leader is influencing their followers, and also, the leader gets influenced by the followers. It is said that leadership always exists in relation to the followers. According to Hollenbeck (2012). A

leader and a manager cannot be the same; therefore, it is important to understand the difference between a leader and a follower; a leader generates a prospect of future for employees, articulate the vision to team members, motivate their employees to achieve the vision, creates short term wins, addresses the problem of those affected by the change and maintain the momentum of change., whereas managers sets objectives, make strategies to achieve those objectives, control and monitor the activities of employees and having a check on employees to see whether the right person is at the right job performing the right task.

According to yukl (2017), leadership is a phenomenon or a stated course of action that is built to have the aim of influencing employees to have an interpretation of how to perform tasks and to have a shared vision of how to achieve the goals of their organizations. Leadership is a process where individual call their leaders have the ability and potential to influence their employees to achieve a common end (Northhouse,2018). Lope et al.,2019 stated that there are many approaches that have evolved over the years to describe leadership, their characteristics, their traits and their abilities to have a great impact on their employees. Leadership is considered a widely discussed topic in the literatures. It is said that leadership is a course of action a person uses to have a mastery of others, lead others, sets directions for others, guide their employees towards achieving the goals in a set circumstance (Fleishman et al. 2015). This is the capability of a leader to indulge the employees in the goal achievement process with confidence so that the employees can feel motivated in achieving their goals Adair (, 2016). According to Koudri (2014), leadership is to have an ability to deal with the employees and to meet up with the changes happening in the external environment, to have long term planning and to see a wider picture and not only having a concern to protect himself but to take risks and having a concentration on having a concern for people and their values.

Literature Review

The orthodox concept of personnel administration has now been changed to human resource management, which required effective leadership at every stage to produce the best

outcomes for the organization. This gives importance to the involvement of effective leadership styles for the effective management of employees and to improve their performances (Raja, 2011). According to Kenneth(2018); Hersey(2015), an effective leader must be smart enough to identify the best leadership style to meet the demands of the required situation as this would lead to betterment in the production and if the leadership style is not addressed accurately an environment of less productivity will be increased; as a result, employees will start lacking the motivation and absenteeism rate of employees will be increased, and this will lead to a failure of the organization in production aspect as well as in managing employees.

In the previous few studies, according to author Oguz (2017), many studies have investigated employee performance and how the performance was affected by various leadership styles, and it has been found that leaders lack to identify the situation and act accordingly with that situation and implement effective leadership style the main reason is the leaders have to deal with small organizations they showed positive results in implementing the leadership style, but again they lack to identify which style would be best for which situation, it dates back in 17 centauries where towards the end of this century researchers have started noticing that leaders fail of implementing their leadership styles in larger organizations. This problem was continuously affecting the employee performance as leaders lack to do strategic interventions, so there was a need to identify an appropriate leadership style that will lead the employees towards the changing environment and the performance improvement (Arachchi & Oguz, 2017). A study was done on the textile sector of Pakistan where the impact of strategic leadership was seen on employee performance, and it has been found that there is a positive impact of strategic leadership, but under certain circumstances that arise in the organization where there is an immediate need of decision making, and it has been found that strategic leadership is helpful when the managers have to look for the external environment doing the external analysis and to cope up with the competitors, Strategic leaders have less focus on relationship building with employees due to which there they only use production approach in their organization (Raza et al., 2017).

Worldwide to have effective leadership is always a critical problem in handling larger organizations (Leggat and Sarkeshik, 2015). Pakistan is also suffering from this crucial issue to have effective leadership strategies and their implementations (Awalkhan A. and Ghani N., 2018). According to Andrews et al. (2012), many larger organizations are working on effective leadership because of the important role of leadership and its strategic implementation for the improvement of employees and the success of organizations. Researchers Currie and Hill (2012) and Cowden et al. (2011) have proved that effective leadership style has a strong impact on retention of employees as well as on their motivation to work with all devotion for their leaders. According to Sabina et al. (2003), the best style for leaders in the education sector is transformational leadership and participative leadership. In the education industry, researchers have emphasized the importance of employee engagement within employees (Lambert et al., 2013). It has been found in research that the absence of employee engagement would result in dissatisfaction among employees, which will lead to high turnover intentions (Emeji and Ihuoma 2018). Strategic leadership is concerned with a manager's ability to create and express a strategic vision to the employees for the organization (Gordon, 2013). According to Dubrin et al. (2013), strategic leadership is the ability to indulge employees in achieving the strategic goals by initiating change in their environment and to cope up with the internal and external factors as well. The concept of strategic leadership was given by Hooiberg in 1997, where the concept comes up from "in" organization to "off" organization where it was stated that it takes much of the organizational view, which is the holistic view (Jooste & Fourie, 2012). Strategic leadership is the essence of capacity to learn, capacity to change and managerial wisdom. The capacity to learn means how much employees have an ability to adapt and learn new things and tries to indulge themselves in new phenomena's taking place in organizations. The capacity to change refers to the capability to adapt the change, implement it in the culture and sustain the change, which has a relationship with managerial wisdom if the leaders are wise enough to make their employees believe in their selves understand the executing vision and implement the strategic policies to achieve the strategic vision (Boal & Hooijberg 2001). Leadership is the

