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Studying the Impact of Transformational Leadership as a Mediating Variable for the Relationship between Organizational Culture and Strategic Thinking

Ayman Zweil*, Mohamed A.Ragheb, Sherif Otared

Arab Academy for Science, Technology & Maritime Transport, Egypt

Abstract

The present study aimed to assess the impact of the organizational culture on the adoption of the strategic thinking of the organization applied to the company Summed in Alexandria, Egypt. Therefore, the current study aimed to evaluate the impact of the organizational culture of the organization on the extent to which the organization adopts strategic thought through testing the mediating role of the transformational leadership style by applying to Summed Company in Alexandria, Egypt. The results of the study concluded that: The existence of a significant and statistically significant effect of organizational culture on the adoption of the strategic thought of the organization. We find that the most influential dimensions of organizational culture are support culture, role culture and operations culture. We find that the results of this hypothesis agree with a study (Alqam, 2013; Abdel Razek et al., 2019). There is a statistically significant impact of organizational culture on the transformational leadership style. We find that the most influential dimensions of organizational culture are support culture, mission culture, and creative culture. We find that the results of this hypothesis are in agreement with the study (Al-Badah, 2013; Lama, 2019). There is a statistically significant effect of the transformational leadership style on the adoption of strategic thought. The most influential dimensions of transformational leadership were: idealistic influence, inspirational motivation, and individual considerations. Transformational leadership mediates the relationship between organizational culture and the organization's adoption of strategic thought in part.

Keywords: Organizational culture, transformational leadership, strategic thinking

1 Introduction

The time in which we live now is characterized by the speed of innovations and transformations in addition to the control of organizations, so it has become called the era of organizations, which are distinguished and differ from each other through organizational culture, and therefore we find that many studies have paid attention to this element as a result of its positive effects on The development of organizations and the possibility of achieving



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and implementing their goals, so their superiority depends on the efficiency and skill performed by their employees and the values and ideas they embrace about their organizations, and interest in this matter increased, especially after the superiority of Japanese organizations, which was founded on various beliefs and principles, by comparison between them and other global organizations, and from here it was clarified The importance of the organizational culture of the organization and its role in achieving compatibility and harmony within the organization, and what is reflected in it on the performance of the organization and its overall objectives.

Organizational culture constitutes positive determinants, and it is an essential element for the superiority of organizations and the provision of ways and methods that help raise and improve the performance of employees. Therefore, organizations that have a solid organizational culture help their employees to commit to work, time discipline, innovation and innovation, and participate in reaching the decisions of the organization. Stability, stability and growth of the organization they occupy (Abu Eish, 2018).

Organizational culture is characterized by transformation, movement and change as it grows and transforms in the structure and characteristics of the members of the organization, or responds to the transformations that occur in the environment surrounding the organization or in its internal environment, which has resulted in the difficulty of the continuation of any organization while it is isolated from transformations and changes (Sadiq, 2016).

On the other hand, strategic thinking is one of the most important topics for organizations, because it represents the continuous effort that is made to reach activities and decisions that focus on the future about the nature of the organization's work, and strategic thought is one of the administrative tools that work to help the organization do It performs its tasks optimally in all cases and circumstances it is exposed to, and adapts to its environment that changes from time to time. One of the best ways to respond to the dynamic environment conditions is to evaluate the performance of the organization, after achieving the required strategic plan (Ayyash, 2017).

There is no doubt that the strategic process is dynamic and its steps are organized, and is based on the ability of managers to stand up to organizational difficulties in a professional and innovative manner. The strategist always tries to know the basic features of the problems he faces, and then try to use all the mental skills in order to reorganize and put the elements well, especially in the case of challenges and penalties standing in front of the organization of a complex nature (Targhini, 2015).

Leadership style and leadership behavior are important matters that work to achieve continuous improvement and development efforts for organizations, as the best appropriate leadership styles for organizations that seek development is the collective leadership style that



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tends to allow participation for all employees and at all administrative levels in achieving the organizational goals of the organization. That is, leadership should be seen as an interactive and participatory process between members of the different teams. Brouer, 2016), We also find that transformational leaders are aware of the importance of effective participation of workers because of their impact on the consolidation of organizational culture and also promote the organizational culture (Banks et al. 2017).

