

Impact of Situational Leadership on Strategic Capabilities in Kuwait National Petroleum Company (KNPC)

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Abstract

This study aimed to identify the impact of situational leadership on the strategic capabilities of the Kuwait National Petroleum Company, and the case study approach was followed to achieve the objectives of the study. The study population consists of employees in the Kuwait National Petroleum Company, and a convenience sample of 100 employees has been drawn to distribute the study questionnaire to them.

It was found that there is an impact of situational leadership in its dimensions (leadership skills, leadership styles, participation in decision-making, and situational planning) on the strategic capabilities of the Kuwait National Petroleum Company. The study recommends the need to work on establishing an organizational environment that stimulates and supports the strategic capabilities of the company, by paying attention to the factors of situational leadership within the company, and educating the company's employees about the goals and importance of situational leadership and the consequences thereof through training courses and holding conferences and workshops in order to enhance strategic capabilities.

Keywords: Leadership, Situational Leadership, Strategic Capabilities, Kuwait National Petroleum Company (KNPC)

1. Introduction

Leadership is one of the areas of business administration that is specifically related to facing the challenges and goals presented by each employee or the organization as a whole, and leaders often rise to senior managerial and executive positions in their organizations due to their abilities to manage the present while looking to the future (Danišs, 2019). The focus on the idea of leadership and the leader has evolved, especially during the last two decades, when the authoritarian organizations with their departments and managers turned into organizations more aware of the importance of empowering individuals as a means of increasing productivity and improving the level of individual and collective performance. Today, organizations are transforming into places where people are empowered, encouraged and supported in their personal and professional growth throughout their careers, and because the focus of leaders has changed over time, it has influenced and shaped the development and progress of leadership theory (Feser et al., 2017).

Leadership depends on the behavioral characteristics that the employees possess in each case in order to be effective, meaning that situational leadership is of great importance for organizations according to the situation in which each job situation is, taking into account that we provide strategic capabilities that the organization enjoys and employs to the fullest.

Strategic capabilities are built from a hierarchy of knowledge that begins at the task-specific and individual levels, and is gradually integrated into packages of routines that help make high-level decisions for the organization as a whole. Thus, organizations emphasize the analysis of strategic capabilities to identify and direct their resources within the organization to improve their competitive performance by influencing the management of organizational change in the organization.

The Kuwait National Petroleum Company has witnessed a great development during the previous years as it made organizational changes with the aim of improving its performance in the target market, which highlights the need to conduct this study to find out the impact of situational leadership in enhancing the strategic

capabilities of the Kuwait National Petroleum Company.

The importance of this study is evident when it deals with one of the most prominent types of leadership, namely, situational leadership, which is considered one of the types of leadership that needs more recent studies. Also, this study focuses on one of the most prominent companies in the State of Kuwait operating in the oil sector, namely the National Petroleum Company, which lacks studies in this field. So that we can summarize the importance of this paper in the importance of the relationship between situational leadership and the strategic capabilities.

1.1 Problem of the Study

The National Petroleum Company in the State of Kuwait is facing a volatile economic environment in light of a global market that suffers from various fluctuations in oil prices, which are reflected in its performance in general. The need has arisen to employ the importance of an important type of leadership, namely, situational leadership that can contribute to the exploitation of the company's strategic capabilities.

The study problem revolves around answering the following questions:

- Is there a statistically significant impact of situational leadership in its dimensions (leadership skills, leadership styles, participation in decision-making, and situational planning) on the strategic capabilities of the Kuwait National Petroleum Company?
- Is there a statistically significant impact of leadership skills on the strategic capabilities of the Kuwait National Petroleum Company?
- Is there a statistically significant impact of leadership styles on the strategic capabilities of the Kuwait National Petroleum Company?
- Is there a statistically significant impact of participation in decision-making on the strategic capabilities of the Kuwait National Petroleum Company?
- Is there a statistically significant impact of situational planning on the strategic capabilities of the Kuwait National Petroleum Company?