integration of new leadership theories and emergent leadership theories where emergent leadership theories consist of cognitive complexity, Social Intelligence and behavioral complexity. Cognitive complexity is the awareness of information, processing it and implementing it in a strategic way its when the organization is being aware of what they are doing and how they are achieving the competitive edge, where the decision making is with the executive level. Behavioral complexity is concerned with when the leaders have the ability to change according to their audience where the leader is capable of performing multiple roles (Arachchi & Oguz, 2017). According to Deloitte (2015). social intelligence is the ability to have effective interpersonal skills and the ability to access and judge other people's feeling, their intentions, and then the leaders regulate their own intentions by having an understanding of their followers' feelings and intentions.

Strategic Leadership

Bass (2007) defines it as a group of chief executive officers (CEO) who set overall policies for acquiring and integrating resources for an organization. Ireland &Hitt (1999) conceptualize it as a set of unique capabilities of anticipating, envisioning, maintaining flexibility, thinking in a strategic way, and empowering employees to generate innovative ideas that lead to high performance. House & Aditya (1997) define it as an activity that is directed towards giving purpose to organizations. Boal&Hooijberg (2001) views it as the ability to create and maintain absorptive and adaptive capacities and the ability to discern environmental opportunities through their managerial wisdom. Rowe &Nejad (2009) define it as an activity of communicating the shared values and a clear vision to employees and the ability to make decisions with minimum organizational controls.

Strategic leadership is concerned with a manager's ability to create and express a strategic vision to the employees for the organization (Gordon, 2013). According to Dubrin et al. (2013), strategic leadership is the ability to indulge employees in achieving the strategic goals by initiating change in their environment and to cope up with the internal and external factors as well. The concept of strategic leadership was given by Hooiberg in 1997, where the concept comes up

from "in" organization to "off" organization where it was stated that it takes much of the organizational view, which is the holistic view (Jooste & Fourie, 2012). Strategic leadership is the essence of capacity to learn, capacity to change and managerial wisdom. The capacity to learn means how much employees have an ability to adapt and learn new things and tries to indulge themselves in new phenomena's taking place in organizations.

Employee Performance

Howell, Merenda (2007) Goodwin (2009) explained that many researchers have explained in their
 research that to achieve the organizational goals, objectives and to work on increasing employee performance, strategic leadership plays a significant role in increasing job satisfaction as well. Walumba, Avolio& Zhu (2008) stated that Democratic leadership has a great influence on the subordinates abilities and can impact their behaviours in increasing the satisfaction and performance of their employees. Democratic leaders generally provide different training programs for their employees, and they also receive feedback from their subordinates which increases the performance of employees, and it is added as one of the main assets of any organization (Ozarali,2017) argued that to increase the performance of the employees it is important to empower those employees by making sure that those employees are showing organizational commitment towards their organization and in performing their tasks. Gino, Hofman and Grant,(2011) concluded that according to researchers, they believe that employees performance that has democratic leaders to lead they have a positive attitude towards their work and they show a more optimistic and productive behavior. According to

Myron (2015), those employees working in an autocratic environment where the leaders have all the authority to make a decision in this situation, employee feel inferior in doing jobs and in making the decision to perform their own tasks, but in participative leadership, employees have some permissive powers to take decisions due to which their performance is better in contrast with autocratic leadership environment.