Despite the efforts made by the industrial companies in general and the Arab Petroleum Pipelines Company “SUMED” in particular in paying attention to organizational culture, given its effects on adopting the strategic thinking of the corporation, there are some problems and obstacles that stand in the way of achieving the desired performance results.

Within the framework of the strategies of the Arab Petroleum Pipelines Company “SUMED” sector in Alexandria and the concern for the human element as the real driver of the production and development process to keep pace with scientific and technological development, it was necessary to pay attention to raising the efficiency level of workers’ performance on an ongoing basis.

Through the practical experience of the researcher in the field of work in the Arab Petroleum Pipelines Company “SUMED” and its variation in the realization of the importance of developing organizational culture on the adoption of the strategic thinking of the institution, the problem of the study was revealed in the need to pay attention to organizational culture and its effects on the strategic thought for the advancement of the institution and the achievement of competitive advantage compared to companies other.

From this point of view, this research sought to study the influence relationship of organizational culture on the adoption of the strategic thought of the institution by examining the role of the mediating effect of transformational leadership (Transformational leadership) in a field study applied to Summed Company in Alexandria.

1.1 Literature review & hypothesis development

Organizational culture is defined as “a set of values and beliefs that constitute how members of the organization think and perceive, which affects their observation and interpretation of things inside and outside the organization, which is reflected in management practices and style in achieving the organization’s goals and strategy” (Al-Baroni, 2014:). Organizational culture is also defined as “a system of meanings, symbols, beliefs, rituals and practices that develop and stabilize with time and become a special feature of the organization so as to create a general understanding among its members about the characteristics of the organization and the behavior expected of its members” (Sadiq, 2016).



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Strategic thinking is defined as the activity of creating and generating ideas, it cannot be separated from its framework and the organizational path in which it falls. It is also defined as: a continuous and systematic process by which members of the leaders in the organization make decisions related to the future and development of that organization, in addition to the procedures and processes required to achieve that desired future and determine how the level of success in achieving it is measured. (Ayyash, 2017)

Transformational leadership is demonstrated by leaders who motivate followers and help them to reach their goals and efficiently utilize their skills and capabilities, while transactional leadership focuses on the transactions that happen between leaders and followers. Transformational leadership is very common and mainly takes the shape of awarding good performance and setting clear targets for followers to achieve (Burns, 1978). Moreover, Transformational leaders are expected to challenge their followers to take greater ownership of their work, allowing the leader to align followers with tasks that enhance their performance (Lasrado & Kassem, 2020).

1.1.1 Relationship between organizational culture & strategic thinking

Alqam (2013) study which aimed to identify the organizational culture and its role in formulating the strategy in the Palestinian Ministry of Local Government. A questionnaire was distributed to The sample consisted of individuals who hold administrative positions (minister, undersecretary, general manager, director of the policy unit, heads of departments) in the Palestinian Ministry of Local Government, and one of the most important findings of the study is the existence of a direct relationship between organizational culture and its dimensions (the leadership dimension and the organizational dimension and the human dimension) and formulating the strategy in the Palestinian Ministry of Local Government so that the more the ministry pays attention to its organizational culture, the greater its ability to formulate the strategy, in addition to the full compatibility and harmony between the culture of the ministry and the formulation of the strategy. The strategic planning process This is part of the culture, which means that the culture of the ministry is a supportive culture for the formulation of the strategy.

(Abdul-Razzaq et al. (2019) aimed to reveal the impact of the organizational culture elements represented in organizational values, organizational beliefs, organizational expectations, and organizational norms in determining the strategic direction with its elements of proactive, defensive, analytical, and response strategy - in the Ministry of Education's office Higher Education and Iraqi Scientific Research. The most important results of the research were the existence of a positive and significant correlation between organizational culture and strategic orientation. This indicates that organizational culture has an important and effective role in shaping the strategic directions of the ministry. The most prominent recommendations were represented in the necessity of the Ministry to carry out a



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comprehensive survey of the needs of universities and the institutions associated with them on a continuous basis, and to improve the level of their outputs in line with the labor market after conducting the surveys and directing the Ministry of Education and analysis of the concept of higher education and scientific research to the attention of the higher administrations surrounding them. Especially the organizational expectations and values, which are of great importance in determining the strategic direction of the ministry.