1.2 Study Hypotheses

The following is a presentation of the study hypotheses:

Main Hypothesis

H0: There is no impact of situational leadership in its dimensions (leadership skills, leadership styles, participation in decision-making, and situational planning) on the strategic capabilities of the Kuwait National Petroleum Company (KNPC)

It stems from the following sub-hypotheses:

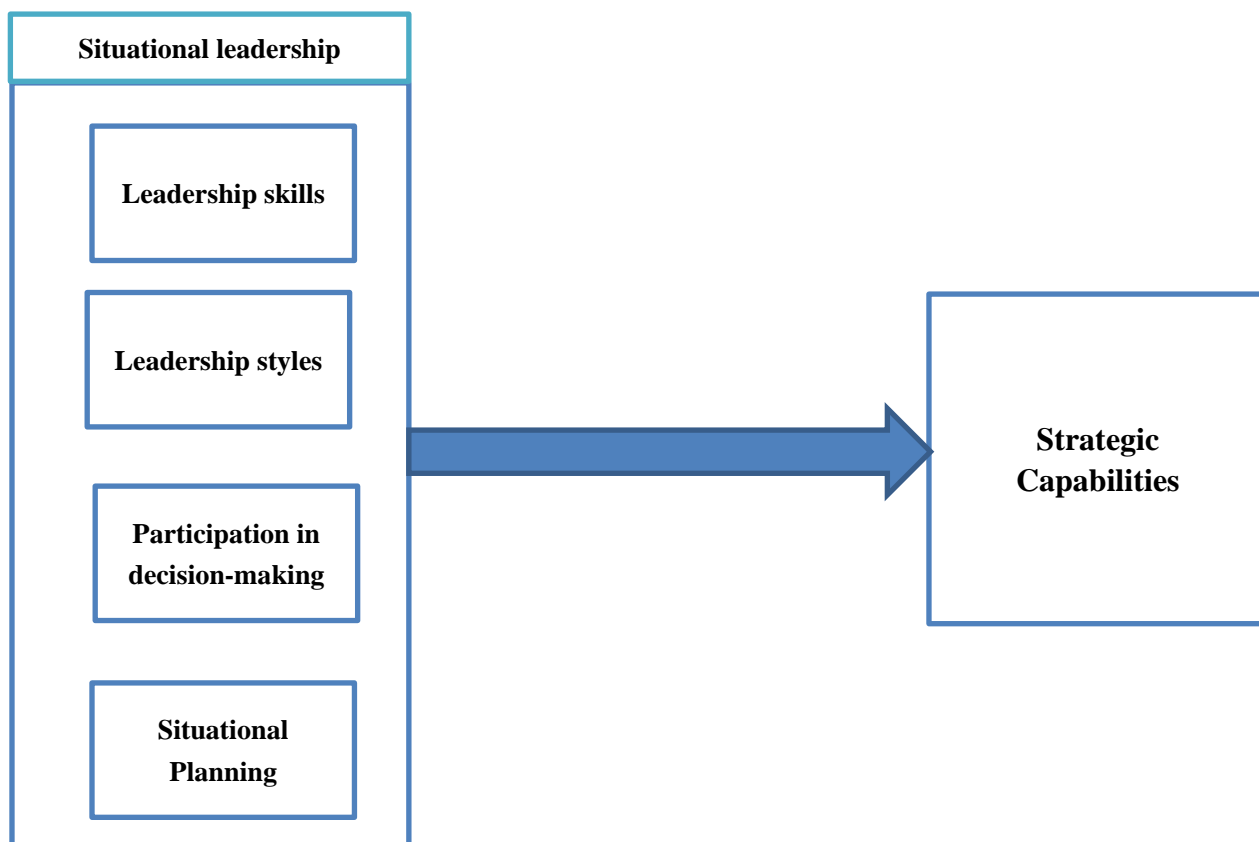
H01: There is no impact of leadership skills on strategic capabilities in KNPC.

H02: There is no impact of leadership styles on strategic capabilities in KNPC.

H03: There is no impact of participation in decision-making in the strategic capabilities of the Kuwait National Petroleum Company.

H04: There is no impact of situational planning on the strategic capabilities of the Kuwait National Petroleum Company.

