The Role of Leaders’ Moral Intelligence to Enhance Strategic Leadership

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Abstract
The research aims to test the impact of the leader’s moral intelligence on strengthening the strategic leadership in production organizations by analysing questionnaire responses of 119 leaders working for administrative, productive and technical sectors inside a textile factory in Kut, south-east of Baghdad, and similar groups from a clothing company in Najaf, south of Baghdad. We applied constructs of Mamede et al. (2013) for moral intelligence (integrity, tolerance, responsibility, compassion) and Duursema’s parameters (2014) for strategic leadership (client focus, operational efficiency, business development, organizational innovation). The collected responses were analysed using structural equation modelling. A leader’s moral intelligence posed an active impact on enhancing the strategic leadership of the firms. The research sample is in the context of competition in the Iraqi industrial and production sectors. Moral intelligence is instrumental in improving the positive relationship in strategic leadership. Implications on the provision of valuable production would add up to the targeted local self-sufficiency. The researchers showed that there is a significant effect on the dimensions of the leader’s moral intelligence in strengthening the elements of strategic leadership for organizations.

Keywords
Moral Intelligence, Strategic Leadership, Innovation, Integrity

1. Introduction
The infrastructure of the Iraqi production sector is rudimentary, yet diverse. However, all companies and factories face tremendous challenges at the managerial and administrative level. Many of these factories, either public or private, are now out of service. The identification of causative factors and introducing effective solutions are at the centre of Iraqi researchers’ orientation. The moral intelligence of leaders and managers of these facilities may be of diagnostic and problem-solving values because moral intelligence strengthens strategic leadership and overall organizational performance of companies, especially in the industrial and production sectors.

The production sector in Iraq has been deliberately disrupted, given the radical events it faced over the past years. Therefore, the contribution of this sector to societal needs is minimal. The importance of this study, on the one hand, originates from the influential role of ethical intelligence of the leaders, in boosting the components of strategic leadership. Modern organizations live up with a competitive environment at which development is closely linked to the provision of innovative products, among other parameters. On the other hand, this study highlights the role of the production sector in Iraq and its capacity to meet the country’s requirements and needs for various local products and serve various relevant authorities efficiently.

The research aims to test the relationship between moral intelligence and the strategic leadership in two sample companies. Ramifying from this main objective, a relevant theoretical framework to the main research variables and is highlighted. Several hypotheses, models related to the possibly efficient paths, outer weights and loadings are tested. Recommendations and practical implications for future managerial research are given.

2. Theoretical Framework

This section explores the basic tenets of the theoretical framework needed to analyses moral intelligence and strategic leadership with reference to these variables to organizations.

2.1 Moral Intelligence

2.1.1 Definition

Moral intelligence (MI) was defined as “mental capacity to determine how the universal human principles are applied to our personal values, goals, and actions” (Lennick and Kiel, 2007, Nozari et al., 2013). Bozaci (2014) defined MI as the ability to behave ethically or capacity of depending behaviour to ethics. Morally competent behaviours; has features like being emphatic, taking responsibility of others, self-actualization and self-control. Jani (2016) considered MI an attentive tool designed to
explore the human’s life and nature, socioeconomic welfare, open communications and citizenship rights. In this flat world, leaders with higher moral intelligence create trust and commitment in the organization that is required to prosper commerce. Prasetiawan and Barida (2018) defined MI as an individual’s moral capacity that combines emotionality and intellectuality to think, behave, and act in line with society’s values. Saleh (2006) sees MI implies harnessing and practising ethical essentials to values, where judgment and analysis of possible consequences precede actions. Al-Adamat et al. (2020) conclude that MI is a solicited skill that can be honed through practice. The definitions enumerated above share basic elements regarding MI that can produce an operational definition for this study. Moral intelligence is efficient, ethical behaviours based on mental and personal abilities and skills, which enhance values and actions for our work and environment.

2.1.2 Significance

Morality is considered a strategic capital for any organizations. It is believed that morality is the main pillar of organizational reputation. Certainly, morality is prerequisite of management (Soltani and Prokop, 2007), and managers should consider to the highest ethical standards within their organizations. Morality or ethics are principles which demonstrate right and wrong behaviours. There are three views about it:

- Utilitarian view: results or outcomes influence ethical decisions;
- Rights view: the freedom and rights of individuals are the main determinants of making the decision; and
- Theory of justice view: managers execute all rules impartially.

Morally intelligent leaders kept stable and lucrative organizations, preserving organizations from economic and financial crises (Mamede et al., 2014). Leadership morality is now applauded, in business ethics research, because it can bridge the boundary between altruism and self-narcissism. A leader’s moral intelligence is directly proportional to the self-committing behaviours they show themselves.