Employee Engagement

Employee satisfaction is not the same as employee engagement; rather, they both are different concepts; employee satisfaction is only related to how happy and satisfied employees are from their organization, whereas employee engagement is related to the extent to which employee feel passionate about their job and how much effort they put in to improve their job productivity and organizational effectiveness. As for employee satisfaction in concerned for some employee's satisfaction means getting a paycheck while doing as little work as possible. Employee engagement goes beyond activities, games and events. Engaged employees look company as a whole and see how they can execute the plans of strategic leaders and how to get fit in a while achieving the competitive edge of their enterprises. Organizations with high employee engagement have high EPS (Earning per share) and recover more quickly after recessionary periods and financial setbacks. Engagement is the key differentiator when it comes to innovation and growth.

Hypothesis

H1: Strategic leadership has a positive impact on employee performance.

H2: Employee engagement mediates the relationship between strategic leadership and employee performance.

Theoretical Framework
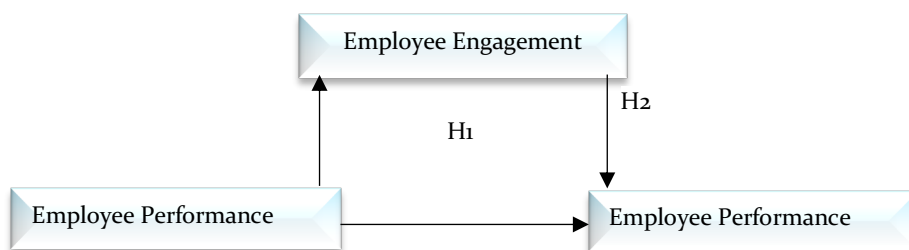
Methodology

Population

The population of the study consists of middle-level managers working at the various department of the Higher Educational Commission headquarter, Islamabad.

Sampling

A subset of the population, which represents the overall population, is considered a sample size. The sample size for
this study is selected according to the table of Krejcie and Morgan (1970) to get more accuracy. As the population of this study is 187, as per the table of Krejcie and Morgan (1970), it falls under the slab of 127 sample size.

Measures

The questionnaire was distributed to collect data from HEC middle-level managers. A brief introduction is given about the study at the start of the questionnaires. Strategic Leadership is measured by using a scale (Deloitte, 2015) which consist of 07 items. To measure the employee engagement scale of (Allen and Smith, 1993) is used, which consist of 06 items, and the employee performance is measured using a scale developed by (Baritur, 2017) which consist of 8 items. Questionnaires consist of a total of 21 items

Research Results

Table 1. Descriptive Statistics

	Mean	Skewness	Kurtosis
TSL	4.27	-.681	1.204
TEE	4.25	-.754	.810
TEP	4.27	-.938	1.198

Table 2. Reliability and Validity Analysis

Variables	Cronbach's Alpha
Strategic Leadership	0.806
Employee Engagement	0.764
Employee Performance	0.714

Table 3. Descriptive Statistics

	Range	Min	Max	Mean	Std. Deviation	Variance
TAL	2.67	3.67	5.00	4.27	.635	.134
TEE	2.11	3.11	4.00	4.25	.346	.119
TEP	2.43	3.25	4.22	4.27	.358	.128

Table 4. Correlation

		TAL	TEE	TEP
TAL	Pearson Correlation	1	.429**	.416**
			.000	.000
		127	127	127
TEE	Pearson Correlation	.429**	1	.474**
		.000		.000
		127	127	127
TEP	Pearson Correlation	.416**	.474**	1
		.000	.000	
		127	127	127

Table 5. Regression

Model	R	R Square	Adjusted R Square
1	.416[a]	.173	.167

Table 6

Model		Mean Square	F	Sig.
1	Regression	2.799	26.188	.000[b]
		.200		
	Total			

Table 7

		Standardized Coefficients Beta	T	Sig.
			7.429	.000
	TSL	.416	5.117	.000

Table 8

R	R Square
.329[a]	.108

Table 9

Model		Mean Square	F	Sig.
1	Regression	1.630	15.184	.000[b]
	Residual	.107		
	Total			

Table 10

		Standardized Coefficients Beta	T	Sig.
			8.560	.000
	TSL	.429	3.897	.000

Table 11

R	R Square	Adjusted R Square
.374[a]	.140	.133

Table 12

		Mean Square	F	Sig.
	Regression	2.103	20.312	.000[b]
	Residual	.104		

Table 13

Model		Standardized Coefficients Beta	T	Sig.
1	(Constant)		7.899	.000
	TEP	.474	4.507	.000