1.3 The Model of the Study



Source: (Ghazzawi, El Shoughari & El Osta, 2017; Dev, Gill, & Singh, 2018)

1.4 Theoretical Framework

1.4.1 Situational Leadership

The Industrial Revolution transformed the economy of many countries from an agricultural base to an industrial base. Consequently, it introduced a change in how leaders deal with their followers. The Industrial Revolution created a paradigm shift to a new theory of leadership in which "common people" gained power by virtue of their skills. Nevertheless, the new technology was among the factors that actively contributed to the "mechanization" and enhancement of human thought and action, thus creating hierarchical bureaucracies that included the worker, leader, manager and owner (Laub, 2018).

Vennebo (2017) notes that one of the major contributors to the era of management and leadership theory was Max Weber, a German sociologist who noted the parallels between the 'mechanization' of industry and the proliferation of bureaucratic forms of organization " and noted that the bureaucratic form made the management process routine in the same way it routine The production machine.

After the emergence of trait leadership, situational leadership emerged as a response to it. Sociologists believed that time was the key to producing a leader. Psychologists have assumed that there is no perfect profile of a leader, and no leader has the same characteristics as others. Therefore, different situations have to be approached differently because each situation has its own characteristics (Miltenberger, 2011).

Kindle (2009) defined Situational leadership as "a leadership theory that integrates both the directing and supportive dimensions, and each of these dimensions must be properly applied in a given situation".

The Situational Leader tries to discover the characteristics of his followers in order to know the leadership style he uses with him. (Farmer, 2012)

Moreover, position leaders are known for providing appropriate direction and task support to their subordinates in order to successfully achieve desired goals. This type of leader must also approach problems creatively and

quickly in order to overcome them. This, according to studies, is closely related to improving employee productivity. (Cnaff & Wright, 2013)

The use of situational leadership requires that leaders be aware of their followers' perceptions and adapt to them to match the readiness, current skills, and developmental status of team members. This allows the organization to successfully move into this complex process.

Situational leadership includes the following dimensions: (Ghazzawi, El Shoughari, & El Osta, 2017)

-**Leadership skills:** the skills a leader has in influencing others

-**Leadership styles:** the methods used by the leader to confront the poor response of the employees to his plans

-**Participation in decision-making:** Involving company employees in the decision-making process that contributes to achieving business goals

- **Situational planning:** for the company's leadership to develop a plan to address any crises surrounding the work and the ability to accomplish the set goals.

1.4.2 Strategic Capabilities

The strategic ability of the company refers to its ability to succeed in implementing competitive strategies that allow it to survive and increase its value over time, and the strategic ability of the company refers to the set of capabilities, resources and organizational tools that enhance the company's strategies to obtain a competitive advantage (Johannesson & Palona, 2010).

The strategic ability of the enterprise refers to the skills and accumulated knowledge to coordinate its activities using its assets, always with the aim of maintaining its competitive advantage, that is, by using the best skills and strategies that the company must prevail over its competitors. When there is a balance between strategy and strategic ability, the organization's performance is improved in an alien work environment. (Dev, Gill, & Singh, 2018).

Thus, a company aiming to survive and thrive in a competitive environment needs to strengthen its strategic capacity. The type of strategic capacity the company needs at a given moment is determined by the forces of legitimacy, threats and opportunities in future business environments (Desarbo et al., 2005)

It is essential for the company to have strategic ability that allows it to outperform the competition. Where it can be defined as a combination of resources and skills such as (equipment, intangible, financial, etc.) that the organization can employ, as strategic capabilities can be physical (machines, etc.), and financial (assets, cash, etc.) And human (managers, employees, partners, etc.) (Aboiron, 2019)

Strategic capabilities are also skills that exist in experienced individuals and have the following characteristics:

-Important for the long-term survival of the organization as it helps the organization in determining the strategic choice.

-It is unclear to competitors as it is difficult to imitate and is broader than individual capabilities

-Adopted across a diverse mix of skills, resources and processes.

- Essential to developing core products, and vital to implementing the organization's strategic objectives. (Aboiron, 2019)

2. Study Methodology

This study is considered a descriptive and analytical study to identify the impact of situational leadership in enhancing the strategic capabilities of the Kuwait National Petroleum Company.

The researcher followed a case study method in applying the study procedures as this study is applied in the Kuwait National Petroleum Company

The study population consists of the employees of the Kuwait National Petroleum Company, whose number is 5000 employees. A convenience sample of 100 employees was drawn to distribute the study questionnaire to them.