Trading managers’ experiences in America, Japan and many international companies have emphasized that moral behaviour is conducting the right task in the rightest way. MI impacts on the financial performance of the organization because a leader honesty is linked to achieving higher performance for commerce (Jani, 2016).

2.1.3. Tenets of Moral Intelligence
Adopting Mamede et al. (2014), we apply the following tenets to analyses a leader’s moral intelligence.

A. Integrity:

Integrity has various core elements that differ at the individual and pragmatic levels. For organizations, the value of maintaining integrity is crucial because preserving the culture of integrity about a person’s personality embodies trust and belief in this individual, which are key assets to achieve long-term success and promote organizational sustainability (Duggar, 2009). To Sun et al. (2018), integrity implies honesty, solidarity, consistency and non-corruption as it has a moral connotation related to adherence to shared ethical values and principles.

B. Forgiveness

Palanski (2012) viewed forgiveness as a victim’s intrapersonal act of relinquishing anger and resentment, but reconciliation as an interpersonal act whereby the victim seeks to repair the relationship.

Forgiveness as is a personal act of the aggrieved who gives up anger and resentment and initiates reconciliation as a personal act as the aggrieved person seeks to repair the relationship. Dahiya and Rangnekar (2019) consider forgiving is to adopt a recovery approach or emotion-focused coping strategy known as workplace forgiveness in order to minimize the potential spurious or confounding effects that might influence the relationships between employees.

C. Responsibility

The main components are 1) taking personal responsibility, 2) admitting mistakes and failures, and 3) embracing responsibility for serving others (Clarken, 2009). Jani (2016) confined the staffs’ organizational citizenship behaviour to possessing considerable moral intelligence as regards taking decisive managerial actions and bearing their consequences.

D. Compassion

Compassion diversified to encompass caring about others, which involves showing respect for others. Compassion shows a boomerang effect because compassionate persons receive empathy when they fall in trouble (Beheshtifar et al., 2011). For Jani (2016), compassion encodes mutual attention.

2.2 Strategic Leadership

2.2.1. Definition
Strategic leadership (SL) promote strategic organizational flexibility and enhance business sustainability. SL is visionary and influential leaders to focus on people, implements this vision, activate integrity, stretches employees for high performance, and keeps oriented towards the objectives (Mpofu, 2010). Consistent with upper echelons theory Strand (2014) defines the central thesis of SL as a small group of people occupying the positions at the top of an organization who influence organizational outcomes remarkably. Strategic leadership is also defined as the ability to combine visionary operational management, including the spread of ideas, and embedding these into company operations (Malewska and Sajdak, 2014). Zia-ud-Din et al. (2017) believe that SL includes dealing with problems commonly handled by the top management team of an organization. Sarfraz (2017) defines SL as a personal and organizational experience and a process that leaders will need to develop to sustain their success in their organizations. Concluding from the previous definitions, SL centres on is the ability that brings together vision and ideas, which depends on personal and organizational experience in dealing with the problems facing the organization and thus achieving excellence in achieving its goals.

2.2.2. Significance

The SL of any organization plays a critical role in developing the organization's capabilities and increasing the value of its performance to achieve a competitive advantage (Kiyak et al., 2011). According to (Malewska and Sajdak, 2014), SL requires the operational supervision of daily activities, and a simultaneous strategic, long-term responsibility. SL also assumes the formulation and implementation of strategies for unforeseen events and operationalization of long-term objectives to ensure survival and development. Zia-ud-Din et al. (2017) explained that SL is vital to create a unique relation between management and employees in order to enhance employee performance.

Sarfraz (2017) highlight that Strategic leadership requires an individual to constantly think, reflect and analyses all viewpoints and relationships that border their organization so that the organization's affluence is promoted and sustained. This can only be achieved when this person has an insightful comprehension of the complexity between the company, shareholders and the environment. This means that strategic leaders must be able to anticipate through trends, imagining various scenarios with available information and having broad networks that include the consumer, partner and competitor perceptions.

2.2.3. Tenets of Strategic Leadership

Applying Duursema’s method (Duursema, 2013), the following tenets of SL are enabled.
A. Client Centricity

The concept of client-centricity (CC) entails strategic leadership behaviour which stimulates an organizational culture which places the consumer at the centre of the firm’s while thinking about strategy and operations (Nozari et al., 2013). Coetzee (2014), Client centricity considers CC a proactive client acquisition and retention approach designed to constantly identify and meet client needs.

B. Operational Efficiency

Regardless of the multifaceted definitions of operational efficiency (OE), it usually measures the deviation from the cost-efficient frontier, which represents the maximum achievable output for a given level of inputs (Ikhide, 2008). Gill et al. (2014) explained that OE could also be conceptualized as the extent to which changes in the cycle of cash conversion, the expenses of operationalization to the ratio of sales revenue, turnover of the total asset, the flow of the operating cash, the ratio of the total debt to total assets, size of firms, and the impact of operating risk in the future performance of the organization.