1.1.2 Relationship between transformational leadership & organizational culture

(Ahmed (2008), aimed to analyse the relationship between transformational leadership and organizational values, where the research was applied to a random sample of (40) people working in the departments of the General Company for the Battery Industry. The research also used the questionnaire as a main tool for collecting data and information, and the research sought to test the main hypothesis and the various sub-hypotheses, and the results of the research concluded that there is a relationship between transformational leadership and organizational values.

Al-Badah (2013) aimed to identify the degree of practice of the transformational leadership style and its relationship to the level of organizational culture among the deans of private community colleges in the city of Amman from the point of view of its faculty members. The study sample consisted of (185) faculty members for the academic year (2012/2013) the researcher used two tools to collect data: the first is the transformational leadership tool and it consisted of (29) items within fields including (ideal influence, inspirational motivation, intellectual stimulation, and individual considerations), and the second: the organizational culture tool, and it consisted of (27) items It measures the level of organizational culture in private community colleges in the city of Amman, and the validity and reliability of the two tools were confirmed. And that the level of organizational culture in community colleges reached (3.01) to a medium degree, and there is a positive, statistically significant relationship between the degree of practicing the transformational leadership style and organizational culture. In the light of the results of the study, the study recommended the need for the supervising authorities of community colleges to implement the practice of transformational leadership, raise the level of organizational culture in them, and take policies and procedures that work to activate them by converting them from academic colleges to technical community colleges that serve The Jordanian and Arab labor market and meet its need.

(Lama (2014) aimed to identify the degree of transformational leadership and its relationship to organizational culture among educational supervisors in governmental secondary schools in the governorates of the northern West Bank in Palestine, in the light of the independent study variables, which are: (gender, age, educational qualification, and years of experience), The researcher followed the descriptive correlative approach as a study method, and she chose a stratified random sample representing the number of employees



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working in the education directorates, as (200) questionnaires were distributed to the study sample members, the researcher chose a stratified random sample representing the number of educational supervisors in the governmental secondary schools. Governorates of the northern West Bank in Palestine, and (185) questionnaires were retrieved. The government in the governorates of the northern West Bank in Palestine in the field of transformational leadership came with an average (3.5) and a standard deviation (0.61), and this indicates a high degree. The role of transformational leadership among educational supervisors in governmental secondary schools in the governorates of the northern West Bank in Palestine.

After reviewing the previous studies, we noted the following: Previous studies have been applied to various types of industrial and commercial organizations. Also, the study methods used in the previous studies varied, which dealt with the of organizational culture variable and strategic thinking variable, as they were diverse in terms of sample selection, tools used, and statistical methods used.

The recent study differed from the previous studies in terms of the objective, as it dealt with the impact of the development of organizational culture on the adoption of the strategic thinking of the organization through the mediating effect of transformational leadership, while the previous studies were limited to dealing with aspects related to the study of organizational culture and its relationship to other variables, strategic thinking and its relationship to other variables, transformational leadership and its relationship to other variables, while The current study deals with these aspects in a holistic and objective manner as well.

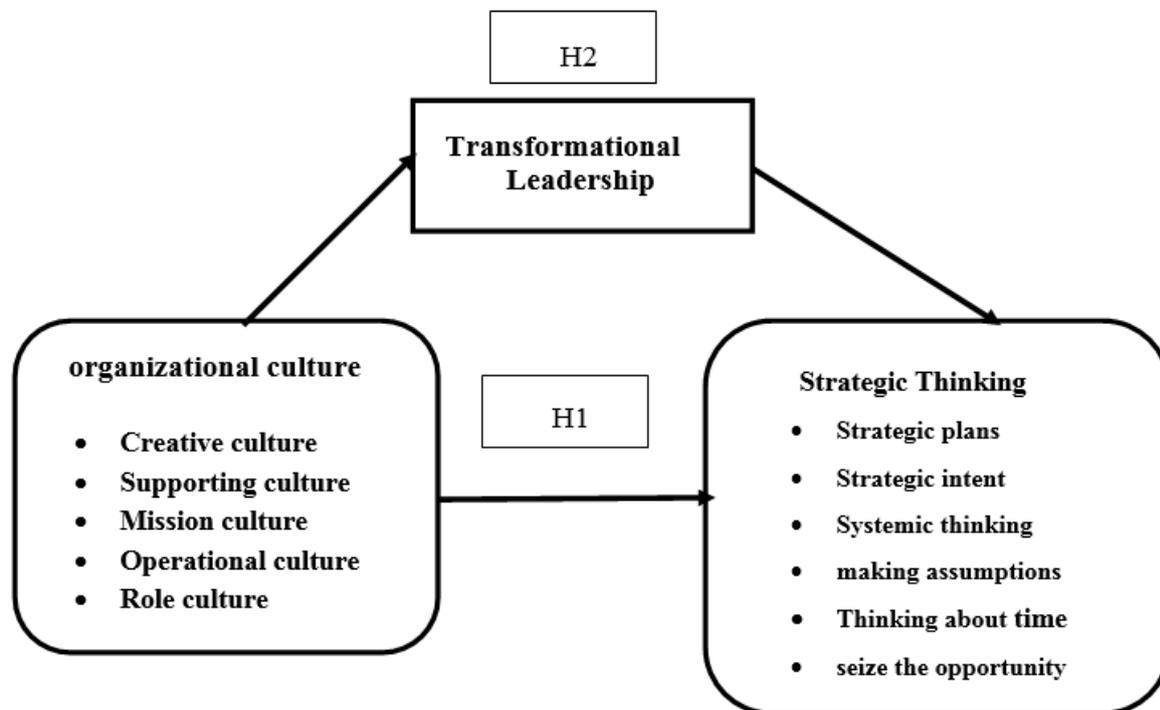
Therefore, in light of the previous presentation of previous studies, the study hypotheses and the proposed model can be derived as follows :