2.1 Data Collection Methods

2.1.1 Primary Data

It was collected through the questionnaire of the study that was prepared to achieve the objectives of the study and test its hypotheses.

2.1.2 Secondary Data

The secondary data sources were referred to from books, references, periodicals, magazines and previous related studies.

2.2 The Validity and Reliability of the Questionnaire

The validity of the questionnaire was tested by presenting it to a number of arbitrators specialized in the subject of the study, urging that the necessary adjustments were made according to their observations before distributing the questionnaire to the final sample.

In order to test the reliability of the questionnaire, Cronbach alpha test was used to test the stability of the resolution, as it was found that the alpha value for each of the study variables is higher than 0.60, which indicates the reliability of the questionnaire (Sekaran & Bougie, 2016), and the results are summarized in the following table:

Table 1. Stability of the Study Tool (Reliability)

Variable	Alpha
Leadership skills	0.764
Leadership styles	0.854
Participation in decision-making	0.628
Situational Planning	0.737
Strategic capabilities	0.734

3. Analysis

3.1 Sample Characteristics

It was found that 67.7% of the sample are males and the rest are females. As for the age variable, it was found that 38.2% of the sample are between 30-35 years old, and 21.1% of the sample are between 36-40 years old.

As for the academic qualification, it was found that 46.6% of the sample hold a bachelor's degree and 31.9% of the postgraduate holders. It was also found that 39% of the sample had experience between 16-20 years, and 27.5% of the sample had 11-15 years of experience.

3.2 Descriptive Analysis

Mean and standard deviation were extracted to describe the sample responses towards the variables mentioned in Table 2.

Table 2. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Leadership skills	100	1.60	5.00	3.8060	.75876
Leadership styles	100	1.80	5.00	3.9400	.73663
Participation in decision-making	100	2.00	5.00	3.9500	.65774
Situational Planning	100	2.80	5.00	3.8920	.60464
Strategic capabilities	100	2.40	5.00	4.0480	.60109

We noted that the general average for each variable reflects a high degree of approval of the variable. It was also found that the sample's trends are positive towards the above variables, because their means are greater than the mean of the measurement tool (3).

4. Hypothesis Testing

Main hypothesis:

H0: There is no impact of situational leadership in its dimensions (leadership skills, leadership styles, participation in decision-making, and situational planning) on the strategic capabilities of the Kuwait National Petroleum Company (KNPC).

The multiple regression test was used to test the above hypothesis where the following results were reached:

Table 3. Main hypothesis testing

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.720 ^a	.518	.498	.42599		
ANOVA						
Model	Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	18.530	4	4.633	25.528	.000 ^b
	Residual	17.240	95	.181		
	Total	35.770	99			
Coefficients						
Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta			
1	(Constant)	.979	.312		3.139	.002
	Leadership skills	.175	.085	.220	2.051	.043
	Leadership styles	-.022	.112	-.027	-.193	.847
	Participation in decision-making	.224	.115	.245	1.949	.054
	Situational Planning	.413	.088	.415	4.692	.000

The above table indicates the results of the multiple regression test for the main hypothesis, It is found that the Pearson correlation coefficient of 0.72 reflects a high correlation relationship, as well as , 51.8% of the variance in the strategic capabilities is explained by situational leadership . The calculated F value of 25.528 is significant at 0.05 level, which reflects the significance of the regression. That means there is an impact of situational leadership in its dimensions (leadership skills, leadership styles, participation in decision-making, and situational planning) on the strategic capabilities of the Kuwait National Petroleum Company (KNPC).

The following is a test of the sub-hypotheses:

H01: There is no impact of leadership skills on strategic capabilities in KNPC.