C. Business Development

According to Forsman (2008), the development efforts in organizations rely on two perspectives. First, the development work consists of continuous, gradually progressive improvements based on the Kaizen-philosophy; or second, the development work consists of radical, single-shot reform based on reengineering. Duursema (2013) believes that business development (BD), like CC, focuses on the environment, with more emphasis on exploration because BD is based on the gathering and interpretation of information about the unknown environment.

D. Organizational Creativity

Organizational creativity (OC) is a new and gainful idea which result from a joint effort, emanating from work-related challenges (Derecskei, 2014). “OC denotes the capability to generate new and useful ideas that concern products, services, processes, managerial practices and competitive strategies (Olszak and Kisielnicki, 2016).

3. Methodology

The two hypotheses of this study are based on the theoretical background, and previous studies, assuming that (Eskandari et al., 2019, Hermawati and Puji, 2019, Nouhi Bezanjani et al., 2019):

Hypothesis (H1). Incorporate management, there is no significant correlation between moral intelligence and strategic leadership.

Hypothesis (H2). Moral Intelligence does not affect strategic leadership.
Therefore, the following questions are posed.

1. Does corporate management enjoy the ethical intelligence that distinguishes it from its competitors in its business sector?

2. Does corporate governance apply strategic leadership in doing their business?

3. Is there a correlation between leaders’ moral intelligence and strategic leadership?

4. Does leaders’ moral intelligence strengthen the components of strategic leadership?

According to the research problem and its objectives, a hypothetical model has been formulated that depicts the relationships between research variables and explains the relationship of MI in strengthening the tenets of SL. in Figure 1 displays the conceptual model and defines the latent variables and indicators.

![Research Model Diagram](image)

**Fig. 1.** Research Model

Data were collected from 119 Iraqi respondents, who were leaders working for administrative, production and technical sectors inside a textile factory in Kut, south-east of Baghdad, and similar groups from a clothing company in Najaf, south of Baghdad to answer these research questions. The items of the questionnaire were adapted from the constructs of Mamede et al. (2014) for moral intelligence (integrity, tolerance, responsibility, compassion) and Duursema (2013) parameters for strategic leadership (client focus, operational efficiency, business development, organizational innovation). The compiled data were analysed using structural equation modelling.
Other than calculating the weighted mean, standard deviation, as standard descriptive statistical tests, to verify the centralization of the collected answers, we calculated simple correlation coefficient, simple regression analysis, Cronbach’s alpha coefficient, and confirmatory factor analysis. The findings were considered statistically significant when the $p$-value was less than 0.05.

4. Results and Discussion

4.1 Measures

The researcher has created a five-scale Likert questionnaire to be distributed among the volunteering participants. Table 1 displays a detailed explanation of the reliability and validity measures. As tabulated, the values of Cronbach’s alpha were of higher than 0.7; indicating that the internal consistency is acceptable.

Table (1): Research scale and degree of stability

<table>
<thead>
<tr>
<th>Variables</th>
<th>scale</th>
<th>Number of questions</th>
<th>Cronbach Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moral intelligence</td>
<td>Mamede et al. (2014)</td>
<td>12</td>
<td>0.70</td>
</tr>
<tr>
<td>Strategic leadership</td>
<td>Duursema (2013)</td>
<td>19</td>
<td>0.77</td>
</tr>
</tbody>
</table>

4.2 Convergent Validity

The confirmatory factor analysis (CFA) is used to investigate the construct validity of the scale using a statistical program (IBM SPSS AMOS 23) that uses structural equation modelling (SEM) to test hypotheses on complex variable relationships. Figure 2 shows the results of the empirical factor analysis of MI construct. Model 1 did not achieve the required matching indicators, which forced the researcher to modify the model. After deleting the redundant indicators, the values of the model fit index were acceptable ($\text{CIMN} / \text{df} = 2.11$, $\text{CFI} = 0.90$, $\text{TLI} = 0.92$, $\text{RMSEA} = 0.079$). Also, the value of estimates parameter was acceptable too.
Fig. 2. Outputs of Confirmation Factor Analysis of moral intelligence

For the confirmatory factor analysis of the SL construct, the values of the model fit index were acceptable (CIMN / df = 3.08, CFI = 0.92, TLI = 0.91, RMSEA = 0.070). The estimates parameter was acceptable too.
Fig. 3. Outputs of the Confirmation Factor Analysis of strategic leadership

4.3 Descriptive Statistics

Table 2 views the correlation matrix and descriptive statistics of the latent variables, noting that the hypothesized mean used for the scale was 3 in order to evaluate the representativeness of the sample to the studied variables and indicators.