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1st: There is a statistically significant effect of organizational culture on the adoption of the strategic thinking of the organization.

2nd hypothesis: transformational leadership style mediates the relationship between organizational culture and the adoption of organization strategic thinking.

2 Methods

This study presents the results of a quantitative research being applied at a single company with the aim of determining the impact of organizational culture on the strategic thinking through the mediating effect of transformational leadership.

The data were collected from the Arab Petroleum Pipelines Company “SUMED” in Egypt. Data were collected using a questionnaire administrated and applied on the study sample.

The researcher performed the procedure in which all individuals in the study community have the same probability of being selected within the study sample independently, by taking a stratified random sample. The study population represents (461) permanent employees, (136) specific employees.

Based on the foregoing, (624) questionnaires were distributed, and (370) questionnaires were retrieved, or (59.2%), and (47) questionnaires were excluded, or (11.2%) from the original distributor.



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For the purpose of this study, a questionnaire has been adopted from (Ababneh,2013, Organizational Culture, 2013) Strategic Thinking, Alqam, 2013 Al-Otaibi Transformational Leadership, 2016. The questionnaire was close-ended questions and respondents were asked to rank their agreement with the statements indicated through 5-Likert scale to measure the Study variables.

To answer the study questions and test its hypotheses, the Statistical Package of Social Sciences (SPSS28) was used, in addition to using the AMOS26 program.

3 Results

When performing a stepwise regression analysis Stepwise Regression To determine the most important independent variables that have a contribution to the mathematical model, which represents the impact of organizational culture dimensions on the adoption of the strategic thinking of the organization, as shown in Table 1, which shows the most dependent variables affecting the independent variable, the dimension (operations culture) occupied the first place as explanatory power(B=0.386 (followed by role culture)B= 0.351), then the supportive culture (B= 0.236, and the model as a whole explains about 78.7% of the change in the level of adoption of strategic thought, and the direction of the effect was positive. This partially proves the validity of the first main hypothesis. There is a statistically significant impact of organizational culture on the adoption of the strategic thought of the institution. The regression equation can be represented as follows:

$$\text{St.Think} = 0.448 + 0.355 \text{ operations} + 0.295 \text{ roles} + 0.204 \text{ support}$$

Table 1. Stepwise multiple regression analysis Step wise Regression to predict the adoption of organizational thinking

Variable	B	std. Error	B	(t)	P-value
(Constant)	0.448	0.091		4.909	<.001
Operations	0.355	0.041	0.386	8.63	<.001
Role	0.295	0.037	0.351	8.028	<.001
Support	0.204	0.034	0.236	6.003	<.001
R ²	0.787				
$\alpha \leq 0.001$ at the level of significance*					

It is noted from Table 2 that the results of conducting an analysis of the median effect test using AMOS26 There is a direct impact of organizational culture on the adoption of the strategic thought of the institution. CI:95%P-value:0.005, UCI:0.32,LCI:0.06)), also found an indirect effect of organizational culture on the adoption of the strategic thought of the



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institution through the mediating effect of transformational leadership (P-value:0.051,UCI:0.86,LCI:0.005) , meaning that transformational leadership mediates the relationship between organizational culture and the institution's adoption of strategic thought in part, which leads to partial acceptance of the fourth main hypothesis .

