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# The Impact of Sustainable Leadership on Management of Risks and the Intermediate Role of Strategic Monitoring

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**Abstract:** *The present study aims to study the impact of sustainable leadership on management of risks and the intermediate role of strategic monitoring in banking sector in Jordan. the study uses a sample of banks listed in Amman Stock Exchange in Jordan. the study utilizes a survey questionnaire of 159 from different categories of staff working in banks listed in Amman Stock Exchange in Jordan. The findings of the study reveal that the relationship between the social, risk management and strategic dominions, the results show that there is a positive effect when applying the social dimension characteristics (Sustainable Leadership and true representation). the impact of sustainable leadership on the true representation is higher than the impact of applying sustainable leadership on suitability according to the perspective of the risk management (credit risk management) and the moderate variables strategic monitoring of the (competitive dimension).*

**Keywords:** *Sustainable Leadership, Risk Management, Strategic Monitoring.*

## I. INTRODUCTION

The concept of sustainable leadership includes achieving the interests of internal and external stakeholders within the dimensions of economic, environmental and social sustainability, which must be adopted as a sustainable strategic concept to achieve the strategic objectives of the establishment and community objectives so that the concept of strategic success of the company is not only about making profits but also extends to monitor with a future predictive eye environmental indicators and social indicators. (Hamadnah, 2019).

Based on this, the Commission, formed by the United Nations In 1987, issued a report with a specific definition of sustainable development, defining it as development that meets the needs of the current generation without neglecting the needs of future generations (Brontland Report, 1987), the development perspective here is not limited to the current period but must be assessed in the light of the foreseeable future.

The concept of sustainable banking leadership in accordance with this vision refers to banks adopting long-term growth strategies in management through sustainable shareholder profits, relationships with customers, and appreciation and development of human resources capabilities in full respect for the surrounding environment and community considerations, where banks influence sustainable development as the primary lender of all types of projects and business activities.

Since obtaining current and future information is useful for the decision-maker in determining the strategic direction and building scenarios that enable response, adaptation or avoidance of potential risks and threats and in light of the global interest in adopting the concept of sustainable leadership as a strategic option, this study comes to identify its impact on risk management through the immoderate variables of strategic monitoring of Jordanian banks listed on the Amman Stock Exchange.

### A. Problem of Study

In this study is there one main question to solve the problem through asking on details under below:

What is the impact of sustainable leadership (social and environmental) have on risk management (credit risk) through the moderate variables of strategic monitoring (competitive monitoring) in Jordanian banks listed on the Amman Stock Exchange?

To answer this question created secondary questions under below:

- 1) What is the level of sustainable leadership practice (social dimension and environmental dimension) in Jordanian banks listed on the Amman Stock Exchange?
- 2) What is the level of risk management practice (credit risk) in Jordanian banks listed on the Amman Stock Exchange?
- 3) What is the level of strategic monitoring practice in Jordanian banks listed on the Amman Stock Exchange?

**B. Objectives of Study**

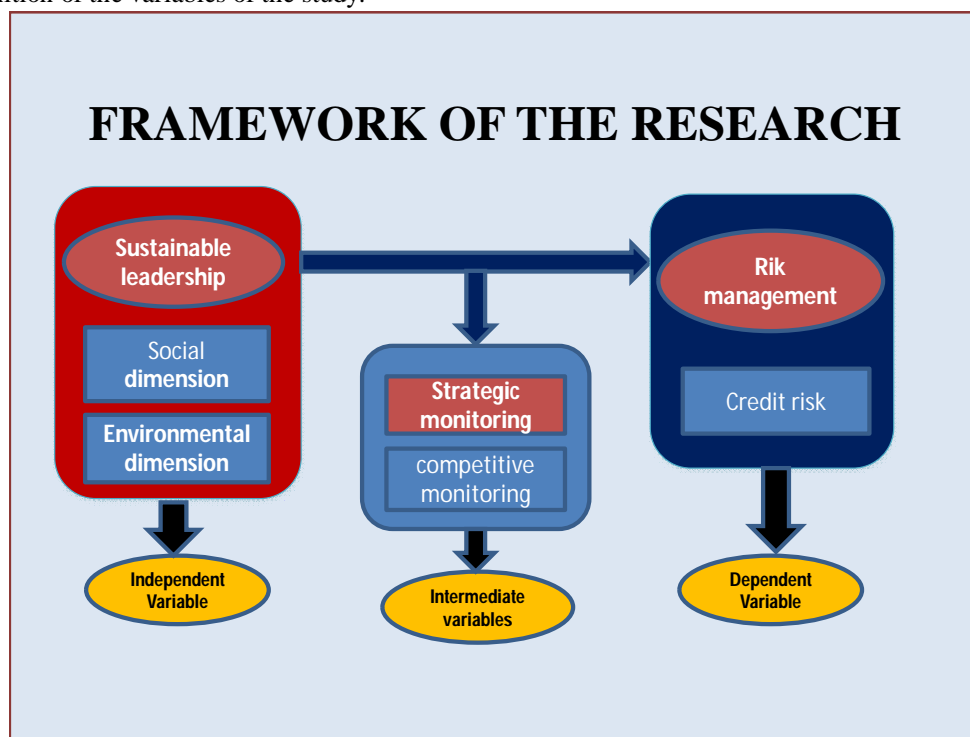
To analyze the impact of sustainable leadership (social and environmental) through the social and environmental as the dimensions of environment and social on the risk management through credit risk and of the moderate variable of strategic monitoring through the competitive dominion Jordanian banks established in stokeholds of Amman market.