<table>
<thead>
<tr>
<th></th>
<th>leader’s integrity</th>
<th>forgiveness</th>
<th>compassion</th>
<th>Moral intelligence</th>
<th>Strategic leadership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic leadership</td>
<td>0.48**</td>
<td>0.35**</td>
<td>0.37**</td>
<td>0.55**</td>
<td>1</td>
</tr>
<tr>
<td>Arithmetic mean</td>
<td>3.96</td>
<td>3.97</td>
<td>3.84</td>
<td>3.92</td>
<td>3.96</td>
</tr>
<tr>
<td>standard deviation</td>
<td>0.61</td>
<td>0.78</td>
<td>1.09</td>
<td>0.59</td>
<td>0.11</td>
</tr>
</tbody>
</table>

** significant at the level (0.01)

The weighted mean of leaders’ integrity was 3.96 (SD= 0.61) (after adjusting). Given that the value of the mean was higher than the hypothetical mean, participating Iraqi leaders enjoyed high integrity. The small values of kurtosis, skewness and SD indicate that the sample is homogenous.

The weighted mean of leaders’ forgiveness was 3.96 (SD= 0.61) (after adjusting). Given that the value of the mean was higher than the hypothetical mean, participating Iraqi leaders enjoyed high integrity. The small values of kurtosis, skewness and SD indicate that the sample is homogenous.

The weighted mean of leaders’ compassion was 3.84. The value of the mean is higher than the hypothetical mean, and this indicates the strength of the leaders of the planets in this regard. However, the values of dispersion were high, and the standard deviation was 1.09. The general weighted mean of strategic perception variable was 3.92 (SD= 0.59); indicating the adoption of moral intelligence among the studied respondents.

The mean weighted mean for the strategic leadership was 3.96 (SD= 0.11); indicating leaders’ awareness of this variable.

4.4 Testing the research hypotheses

The researcher adopted a set of statistical methods to test the following hypotheses.
H1. There is no significant correlation between the leader’s MI and SL

As Table 2 illustrates, there was a positive correlation between MI and SL ($p < 0.01$), at the level of latent variables and indicators. The null hypothesis was rejected.

Accordingly, the correlation between the leader’s moral intelligence and strategic leadership is statistically significant. The more an Iraqi leader tends to adopt a pattern of strategic leadership in his work, moral behaviour is ascertained.

H2. There is no significant effect of leader’s strategic awareness on strategic awareness.

Simple regression analysis was used to verify the hypotheses stated above. Table 3 shows the measures of the structural model. By calculating $t$-test and $F$-values, it is found that MI affects SL ($p<0.01$). For the indicators, the total direct effect of the leader’s integrity on SL was 0.09, explaining 23% of the changes that occur in SL. The total direct effect of forgiveness on SL was 0.05, explaining 12% of the changes that occur in SL.

Moreover, the total direct effect of the leader’s compassion on SL was 0.04, explaining 14% of the changes that occur in SL. However, the leader’s MI variable affects SL by 0.11, explaining 30% of the changes that occur in SL.

<table>
<thead>
<tr>
<th>Strategic leadership</th>
<th>$t$</th>
<th>$f$</th>
<th>$R^2$</th>
</tr>
</thead>
<tbody>
<tr>
<td>leader’s integrity</td>
<td>5.89</td>
<td>34.**</td>
<td>0.23</td>
</tr>
<tr>
<td>forgiveness</td>
<td>5.01</td>
<td>16**</td>
<td>0.12</td>
</tr>
<tr>
<td>compassion</td>
<td>4.36</td>
<td>19**</td>
<td>0.14</td>
</tr>
<tr>
<td>Moral intelligence</td>
<td>7.10</td>
<td>51**</td>
<td>0.30</td>
</tr>
</tbody>
</table>

5. Discussion

Through analysis of the description and diagnosis of the opinions of the research sample, it was found that there is a clear awareness of the dimensions of the moral intelligence of the leader, which means that they are achieved by the members of the sample and to a varying percentage (Ahmad Khosravi et al., 2019, Arceño et al., 2019, Crawford et al., 2020, Nullens, 2019, Sidani and Rowe, 2018, Ahmadi et al., 2014).

6. Conclusions and Recommendations
The researchers conclude that the leader’s MI have a positive effect on enhancing SL within the studied Iraqi sectors. The researchers recommend the necessity of employing tenets of MI to improve the efficacy of SL, especially heightening the feeling of responsibility, which was consistent with presenting new products that added value to the industrial and production Iraqi sectors. Increasing productivity is a stepping stone for the Iraqi community to achieve local self-sufficiency.

The spatial limitation of the research is stipulated to conducting the study on leaders from the textile factory in Kut and a factory in Najaf. Large-scale studies are recommended to support the findings of this study because the criteria of inclusion in this study were limited to volunteering participants who were members of the Board of Directors and the directors of branches.

References:


