

## Effect of Strategic Leadership on Performance of SMEs During Covid-19 Pandemic in Nairobi County, Kenya

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### ABSTRACT

The global economy and enterprises have faced significant impacts due to the COVID-19 pandemic, necessitating leadership styles capable of navigating change and uncertainty effectively. Strategic leadership has emerged as a promising approach for establishing agile strategies amidst rapid transformations in business environments. This study aimed to assess the impact of strategic leadership on the performance of Small and Medium-sized Enterprises (SMEs) during the pandemic in Nairobi County, Kenya. Employing a descriptive and correlational research design, the study targeted 584 respondents from various SME industries in Kenya, with 237 respondents obtained using a stratified random sampling technique. Descriptive and inferential statistics, including correlation and regression analyses, were conducted using SPSS version 23. The findings revealed that SMEs in Nairobi County recognized the importance of strategic leadership for their prosperity, with a significant positive correlation between strategic leadership and performance ( $r(183) = 0.430, p < 0.05$ ). Strategic leadership accounted for 18.5% of performance variance, indicating a substantial impact ( $F(1,181) = 41.174, p < 0.05$ ). Moreover, the intercept between strategic leadership and performance showed a notable improvement ( $\beta = 0.230, p < 0.01$ ), suggesting a 23% performance enhancement with effective strategic leadership implementation. In conclusion, the majority of SMEs in Nairobi County demonstrated strong strategic leadership, fostering absorptive and adaptive capacities crucial for navigating turbulent business environments. The study underscores the importance of institutionalizing strategic leadership within SMEs to enhance their ability to formulate and execute strategies effectively amidst rapid changes.

**Keywords:** *Strategic; Leadership; Performance; Covid-19; Pandemic*

## INTRODUCTION

Speaking about civil disasters on a larger European scale, Rhinard (2019) calls for greater international collaboration between nation states and observes that governments and public agencies would struggle to manage crises that originate outside their borders but have effects inside. European countries have become more intertwined as a result of political collaboration, economic integration, and technological innovation. A unified market, interconnected infrastructures, and systems for the unrestricted movement of people, goods, and services have all been built. While most of these solutions have brought prosperity and peace, they have also accelerated the rise of new problems. Due to the extensive interstate connections that foster reliance, threats can spread and worsen throughout the mostly borderless European region. A rule (9403/08) on the identification and designation of European Critical Infrastructure (ECI) and the evaluation of the need to improve their security was approved politically by the European Union (EU) Council in 2008.

Akinbola (2018) did a study on creating a business continuity plan and the capacity to research business continuity management in Finland. It was recommended that more emphasis be placed on business continuity plans to reduce the likelihood of prolonged downtime during disruptions after the study found that the majority of organizations acknowledged that their operations were more dependent on Information Technology (IT) than in previous years as a result of system integrations. Haren (2020) studied business continuity during the COVID-19 epidemic in the Netherlands. The study was targeted on SMEs in Twente and evaluated Small and Medium Enterprise (SME) survivability during this period of pandemic disruptions. The results revealed that reducing the operational damage brought on by Covid 19 might be mitigated to a limited extent by the application of procedural response methods and flexible responses.

By way of illustration, Burkina Faso, Côte d'Ivoire, Liberia, Nigeria, Rwanda, and South Africa all made an effort to guarantee that public finance functions would continue through work redesign and workforce management, connectivity and digitalization, revised decision-making and internal controls, uninterrupted budget execution and procurement, and treasury operations. By doing so, it is possible to evaluate critically the current operations of finance ministries as well as the considerations and adjustments being made in relation to employee productivity and well-being, digital capabilities and efficiencies, organizational processes, and COVID-19 response-related functions.

Kavonga (2017) conducted a study in Kenya on business continuity plans for information, communication, and technology (ICT) and the way insurance firms provide their services. He found that many of the Insurance Companies' largest issues were caused by ignoring the business continuity strategies on ICT. The Companies did not view it as a crucial strategic requirement that, in the event of an occurrence, would have been extremely detrimental. According to Bacon, MacKinnon, Flippoupolitis, and Kananda (2022), strategic leadership is the capacity of senior leaders to establish and carry out plans and make significant decisions in a turbulent, complicated, uncertain, risky, and ambiguous strategic environment. Rowe (2017) spoke about the capacity to persuade others to voluntarily make ongoing decisions for enhancing the organization's long-term viability.

Business resilience mostly depends on an organization's capacity to foresee negative situations and quickly recover from them. An organization's organizational awareness is better when possible threats are found early and are subsequently highlighted by a crisis management team, according to study conducted in Japan by Ando and Kimura (2019). According to Ando and Kimura (2019), organizational readiness is the understanding of the many methods for risk reduction and recovery, such as forming crisis management teams, building business continuity plans, and adding significant redundancies. Fameso (2021) conducted study in Nairobi, Kenya, and found that business continuity plans need to be reviewed, revised, and updated frequently—even after significant disasters. Speed of recovery is a surface illustration of deeper capacity, which manifests as readiness, which includes the availability of backup locations, carefully thought-out restoration plans, and redundancy of critical resources. Ando and Kimura (2019) contend that if one or a small group of people can quickly restore crucial business processes or systems, the organization will be better prepared.

The basis of managerial problems that not only affect the public sector but also other sectors appears to be certain characteristics of management sector organizations. Some of the elements that influence these features include political influences on management decisions, limitations on the use of rewards and penalties, and the separation of policy formation from policy implementation (Castillo & Trinh, 2018). An important challenge in this situation is the scarcity of empirical research on crisis leadership. One of the most important yet undervalued facets of crisis management, according to Burnard et al. (2018), is crisis leadership. While earlier study on crisis management had shown how crises evolve through several phases, Clampit, Lorenz, Gamble, and Lee (2021) lamented the lack of research identifying the knowledge, skills, or talents required to lead an organization through these phases.

There has not been much research done yet on the direct and indirect relationships between strategic leadership, the outside environment, organizational change, and performance indicators. According to Garc'a-Morales, Llore'ns-Montes, and Verdu'-Jover (2019), a few research on strategic leadership have comprehensively explored the intermediate influence of multiple strategic variables to establish the causal pathway of its impact on performance. By examining conceptual and empirical literature on how strategic leadership influences organizational performance, this study aims to close these research gaps. Therefore, this study was aimed at determining the effect of strategic leadership on performance of SMEs during Covid-19 pandemic in Nairobi County, Kenya.

## METHODOLOGY

### Research Design

This study employed a descriptive and correlational research approach. This method was suitable for this study because it allowed estimation of the role of variables in predicting the outcome being measured. Because the study aimed to establish the effect of strategic leadership on the performance of SMEs during Covid 19 pandemic in Nairobi County, this was deemed relevant. The study settled on a correlational research design because it relied on numerical data to examine relationships that existed between the variables and sought to express the degree of relationships in terms of regression coefficients and correlations.

## Target Population

Senior executives from the two hundred and thirty (230) registered SMEs comprising of different subsectors; (health care and social assistance, accommodation and food service, retail trade, construction, and professional scientific and technical services) within Nairobi County, was the study's target population as shown below.

**Table 1:**  
*Population Distribution*

SME's Industry	Number of Companies	Number of senior Managers	Percentage
Health care and social assistance	60	130	22.3%
Accommodation and food service	78	92	15.8%
Retail trade	102	123	21.1%
Construction	45	61	10.4%
Professional, scientific and technical services	80	178	30.5%
Total	365	584	100.0%

(Source: Public Procurement Oversight Authority (PPOA), 2022)

## Sampling Frame

A sampling frame, according to Levitt *et al.* (2018), is a comprehensive catalog of every item in the population. After receiving their approval, 365 registered SMEs providing professional, scientific, and technical services, housing and food services, retail trade, and health care and social support operating in Nairobi County were used as the sampling frame for this study. A list like this hasn't been attached to the study because one of the obligations is to keep the names of everyone taking part in the study a secret. The categories of SMEs had varied number of companies and varied number of senior managers. A total of 584 senior managers from the 365 SMEs in Nairobi County made up the sampling frame.

## Sampling Technique

The study utilized a stratified and simple random sampling technique to pick sample units of senior managers from the 584 population. This sampling method was chosen because it ensures that all of the study units are adequately represented. From the population, 584 senior managers are chosen using a simple random selection procedure. According to Patton (2017), this technique was chosen because it allows the researcher to obtain replies from all the study units. Each organization's whole list of managers is allocated a sequential number. Based on the sample proportion and sample size established for each of the companies, a computer application generates corresponding random numbers. Managers whose sequential numbers corresponded to the computer generated random numbers are the managers selected as the study participants.

## Sampling Size

In this study, the sample size within each stratum of the listed companies was determined using the Yamane (2001) formula. The Yamane (2001) formula was deemed suitable for use in this study due to two factors: first, its ease of use; and second, empirical evidence demonstrating this formula's widespread acceptance for calculating sample sizes in many contexts. For this study, the precision error was 0.05. A confidence level of 95% is deemed adequate for this study's purposes, since the population consisted of all the SMEs in Nairobi County, resulting in a margin of error

for the sampling calculation of only 5%. In the domain of social sciences, a precision error of 0.05 has wide acceptance. The formula is as given here-below:

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

Where:

- n* refers to the sample size
- N* is the population
- E* is the margin of error– 5%.

Because the sampling frame for this study is not homogeneous, stratified random sampling is first employed to split the population, and then Yamane (2001) algorithm is applied to get the sample size for the study. The 237 senior managers from SMEs in Nairobi County made up the target population. 237 respondents make up the sample size determined using the Yamane (2001) formula. Below are the calculations used to determine the sample size for this investigation.

$$n = [584]/(1+\{584\}(0.05^2)) = 237 \text{ respondents;}$$

On the population of 584 senior managers of SMEs in Nairobi County, the table below shows the sample size derived by providing a 95 percent level of confidence and a maximum variability (*p*) =.05.