**C. Hypotheses of Study**

- 1)  $H0_1$ : There is no significant statistical and moral significance to the dimensions of sustainable leadership (social dimension and environmental dimension) on the management of credit risk in Jordanian banks listed on the Amman Stock Exchange.
- 2)  $H0_2$ : There is no intermediate effect of the dimensions of strategic monitoring in the relationship between the social dimension and credit risk management in Jordanian banks listed on the Amman Stock Exchange.

**D. Research Methodology**

The researcher used primary data. Primary data was collected through the questionnaires distributed to 216 high senior manager in the Jordanian banks specialize. The study used (216) questionnaires were distributed, (180) were retrieved however (159) were lifted for analysis of data. The study used multiple regression analysis and process macro to analyze the moderating effect. The study investigates the effect of sustainable leadership on risk management. Social dimension and environmental dimensions have been taken as measures of sustainable leadership. Credit risk was taken as a measure of risk management. Further, strategic monitoring by competitive monitoring was taken as a moderating variable between sustainable leadership and risk management. Following is a definition of the variables of the study.



**II. CONCEPTUAL AND PROCEDURAL DEFINITIONS**

- 1) *Sustainable Leadership*: Sustainable leadership is when leaders of businesses (often CEOs) manage companies with environment, society, and long term sustainable development goals in mind. ... It's all about leading in a way that benefits societies and the environment, while maintaining financial performance (Tideman, Zandee, 2013).
- 2) *The Environmental Dimension of Sustainable*: the impact of the Organization on the living and non-living natural systems, including land, air, water and ecosystems. Environmental category covers input effects) such as energy and water (and output) such as liquid and solid waste emissions. (In addition, it covers biodiversity, transport and effects on product and service in addition to environmental compliance and environmental expenditures. (Global Reporting Initiative, [www.globalreporting.org](http://www.globalreporting.org)).

- 3) *The Social Dimension of Sustainable*: regarding caused by social systems organization that operates within. Social category includes the following subcategories: employment and decent work practices, and human rights community, and product liability. (Global Reporting Initiative, [www.globalreporting.org](http://www.globalreporting.org)).
- 4) *Risk Management*: It was also defined as an event or impact that threatened the success of the organization's work in terms of time or quality (Olufemi, 2013).
- 5) *Strategic Monitoring*: Strategic monitoring is defined as a means of supporting strategic management, practiced by medium- and large-scale organizations with complex organizational structures and applied by senior management levels (Bienkowska, 2017).

### III. ANALYSIS AND DISCUSSION

Table (1) Multi-decline analysis of the impact of sustainable leadership variables on credit risk management

Table H01: 1 shows the results of the multi-regression analysis of the impact of sustainable leadership variables on credit risk management. According to the regression equation, developmental risk management has been considered as a dependent variable, and sustainable leadership variables (social and environmental) have been considered as independent variables. The results in table (1) indicate that there is a statistically significant effect at the level of (1%) for the economic dimension of managing developmental risks. It is also clear that the level of statistical indication of social dimension variables ( $0.010 < 0.828 = \text{Sig}$ ) and the environmental dimension ( $0.10 < 0.11 = \text{Sig}$ ) is greater than the statistical indication levels adopted to prove any statistical impact (1%, 5%, 10%), and therefore it is clear that there is no impact on the management of developmental risks. In general, the results of the regression analysis in the table (1) note that the value of the R square amounted to (51%) AdjustedR2 was valued at 50%. This indicates that the variables covered by the decline equation contribute (50%) From Change in the management of developmental risk. It is also noted that other Durbin-Watson\*sig indicators have achieved the required level where durbin-Watson should be at (2.2) or less, and the value of sig. It should be less than (0.05), as shown by the results of the analysis, as durbin-Watson's value was (1.886, less than 2.2) and sig. was ( $0.05 > 0.000$ ) as these indicators are evidence of the validity of the multiple decline equation in estimating results and forecasting.

Table (1): The multi-regression analysis of the impact of sustainable leadership variables on credit risk management.

$CRED_{it} = \alpha_i + \beta_1 ECO_{it} + \beta_1 SOC_{it} + \beta_1 ENV_{it} + \epsilon_{it}$			
multi-regression analysis	T value	$\beta$	Sig.
Fixed coefficient	2.712		.007***
Social dominion	-.217	-.012	.828
environmental dominion	1.588	.112	.114
R			.715 <sup>a</sup>
R Square			.511
Adjusted R Square			.501
Durbin-Watson			1.887
F value			53.966
(Sig.)			.000***
Note :*** indicates a level of moral significance at 1% Shortcuts in the downsizing equation :(CRED) credit risk management, (ENV) environmental dimension, (SOC) social dimension.			

- Results of the Third Sub-Hypothesis (H02): There is no effect of the intermediate variable of the competitive monitoring dimension in the relationship between the social dimension and the credit risk management dimension of Jordanian banks listed on the Amman Stock Exchange.

Table (2) shows the results of the impact of competitive monitoring as an intermediate variable on the relationship between the independent variable (social dimension) and the dependent variable (credit risk management dimension) where the results indicate that the independent variable (social dimension) positively affects the level of statistical indication (1%) ( $0.01 > 0.000$  (P = on the intermediate variable (after competitive monitoring).



The existence of this effect also shows the upper limit = ULCI and lower limit = LLCI for confidence=CI indicators that indicate that this effect exists if zero does not fall between the minimum and the highest levels of confidence. If zero is within the upper and lower limits, it can be ruled that there is no effect, but if the confidence levels at the upper and lower limits are both positive and negative (not including zero between the lower and upper limits), then this can be judged to be the effect. Therefore, given the lower limit = ULCI = 0.282 and upper Limit = LLCI =0.633 for the social dimension (independent variable), it can be judged to have an effect of the independent variable on the intermediate variable.

With regard to the impact of the independent variable (social dimension) and the intermediary (the dimension of competitive monitoring) on the dependent variable (credit risk management dimension), the results indicate that there is no effect at any level of statistical significance (1%, 5%, 10%) ( $0.10 < 0.271$  (P = social dimension at the distance of credit risk management). ( $0.01 > 0.000$  (P =, as shown by lower limit = ULCI =0.371) Upper Limit = LLCI =0.676) has an impact on the social dimension as both upper limits and minimum confidence levels do not include 'zero' between their upper and lower limits. To confirm the existence of this effect, the overall impact of the competitive monitoring dimension variable can be seen, as the values of both BootLLCI and BootULCI (which reflect the highest and lowest levels of confidence at the macro level have been (0.035) and (0.079), with the values at their upper and lower limits not included the reform, the results indicate that the social dimension variable affects the dimension of credit risk management through competitive monitoring.

Table (2)

Testing the intermediate role of competitive monitoring dimension in the relationship between the social dimension and credit risk management

The effect of dependent variable on the moderate variable						
$CRE_{it} = \alpha_i + \beta_1 SOC_{it} + \epsilon_{it}$						
Variable	The low level of confidence	The high level of confidence	Sig.	T value	Std. Error	$\beta$
Fixed coefficient	11.902	8.740	***0.000	12.901	0.800	10.321
Social dimension	0.633	0.282	***0.000	5.157	0.089	0.457
R						0.38
Adjusted R <sup>2</sup>						0.15
Sig.						***0.000
The effect of dependent variable and moderate viable on the independent						
$CRE_{it} = \alpha_i + \beta_1 SOC_{it} + \beta_2 COM_{it} + \epsilon_{it}$						
Fixed coefficient	10.837	6.457	***0.000	7.798	1.109	8.647
Social dimension	0.081	-0.285	0.271	-1.104	0.093	-0.105
Competitive monitoring	0.676	0.371	***0.000	6.796	0.078	0.524
R						0.49
Adjusted R <sup>2</sup>						0.24
Sig.						***0.000
there is a coefficient or not of the moderate effect (total effect)						
viable	BootULCI Minimum Level of Trust		BootLLCI Maximum Level of Trust	Standard error	The effect	
Indirect impact through strategic monitoring	0.079		0.035	0.011	0.056	
Note: *** indicates a statistically significant effect at 1%, ***** indicates a statistically significant effect at 5%, and ***** indicates a statistically significant effect at 10%. Shortcuts in the Downsizing Equation :(CRE) Credit Risk Management, (COM) Competitive Monitoring (SOC) Social Dimension.						

#### IV. CONCLUSION

The results of the study showed up with appositive effect to apply sustainable leadership on social of relevance and environmental dimension representation of perspective of and risk management staff in the banks operating in Jordan and Amman Stock Exchange listed. The results of the study showed that the degree of positive impact of sustainable leadership on genuine representation property is higher than the degree of positive impact property of convenience. The results of the study showed that application of the sustainable leadership banks operating in Jordan and Amman Stock Exchange listed, but partially low which means that most guidelines for sustainable leadership is not affected in the environmental dimension. The results of the study showed that application of the sustainable leadership banks operating in Jordan and Amman Stock Exchange listed, but partially found the significant of strategic monitoring intermediate variable of competitive which means that most guidelines for sustainable leadership is not affected in the environmental dimension.

For the banks to apply sustainable leadership a positive effect on my own convenience and genuine representation of social dimension in particular it includes aspects of strategic and combating compliance and risk strategic of stakeholders and therefore need to adopt Bank researcher recommends applying the concepts of sustainability reports. The researcher recommends banks that applied sustainable leadership need publication through the website of the securities for the benefit of all users of the financial statements being posted off through the Bank's website. The researcher recommends Jordanian universities for a conference about sustainable leadership strategic to promote a culture of sustainable leadership concepts.

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