Mediation Through Process Macro by Preacher and Hayes

Outcome Variable

TEP

Table 14. Model Summary

R	R-sq	MSE	F	df1	df2	p
.4860	.2362	.0995	19.1682	2.0000	124.0000	.0000

Table 15

	coeff	se	t	P	LLCI	ULCI
constant	1.7289	.4147	4.1690	.0000	.9081	2.5498
TSL	.3221	.0814	3.9553	.0000	.1609	.4833
TEE	.2753	.0814	3.1965	0000	.1048	.4458

***************** DIRECT AND INDIRECT EFFECTS OF X ON Y *****************

Table 16. The direct effect of X on Y

Effect	se	t	p	LLCI	ULCI
.3221	.0814	3.9553	.0000	.1609	.4833

Table 17. Indirect effect(s) of X on Y

	Effect	BootSE	BootLLCI	BootULCI
TEE	.0857	.0319	.0297	.1545

Conclusion

As per the results of the analysis in the study, it is analyzed that strategic leadership style has a positive impact on employee production, Employee Engagement partially mediates the relationship between strategic leadership and employee performance. As per findings, we came to know that in our 2 hypotheses, both are accepted as assumed.

Since the analysis of the study proved that strategic leadership has a positive impact on employee productivity and employee engagement partially mediates their relationship, therefore, there should be more involvement of strategic leadership in organizations, and it should be strengthened to have effective employee performance.

Limitations

Despite our contribution, the current research has few constraints in terms of time and finance. Although a sufficient number of middle-level employees were selected for this work, this study only covers one regional office of the Higher Education Commission, which is located in Islamabad that restricts this study to generalize in other 03 regions in Pakistan. One more limitation is the cross-sectional design of the study. This study only focuses on middle-level employees.

Future Research Directions

Under the results of the analysis, some recommendations are given for further studies. Future
Research can be conducted with different employees of HEC like higher-level employees as this research was done in the context of middle-level employees; it can be done on higher-level employees with the same framework. The same framework can conduct in the same sector of different cities of Pakistan. Large sample size can be selected for more precision of results. The same framework can apply to different industry with different in nature like banking, manufacturing, transport, tourism, insurance, etc. Different data

collection methods can be used for future studies, like interviews and observation, etc. The longitudinal approach can be used up to the availability of time and financial resources. In the last qualitative research, this method can be used for further work.

References

Allen, D. G. (2013). Retaining Talent: A guide to analyzing and managing employee turnover. http://www.shrm.org. (Accessed 05 May 2020).

Arami, M. (2016). Comparison of the leadership style of male and female managers in Kuwait: An empirical investigation. *Journal of International Business Research and Marketing. 6*(1) 37-40.

Bass, B. M. (2011). From transactional to transformational leadership: Learning to share the vision. *Organizational dynamics, 18(3),* 19-3.

Drucker, P. F. (2015). The practice of management, New York.

Gastil. (2020). https://*expertprogrammanagement.com.equity-theory*.(Accessed on 15 June 2020).

Harrison, M. (2012). Jobs and growth: The importance of engineering skills to the UK economy.

Iqbal, N., Anwar, S., & Haider, N. (2015). Effect of Leadership Style on Employee Performance. *Arabian Journal of Business Management Review.*

Kenneth, & Hersey. (2015). The utility of transactional and transformational leadership for predicting performance and satisfaction within a path-goal theory framework. *Journal of occupational and organizational psychology*, 71-82.

Lewin, K., Lippitt, R., & White, R. K. (2015). Patterns of aggressive behavior in experimentally created social climates. *The Journal of social psychology, 10(2),* 269-299.

Marcus, G. O., & Olowu, D. M. Leadership styles and employee performance in Nigerian Higher Educational Institutions. *Americam Journal of Environmental and Resource Economics, 2*(1), 12-21.

Oguz. (2017). Examining the job serach-turnover relationship: the role of embeddedness, job satisfaction, and available alternatives. *Journal of applied psychology, 96,* 432- 441.

Pradeep, D. D., & Prabhu, N. R. V. (2011). The relationship between effective leadership and employee performance. *In International Conference on Advancements in Information Technology,20,* 198-207.

Raja. (2011). The effects of transformational leadership on teachers' attitude and students performance in Singapore. *Journal of organizational behaviour, 16,* 319-333.

Vigoda, G. E. (2012). Leadership style, organizational politics and employee performance: An empirical examination of two competing models. *American Journal of Business Management,4(18),* 3924-3936.

Yulk, L. K. (2007). Transformational Leadership: Is It Time for A Recall? *International Journal of Management and Applied Research, 1*(19).