Table 2. analysis of the mediating effect of transformational leadership between organizational culture and the adoption of institutional strategic thought

Effect	Variables	organizational culture		
		Lower CI	Upper CI	p-value
direct effect	Transformational Leadership	0.792	0.875	0.01
	Adopt strategic thinking	0.06	0.32	0.005
indirect effect	Transformational Leadership	0.000	0.000	...
	Adopt strategic thinking	0.005	0.86	0.051

Table 3 also indicates the results of the indicators of the quality of conformity, and we find that the values of the indicators are within the required levels. They indicate a high degree of conformity quality. It is noted that the significance level of the proposed model is greater than 0.05, and this confirms that the model with all its criteria is ideal and completely identical to the data. Also, all the matching indicators are greater than 0.90, which indicates that the proposed model is fully compatible with the data of the study, and that the value indicating the quality of conformity (RMSERE) The square root of the approximate mean standard error is less than 0.05.

No	pointer symbol	The value indicative of the quality of conformance	pointer value
1	CHI ²	CHI ² >0.05	0.123
2	(GFI)	GFI>0.90	0.999
3	AGFI	AGFI>0.90	0.987
4	NFI	NFI>0.90	0.988



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5	CFI	CFI>0.90	0.0915
6	IFI	IFI>0.90	0.945
7	RMSERE	RMSERE<0.05	0.022

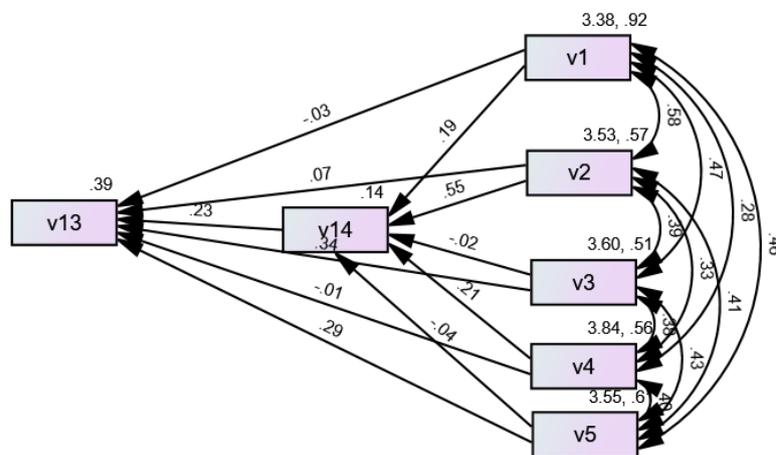


Figure2. SEM path analysis model

4 Conclusion

From the statistical analysis to test the hypotheses of the study, the following was found:

- There is a statistically significant effect of organizational culture on the adoption of the strategic thinking of the organization. We find that the most influential dimensions of organizational culture are supportive culture, role culture and operations culture. We find that the results of this hypothesis are in agreed with the study (Alqam, 2013; Abdel Razek et al., 2019).
- Transformational leadership partially mediates the relationship between organizational culture and the organization's adoption of strategic thinking.

Through the previous discussion of the results, the researcher recommends the following:

- The need for the management of the company to pay attention to the practice of strategic thinking as an entry point to improve efficiency and productivity.



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- Developing the skills of those concerned with strategic thinking through seminars and training courses.
- Develop training programs specialized in the factors related to the strategic thinking of managers and workers in the organization under study.
- Work to increase the awareness of senior management about the importance of adopting the strategic thinking approach for managers and workers in the organization under study.
- Defining clear and specific priorities for action in accordance with the organization's strategic vision.

During the study, the researcher encountered some limitations, which were as follows:

The lack of response of the entire sample in answering the questionnaire and the difficulty in collecting the questionnaire due to the conditions of the Covid -19 pandemic.

Future research should be directed towards: Firstly: The role of training in refining strategic thinking skills, Secondly: The effect of organizational creativity on developing strategic thinking skills .Thirdly: The role of professional ethics in overcoming the obstacles to strategic thinking. Fourthly: Applying the model to other sectors and a larger sample to facilitate generalization of the results of the study.

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