**Table 2:**  
*Distribution of Sample Size*

SME’s Industry	Sample Size	Percentage
Health care and social assistance	53	22%
Accommodation and food service	37	16%
Retail trade	50	21%
Construction	25	11%
Professional, scientific and technical services	72	30%
Total	237	100%

**Data Collection Tool and Procedures**

This study utilized a quantitative approach to better understand how business continuity management practices among Kenyan SMEs helped them cope with the challenges of the COVID-19 pandemic. The study adopted the use of structured questionnaires to collect primary data from senior managers of registered SMEs within Nairobi County. Questions were tailored to address the specific research questions of the study. The first part of the questionnaire focused on collection of biographical data of the respondents. The second part addressed the effect of strategic leadership on SMEs performance. Responses to questions was recorded on a 5-point Likert scale, levels being strong disagreement, disagreement, neutral, agreement and strong agreement.

For the pilot study, reliability was tested by assessing the internal consistency of the data collected and the test used was the Cronbach’s Alpha. The Cronbach’s Alpha test is recommended where questions have several possible options for responses as was the case for the questionnaire used in the study which required responses using the 5-Point Likert scale (Gravetter & Forzano, 2015). Cronbach’s alpha was computed by correlating the score for each scale item with the total score for each observation (usually individual survey respondents) and then comparing it to the variance for all individual item scores.

**Table 3:**  
*Rules of Thumb for Cronbach’s Alpha*

Cronbach’s alpha ( $\alpha$ )	Internal Consistency
$\alpha \geq 0.9$	Excellent
$0.9 > \alpha \geq 0.8$	Good
$0.8 > \alpha \geq 0.7$	Acceptable
$0.7 > \alpha \geq 0.6$	Questionable
$0.6 > \alpha \geq 0.5$	Poor
$0.5 > \alpha$	Unacceptable

Source: George and Mallery (2010)

The Cronbach’s Alpha coefficient is a value ranging between zero to one and the closer the value is to one, the greater is considered the internal consistency of the items that are on the scale (Zikmund *et al.*, 2013). Table 3 shows the rule of thumb table for interpreting Cronbach’s alpha for Likert scale questions. Table 4 shows the results for the Cronbach’s Alpha test on the pilot study. The Cronbach’s Alpha test was carried out and the findings are presented in Table 4.

**Table 4:**  
*Reliability Test Results*

Variables	Cronbach's Alpha	N of Items	Comments
Strategic Leadership	.844	10	Reliable
Combined variables of the study	.821	30	Reliable

The results in Table 4 indicated that for all the sections in the questionnaire, the Cronbach’s Alpha values for the constructs under investigation possessed high reliability standards of greater than 0.7 which is acceptable. The Cronbach’s Alpha value for the combined variables of the study was 0.821. The rule of thumb for Cronbach’s Alpha indicates that a value greater than 0.9 is considered to have excellent internal consistency. Considering that Alpha values of 0.7 are normally used as a minimum measure of internal consistency and also considering that lower coefficients have been used in some studies, the fact that all sections of the pilot questionnaire had Cronbach Alpha values higher than 0.7, the tool was considered to be very reliable (Hair, Money, Samouel and Page, 2015).

The steps in the research process included getting permission, conducting a pilot study, testing the instrument's validity and reliability, administering it, collecting data, preparing the data for analysis, and conducting both descriptive and inferential analyses. An introduction letter from USIU-A, and request for the necessary clearance from the National Commission for Science Technology and Innovations (NACOSTI) to conduct this research were sought. The human resource departments of each company was consulted to further introduce investigator to the other senior managers, and explained that the questionnaire to be filled up was optional and no respondents could be forced to do so.



## Data Analysis Methods

After obtaining the data from the field through questionnaires which had a Likert-scale, the data was prepared for analysis by editing as appropriate and considering any omitted responses. Each questionnaire was assigned a unique identifier representing each variable and the data was coded and categorized to facilitate the analyses. The study variables were entered with numeric expressions to create a platform for executing the different types of analysis. This also facilitated subsequent analysis and re-coding of data to create new variables. Each questionnaire was entered as a unique case with all the coded variables before proceeding to the next case. To make data analysis easier, data was prepared, coded, and entered into the SPSS version 23 data analysis program. Measures of central tendency, such as frequency, percentile distributions, mean, and standard deviation, were computed using descriptive statistics. The diagnostic tests were run to see if the proposed statistical models could be successfully fitted to the data. By employing statistical analysis software to execute tests, inferential statistics were obtained, and the findings were then used to infer the relationships between the independent and dependent variables. The multiple linear regression models were used to examine the direction and connections of the variables.

According to Esser and Vliegthart (2017), descriptive statistics are succinct descriptive coefficients that provide an overview of a specific data set, which may be a sample of the population or a representation of the complete population. To summarize the data and enable the drawing of relevant conclusions, descriptive statistics were required. Measures of central tendency (mean, standard deviations, and coefficient of variation), measures of dispersion, percentages, and frequencies are among the descriptive measurements used in this study.

The multiple linear regressions equation took the form of:

$$Y = \beta_0 + \beta_1 X_1 + \epsilon$$

Where:

$Y$  = Performance of SMEs

$X_1$  = Strategic Leadership

$\epsilon$  = Error term

$\beta_0$  = the constant term

$\beta_{i=1...3}$  measures the sensitivity of the dependent variable ( $Y$ ) to unit changes in the predictor variables  $X_1$ ,  $X_2$ , and  $X_3$ .

The error term,  $\epsilon$  is used to capture any variations in the model.

## Ethical Consideration

The steps in the research process include getting permission, conducting a pilot study, testing the instrument's validity and reliability, administering it, collecting data, preparing the data for analysis, and conducting both descriptive and inferential analyses. Finally, discussions, recommendations, and conclusions are made based on the study's findings. At all occasions, ethical considerations were observed. The study sought for an introduction letter from USIU-A, and request for the necessary clearance from the National Commission for Science Technology and Innovations to conduct this research. The researcher also identified three reliable data collectors, trained them, and discussed the expectations and minimum acceptable quality standards that were observed. The researcher got in touch with the respondents of the expected survey through the respective human resource departments of each company. The researcher included a cover letter

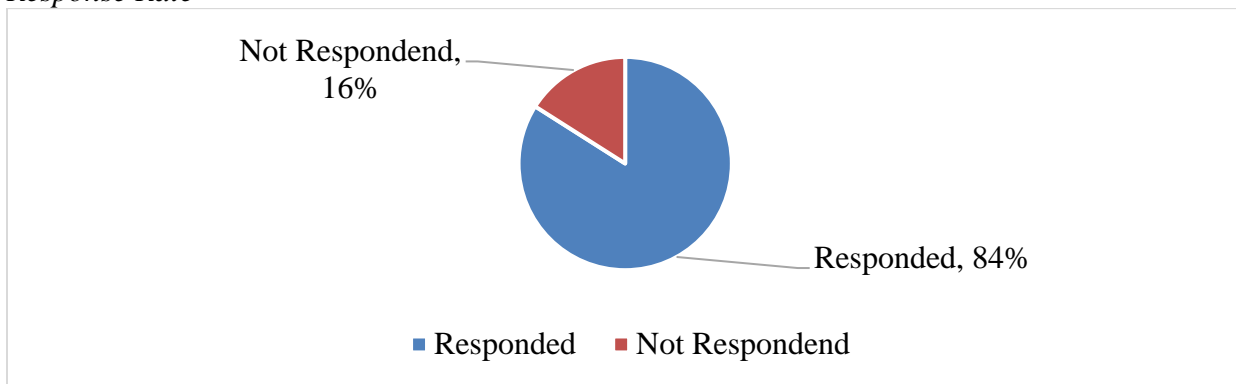
to the questionnaire which explains that the questionnaires would be used to collect data from the respondents, that the data was only to be used for academic purposes and that respondents' information would be kept confidential at all times. The researcher was clear that the exercise is optional meaning no respondent was coerced to participate in the survey.

## RESULTS

### Response Rate

The results in figure 1 represent the study's response rate. It is obvious from the findings that 84 percent of the respondents took part in the study, while 16 percent did not. As a result, the study concludes that the response rate accurately reflects the population.

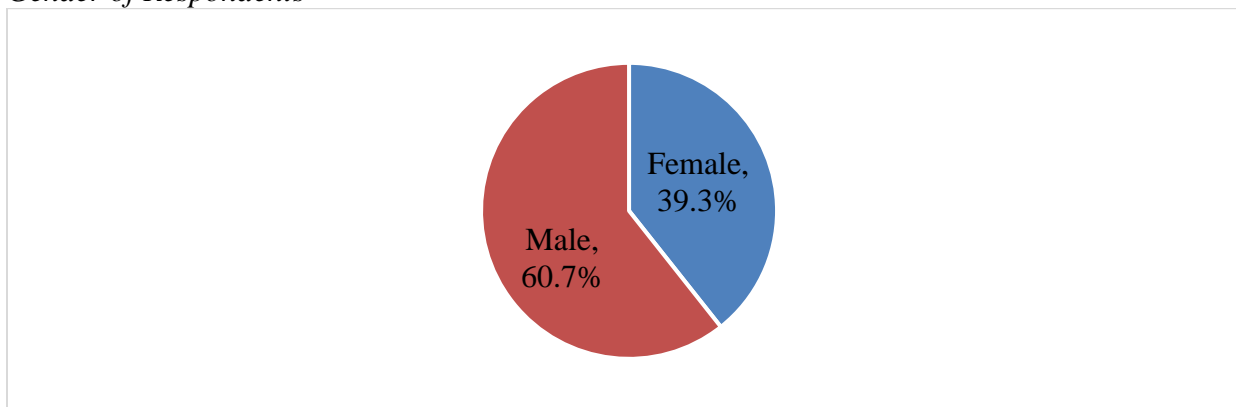
**Figure 1:**  
*Response Rate*



### Gender of Respondents

This study revealed that 60.7 percent of employees at SMEs in Nairobi County are male while 39.3 percent are female. This, therefore, means that majority of the workers at SMEs in Nairobi County are men.

**Figure 2:**  
*Gender of Respondents*

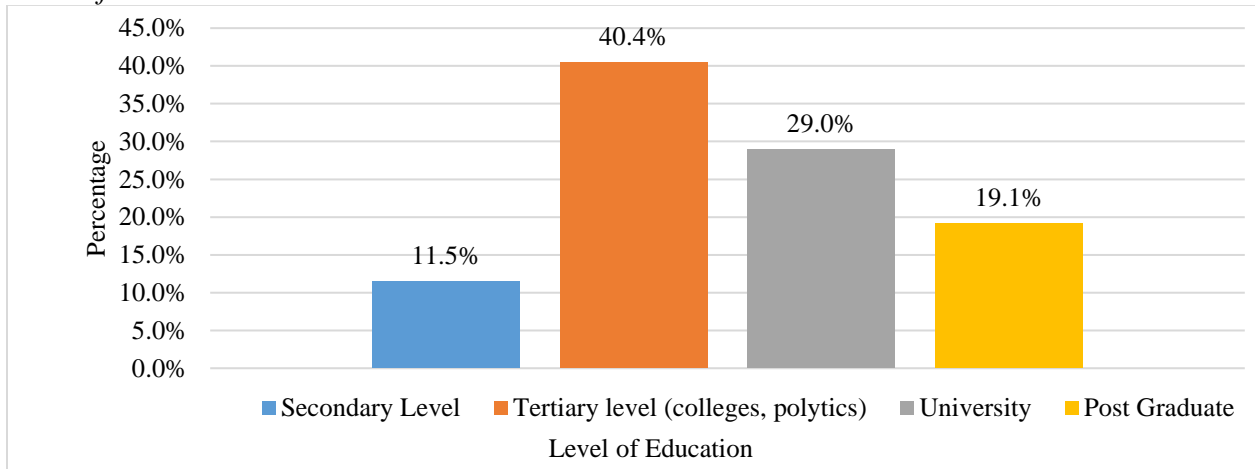




### Level of Education

Figure 3 represents the level of education of the population working with SMEs in Nairobi County. The level of education was categorized into four levels as; secondary level of education, tertiary level of education, graduate level of education and post graduate level of education. From the figure, it was discovered that, 11.5 percent of the respondents had secondary level certificate, 40.4 percent had tertiary level diploma, 29 percent had graduate degree level of education, and 19.1 percent had post graduate degree level of education.

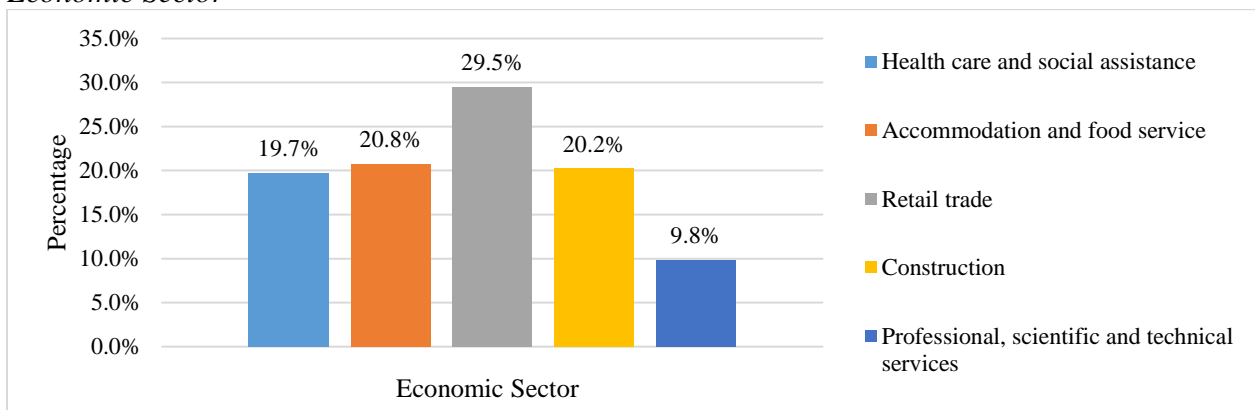
**Figure 3:**  
*Level of Education*



### Economic Sector

Figure 4 portrays the SMEs from different economic sector that took part in the study. From the figure, 9.8 percent of respondents came from professional, scientific, and technical services, 20.2 percent of the respondents came from the construction sector, 29.5 percent of the respondents came from the retail trade sector, 20.8 percent of the respondents came from accommodation and food service sector, and 19.7 percent of the respondents came from health care and social assistance sector.

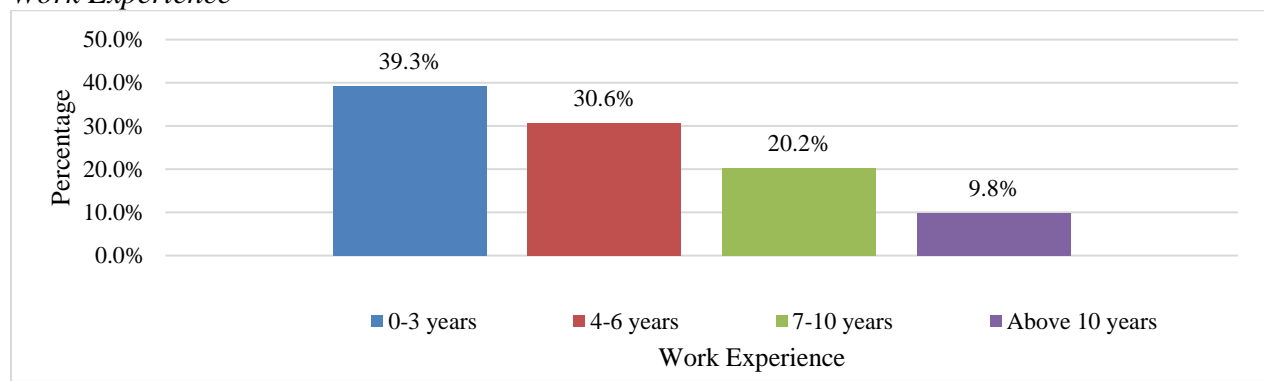
**Figure 4:**  
*Economic Sector*



### Work Experience

Figure.5 portrays the respondents’ work experience with the SMEs in Nairobi County. From the figure, 39.3 percent of respondents have a working experience of one to three years, 30.6 percent of the respondents have between four to six years of working experience, 18 percent have seven to ten years of working experience, 20.2 percent of the respondents from the SMEs in Nairobi County have seven to ten years of working experience and 9.8 percent of respondents have over ten years of working experience. The study implies that 39.3 percent of the respondents, who were the majority, had a work experience of 0 to 3 years. This means that majority of the workers have moderate work experience and so the SMEs should engage their employees in trainings to enhance commitment for their companies.

**Figure 5:**  
*Work Experience*



### Strategic Leadership and Performance of SMEs

Table 5 shows that preventing, preparing and providing interventions allows an organization to become better prepared to handle a crisis as agreed to by 71.1% of the respondents, 19.1% disagreed and 9.8% were neutral (mean=3.62, standard deviation=0.911). By Covid-19 epidemic, economic conditions, trading conditions and organizational needs has been all changed as agreed to by 69.4% of the respondents, 20.2% were neutral, and 10.4% disagreed (mean=3.68, standard deviation=0.783).

**Table 5:**  
*Strategic Leadership and Performance*

	SD	D	N	A	SA	M	S.D
Preventing, preparing and providing interventions allows an organization to become better prepared to handle a crisis	0.0%	19.1%	9.8%	60.7%	10.4%	3.62	.911
By Covid-19 epidemic, economic conditions, trading conditions and organizational needs has been all changed	0.0%	10.4%	20.2%	60.1%	9.3%	3.68	.783
Businesses require new strategies, scenarios and leadership styles to overcome uncertainty in business environment that Covid-19 epidemic has brought	0.0%	19.1%	30.6%	40.4%	9.8%	3.41	.909
Strategic leadership can develop strategies successfully in a rapidly changing environment	9.8%	19.1%	29.5%	41.0%	0.5%	3.03	1.010

Effective strategic leaders should create and maintain absorptive and adaptive capacity in addition to obtaining managerial success	0.0%	10.4%	20.8%	48.6%	19.7%	3.77	.904
Strategic leadership actions significantly influence performance	0.0%	30.6%	10.4%	49.7%	9.3%	3.38	1.019
The thinking and visionary capabilities of strategic leadership is to create an organization that is transformative	9.3%	10.4%	10.9%	59.6%	9.8%	3.50	1.104
Strategic leaders have the capability to continuously and tactically adjust the organization in response to the uncertain environment	0.0%	0.5%	9.3%	50.8%	39.3%	4.29	.653
When evaluating the current Covid-19 Epidemic period, it is a fact that most of the business strategies implemented in the past were just useless	10.4%	10.4%	19.1%	49.2%	10.9%	3.40	1.138
Based on evaluated business environment, strategic leaders can develop long-term realistic strategies with the strategy teams they have formed	9.3%	9.3%	20.8%	60.1%	0.5%	3.33	.991

Businesses require new strategies, scenarios and leadership styles to overcome uncertainty in business environment that Covid-19 epidemic has brought as agreed to by 50.2% of the respondents, 30.6% were neutral, and 19.1% disagreed (mean=3.41, standard deviation=0.909). Strategic leadership can develop strategies successfully in a rapidly changing environment as agreed to by 41.5% of the respondents, 28.9% disagreed, and 29.5% were neutral (mean=3.03, standard deviation=1.010). Effective strategic leaders should create and maintain absorptive and adaptive capacity in addition to obtaining managerial success as agreed by 68.3% of the respondents, 10.4% disagreed, and 20.8% were neutral (mean=3.77, standard deviation=0.904).

Strategic leadership actions significantly influence performance as agreed to by 59% of the respondents, 30.6% disagreed, and 10.4% were neutral (mean=3.38, standard deviation=1.019). The thinking and visionary capabilities of strategic leadership is to create an organization that is transformative as agreed to by 69.4% of the respondents, 19.7% disagreed, and 10.9% were neutral (mean=3.50, standard deviation=1.104). Strategic leaders have the capability to continuously and tactically adjust the organization in response to the uncertain environment as agreed to by 90.1% of the respondents, 9.3% were neutral, and 0.5% disagreed (mean=4.29, standard deviation=0.653). When evaluating the current Covid-19 Epidemic period, it is a fact that most of the business strategies implemented in the past were just useless as agreed to by 60.1% of the respondents, 20.8% disagreed, and 19.1% were neutral (mean=3.40, standard deviation=1.138).

### Correlation Analysis for Strategic Leadership and Performance of SMEs

Correlation analysis was used to assess the significance of strategic leadership to SMEs performance and study whether a linear relationship existed between the variables. Table 6 indicates that strategic leadership and SMEs performance were linearly related, and strategic leadership was significant to SMEs performance ( $r(183) = 0.430, p < 0.05$ ).

**Table 6:**  
*Correlation for Strategic Leadership and Performance of SMEs*

		Strategic Leadership	Performance of SMEs
Strategic Leadership	Pearson Correlation	1	.430**
	Sig. (2-tailed)		.000
	N	183	183
Performance of SMEs	Pearson Correlation	.430**	1
	Sig. (2-tailed)	.000	
	N	183	183

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

**Regression Analysis for Strategic Leadership and Performance**

*Model summary for strategic leadership and performance*

Table 7 depicts a model summary for strategic leadership and performance. The findings in the table shows that strategic leadership accounts for 18.5% of the SMEs performance variance. The remaining 81.5% accounts for factors not included in this model. This means that strategic leadership factors have a moderate effect on performance of SMEs.

Table 7:  
*Model Summary for Strategic Leadership and Performance*

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.430 <sup>a</sup>	.185	.181	.144

a. Predictors: (Constant), Strategic Leadership

*ANOVA between strategic leadership and SMEs performance*

The ANOVA between strategic leadership and SMEs performance has been presented in Table 8 From the findings of the study, it is indicated that there existed a significant linear relationship variance between strategic leadership and SMEs performance ( $F(1,181) = 41.174, p < .05$ ). This means that the regression model is significantly fit to test the relationship between strategic leadership and performance of SMEs.

**Table 8:**  
*ANNOVA for Strategic Leadership and Performance*

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.860	1	.860	41.174	.000 <sup>b</sup>
	Residual	3.779	181	.021		
	Total	4.638	182			

a. Dependent Variable: Performance of SMEs  
b. Predictors: (Constant), Strategic Leadership

*Regression coefficients for strategic leadership and SMEs performance*

The regression coefficients between strategic leadership and SMEs performance have been presented in Table 9. The findings of the study indicate that the intercept between strategic leadership and SMEs performance becomes better by  $\beta = 0.230, p < 0.01$ . This means that when strategic leadership in the SMEs improves by a single unit, the performance would improve by 23%.

**Table 9:**  
*Regression between Strategic Leadership and Performance*

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.764	.127		21.737	.000
Strategic Leadership	.230	.036	.430	6.417	.000

a. Dependent Variable: Performance of SMEs

## DISCUSSION

The results show that in addition to achieving managerial success, effective strategic leaders should develop and retain absorptive and adaptable capacity as it demonstrates a significant relationship with performance ( $r = 0.430$ ,  $p < 0.05$ ). This discovery is comparable to that made by Montgomery (2018), who highlighted the value of absorptive and adaptive capacity and thought it was the duty of executives to create a challenging view of the future that gave a clear understanding of where threats could originate from various angles by thinking as well as acting ( $\beta = 0.153$ ,  $p < .05$ ). The study confirmed Serfontein's (2018) findings, which indicated that while organizations are capable of developing what they refer to as strategies through management brainstorming, the problems of really putting those strategies into action are very different.

The results of this study concur with the findings of (Santos-Vijande *et al.*, (2019), who studied the influence of leadership styles of managers in manufacturing companies in developing countries on the staff and found that strategic leadership had a positive and significant relationship with job performance, ( $r = 0.8114$ ). The findings also agree with those of Harris and Adhanom (2020) who revealed that strategic leadership had a positive influence on employee effectiveness measured by the percentage of tasks completed within budget. In the study, employees responded positively and were motivated by leaders being open to and accepting their opinions, suggestions and ideas in the decision-making process. The recommendations of the study were that leaders should avoid making decisions on their own and instead should collaborate with their team members, allow for a good collaborative working environment and treat the teams fairly ( $(117) = 0.956$ ,  $p < .05$ ).

The results show that strategic leaders can tactically and continually modify the organization in response to an unpredictable environment with a mean average of 4.29 and a standard deviation of 0.653. The results are consistent with the research by Sheaffer and Brender-Ilan (2019), who contend that strategic leadership is not only concerned with the possession of special abilities that enable the absorption and learning of new information and ideas, but also having the adaptive capacity to suitably respond to the dynamism and complexity of the external environment  $F(7, 109) = 1.404$   $p < .05$ . They further contend that these skills enable strategic leaders to tactically and continuously modify the organization in response to the ambiguous environment. The results also support Sawalha's (2020) assertion that strategic leadership is based on the creative and visionary talents of strategic leadership with the goal of transforming a company.

The findings of the study concur with the findings of Sheaffer and Brender-Ilan (2019) who examined the mediating role of work engagement on firm performance and established a positive association between strategic leadership and work engagement and firm performance. The findings of this study also concur with that of Fernandes (2014) who found highly significant relationships

between strategic leadership and facets of organization culture which were involvement, consistency, adaptability, mission and total organization culture with F-statistics values of 374.615. The study demonstrated the value of strategic style of leadership and its ability to empower followers and motivate them through sharing of knowledge and engaging in open communication patterns. A recommendation from the study was that leaders should use strategic leaderships to develop effective organizational cultures which would give them competitive and sustainable advantages.