Table 4. H01 testing

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.574 ^a	.330	.323	.49458		
ANOVA						
Model	Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	11.798	1	11.798	48.230	.000 ^b
	Residual	23.972	98	.245		
	Total	35.770	99			
Coefficients						
Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta			
1	(Constant)	2.316	.254		9.113	.000
	Leadership skills	.455	.066	.574	6.945	.000

The above table indicates the results of the multiple regression test for the main hypothesis, It is found that the

Pearson correlation coefficient of 0.574 reflects a medium correlation relationship, as well as, 33% of the variance in the strategic capabilities is explained by leadership skills. The calculated F value of 48.23 was significant at 0.05 level, which reflects the significance of the regression. That means there is an impact of leadership skills on strategic capabilities in KNPC

H02: There is no impact of leadership styles on strategic capabilities in KNPC

Table 5. H02 testing

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate			
1	.574 ^a	.330	.323	.49465			
ANOVA							
	Model	Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	11.791	1	11.791	48.191	.000 ^b	
	Residual	23.978	98	.245			
	Total	35.770	99				
Coefficients							
	Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
		B	Std. Error	Beta			
1	(Constant)	2.202	.270			8.142	.000
	Leadership styles	.469	.067	.574		6.942	.000

The above table indicates the results of the multiple regression test for the main hypothesis, it is found that the Pearson correlation coefficient of 0.574 reflects a medium correlation relationship, as well as, 33% of the variance in the strategic capabilities is explained by leadership styles. The calculated F value of 48.191 was significant at 0.05 level, which reflects the significance of the regression. That means there is an impact of leadership styles on strategic capabilities in KNPC.

H03: There is no impact of participation in decision-making in the strategic capabilities of the Kuwait National Petroleum Company.

Table 6. H03 testing

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate			
1	.587 ^a	.344	.337	.48929			
ANOVA							
	Model	Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	12.308	1	12.308	51.412	.000 ^b	
	Residual	23.461	98	.239			
	Total	35.770	99				
Coefficients							
	Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
		B	Std. Error	Beta			
1	(Constant)	1.931	.299			6.449	.000
	Participation in decision-making	.536	.075	.587		7.170	.000

The above table indicates the results of the multiple regression test for the main hypothesis, It is found that the Pearson correlation coefficient of 0.587 reflects a medium correlation relationship, as well as , 34.4% of the variance in the strategic capabilities is explained by participation in decision-making. The calculated F value of 51.412 was significant at 0.05 level, which reflects the significance of the regression. That means there is an

impact of participation in decision-making in the strategic capabilities of the Kuwait National Petroleum Company.

H04: There is no impact of situational planning on the strategic capabilities of the Kuwait National Petroleum Company.

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.634 ^a	.401	.395	.46739		
ANOVA						
Model	Sum of Squares		df	Mean Square	F	Sig.
1	Regression	14.361	1	14.361	65.737	.000 ^b
	Residual	21.409	98	.218		
	Total	35.770	99			
Coefficients						
Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta			
1	(Constant)	1.596	.306		5.218	.000
	Situational Planning	.630	.078	.634	8.108	.000

The above table indicates the results of the multiple regression test for the main hypothesis, It is found that the Pearson correlation coefficient of 0.634 reflects a high correlation relationship, as well as, 40.1% of the variance in the strategic capabilities is explained by situational planning. The calculated F value of 65.737 was significant at 0.05 level, which reflects the significance of the regression. That means there is an impact of situational planning on the strategic capabilities of the Kuwait National Petroleum Company.

5. Results and Conclusion

This study aimed to identify the impact of situational leadership in enhancing the strategic capabilities of the Kuwait National Petroleum Company. It is found that there is an impact of situational leadership in its dimensions (leadership skills, leadership styles, participation in decision-making, and situational planning) on the strategic capabilities of the Kuwait National Petroleum Company (KNPC)

Also, it is found that:

- There is an impact of leadership skills on strategic capabilities in KNPC.
- There is an impact of leadership styles on strategic capabilities in KNPC.
- There is an impact of participation in decision-making in the strategic capabilities of the Kuwait National Petroleum Company.
- There is an impact of situational planning on the strategic capabilities of the Kuwait National Petroleum Company.

It can be concluded from the previous results that there is an interest in the application of situational leadership in the Kuwait National Petroleum Company, and we also note the interest of the company's management in achieving situational leadership through the proper use of the various dimensions of situational leadership, especially Situational Planning.

The study recommends the need to work on establishing an organizational environment that stimulates and supports the strategic capabilities of the company, by paying attention to the factors of situational leadership within the company, and educating the company's employees about the goals and importance of situational leadership and the consequences thereof through training courses and holding conferences and workshops in order to enhance strategic capabilities.

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