The results show that strategic leaders can work with the strategy teams they have established to generate long-term, realistic strategies ( $M=3.33$ ,  $S.D=0.991$ ). The study's conclusions concur with those of Rothaermel (2019), who found that while strategic leaders cannot fully assess all environmental aspects, they may, in the meantime, use the induction approach to make reasonable forecasts about the company's future ( $\beta = 0.489$ ,  $p < .05$ ). Additionally, it was shown that strategic leaders may assess environmental elements according to their style of thinking and determine which ones have the greatest direct effects on the businesses they are in charge of. On the other hand, Hewitt (2020) discovered that unanticipated situational elements, such as stress and bewilderment brought on by the Covid-19 Epidemic, are defined by conditional variables and have a significant impact on the decision-making processes of strategic leaders.

The study findings are mirrored in the study by Rothaermel (2019) who found that strategic leadership had a positive and significant influence on firm performance with  $\beta = 0.209$ ,  $p < .05$ . The authors advocated for a strategic approach by leaders emphasizing the importance of the willingness on the part of leaders to share power with subordinates, ask for their opinions and include these opinions in the decision-making process. The rationale given was that behaviors contributed to enhanced feelings of justice and trust on the part of subordinates and resulted in greater job satisfaction and better performance. A study done on 320 auditors in Vietnam by Craven (2020) found strategic leadership was positively associated with motivation. Esser and Vliegthart (2017) cautioned on the importance of trust in the relationship between leaders and subordinates in organizations as this was vital for the creation of an enabling environment for collaboration, creativity and complex problem-solving to thrive.

The data show that the Covid-19 outbreak has altered organizational needs, trading conditions, and economic situations. The analysis backs up Berg's (2020) assertion that firms need new strategies, scenarios, and leadership styles to deal with the uncertainties the Covid-19 outbreak has introduced to the corporate environment. The study discovered that there are more new leadership theories being labeled every day, which supports the conclusions. This rise is reliant on ongoing environmental circumstances changing.

The results show that strategic leadership can successfully create strategies in a setting that is changing quickly. The study's conclusions are consistent with those of Dwidienawati *et al.* (2020), who found that by successfully integrating strategic management tools into organizational processes, strategic leaders have the ability to influence all followers of the business. By enhancing commitment to the company's goals, strategic leaders can boost both the performance of the organization and that of their followers. The study's findings concur with those of Amos (2017), who defined strategic leadership as having the capacity to understand how the entire business and its surrounds function and to use this awareness to influence others' short- and long-term stability.



The poll also shows that a business can improve its crisis management capabilities by intervening early, planning ahead, and doing so ( $r = 0.185, p < .05$ ). The study's findings are at odds with those of Gunther *et al.* (2019), who discovered that scenario planning, as a crisis management method, offers a platform for thinking through the potential outcomes of these scenarios and the best course of action for businesses. On the other hand, Mitroff (2018) discovered that one of a proactive organization's fundamental characteristics is its capacity and duty to accept responsibility for its acts.

The multiple linear regression analysis revealed that the coefficient of strategic leadership was significant;  $\beta = 0.230, p < .05$  indicating that strategic leadership explained firm performance. This finding concurs with the findings of Muhammad and Naved (2020) who found that strategic leadership which involved management collaborating with employees in the decision making process resulted in high quality decisions ( $r = .185, p < .05$ ). In this study, 86% of respondents believed that strategic leadership improved the quality of goods and services offered by employees, which was achieved through an increase in innovative practices by employees. Dwidienawati (2020) also argued that strategic leadership behavior had the influence of spurring innovation and change-oriented organizational cultures with leaders encouraging teachers to identify new ideas, generate new information, and perform at higher levels. The study supports the findings of Palmer and Gignac (2012) who found that when employees are engaged in their work, they are more likely to feel passionate about what they do and therefore are passionate and fired up to work and in so doing, experience a profound connection to their companies and become the drivers of innovative products and process that keep the organization ahead of its competitors.

### **Conclusion (s)**

The results show that, in addition to achieving managerial success, the majority of SMEs have strong strategic leaders who build and retain absorptive and adaptive capacity. Strategic managers in SMEs are able to tactically and continually modify the organization in response to the ambiguous environment. According to the study's analysis of the company environment, strategic leaders can work with their newly created strategy teams to develop long-term, realistic strategies. To combat the unpredictability in the business climate that the Covid-19 outbreak has brought, small and medium-sized firms need new strategies, scenarios, and leadership styles.

### **Recommendation (s)**

The study recommends institutionalizing strategic leadership since it helps SMEs successfully build strategies in a setting that is changing quickly. In addition to achieving managerial success, SMEs with effective strategic leaders should build and maintain absorptive and adaptive capacity as this will aid in managing the transition period needed to implement change by keeping operations running smoothly and assessing the efficacy of the new changes being implemented during a crisis. According to the study, the management of Nairobi County's SMEs needs to create a strong organizational strategic leadership framework that ensures efficient departmental integration across the various hierarchical management levels and enables staff members to share ideas and implement changes geared toward crisis management implementation. The performance of the company is impacted by this.

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