

THE INTERACTION OF STRATEGIC INTELLIGENCE AND STRATEGIC LEADERSHIP STYLES IN DEVELOPING DYNAMIC CAPABILITIES: EVIDENCE FROM IRAQI BANKS

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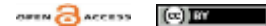
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ABSTRACT

Purpose- This study investigates the interactive role of strategic intelligence and strategic leadership styles in developing dynamic capabilities within Iraqi banks. It aims to clarify how leaders' strategic insight, future orientation, and leadership behaviors jointly contribute to enhancing organizational adaptability and sustaining competitive advantage in a turbulent and uncertain environment.

Methodology- A descriptive-analytical research design was employed. Data were collected through a structured questionnaire distributed to senior and middle managers in public and private Iraqi banks. Of the 130 questionnaires distributed, 120 valid responses were received, yielding a response rate of 92.3%. The data were analyzed using SPSS and AMOS to examine both the direct and interactive relationships among the study variables.

Findings- The results indicate that strategic intelligence and strategic leadership styles each exert a statistically significant positive effect on the development of dynamic capabilities. Furthermore, the interaction between strategic intelligence and leadership styles demonstrates a stronger influence on banks' abilities to sense environmental changes, seize emerging opportunities, and effectively reconfigure organizational resources.

Conclusion- The study concludes that integrating strategic intelligence into leadership practices is crucial for strengthening dynamic capabilities in the Iraqi banking sector. By promoting strategic awareness, adaptive leadership, and systematic environmental scanning, banks can enhance innovation, organizational resilience, and long-term competitiveness. This research contributes to the strategic management literature by offering empirical evidence from an emerging economy and emphasizing the combined impact of leadership and strategic intelligence on dynamic capabilities.

Keywords: Strategic intelligence, strategic leadership styles, dynamic capabilities, Iraqi banking sector, organizational adaptability, emerging economies

JEL Codes: M10, M12, G21

1. INTRODUCTION

Modern organizations operate in environments characterized by continuous instability, technological disruption, and intensified global competition. Rapid advancements in digital technologies, evolving customer expectations, and the increasing complexity of business ecosystems have amplified the importance of strategic foresight and adaptability (Zabel & O'Brien, 2024). In this context, strategically intelligent and visionary leadership is more crucial than traditional financial or physical assets, as effective leaders must anticipate change, promote learning, empower employees, and sustain long-term organizational vision (Mohammad et al., 2024).

Strategic leadership facilitates the formulation and implementation of strategies that align with environmental changes and organizational capabilities, while strategic intelligence equips decision-makers with analytical and perceptual tools to anticipate shifts, interpret signals, and design adaptive responses. Together, these constructs strengthen dynamic capabilities, defined as an organization's ability to sense opportunities, seize them, and reconfigure resources to maintain competitiveness (Zabel & O'Brien, 2024; Future Business Journal, 2025).

In emerging economies such as Iraq, banks face heightened uncertainty due to regulatory changes, economic fluctuations, and technological challenges. Developing dynamic capabilities is therefore critical for achieving operational stability and competitive advantage. However, limited empirical research has examined the integrated effect of strategic intelligence and leadership styles on dynamic capabilities within the Iraqi banking sector.

This study aims to fill this gap by investigating how the interaction between strategic intelligence and strategic leadership styles contributes to strengthening dynamic capabilities. The findings provide both theoretical insights and practical recommendations for enhancing resilience and strategic agility in Iraqi banks.

Despite the recognized importance of dynamic capabilities as a strategic approach to environmental changes, few studies have explored the drivers shaping their development in financial institutions, particularly in emerging economies (Zabel & O'Brien, 2024). Strategic leadership and strategic intelligence are considered key enablers of dynamic capabilities, guiding organizational transformation by shaping vision and enhancing leaders' analytical and perceptual abilities to respond to market shifts.

Interviews with senior managers in selected Iraqi banks (e.g., Middle East Bank and Ashur Bank) revealed limited awareness of dynamic capabilities and gaps in meeting customer expectations, highlighting the need to examine how leadership and intelligence jointly influence dynamic capability development. Accordingly, the research problem is articulated as follows: To what extent does the interaction between strategic intelligence and strategic leadership styles influence the development of dynamic capabilities in Iraqi banks?

To address this problem, the study poses the following research questions: (1) To what extent does strategic intelligence affect the development of dynamic capabilities in Iraqi banks? (2) To what extent do strategic leadership styles affect the development of dynamic capabilities? (3) How does the interaction between strategic intelligence and strategic leadership styles influence the development of dynamic capabilities?

The study aims to achieve the following objectives: examine the impact of strategic intelligence on developing dynamic capabilities, test the effect of strategic leadership styles on dynamic capabilities, and measure the combined (interactive) effect of strategic intelligence and strategic leadership styles on the development of dynamic capabilities in Iraqi banks.

1.1. Research Significance

The significance of this study stems from both theoretical and practical contributions. This paper is structured as follows: Section 2 presents the theoretical framework and literature review; Section 3 outlines the research methodology; Section 4 presents the results and analysis; Section 5 discusses the findings and concludes the study.

From a theoretical perspective, this study is among the first to empirically examine the combined impact of strategic intelligence and strategic leadership styles on the development of dynamic capabilities in Iraqi banks. By integrating leadership and intelligence theories within the broader framework of dynamic capabilities, it enriches the academic discussion and contributes to the growing literature on strategic management in emerging economies. These insights provide a deeper understanding of the mechanisms that support adaptability and resilience in turbulent environments.

From a practical perspective, the study offers valuable guidance for decision-makers in the banking sector. It highlights how strategic intelligence can be effectively integrated into leadership practices to drive innovation, creativity, and sustainable growth. Furthermore, it supports banking institutions in identifying and eliminating inefficiencies, enhancing their ability to allocate time, resources, and knowledge effectively, and designing strategic plans that strengthen dynamic capabilities amid environmental uncertainty.

1.2. Research Hypotheses

Based on the theoretical background and research questions, this study proposes three hypotheses. First, it is hypothesized that strategic intelligence, through its dimensions of insight, future vision, systems thinking, partnership, and motivation, has a statistically significant effect ($\alpha \leq 0.05$) on the development of dynamic capabilities in Iraqi banks. This hypothesis reflects the role of strategic intelligence in enhancing organizational adaptability and decision-making quality.

Second, it is proposed that strategic leadership styles, including transformational, transactional, and entrepreneurial leadership, exert a statistically significant effect ($\alpha \leq 0.05$) on the development of dynamic capabilities in Iraqi banks. This hypothesis underscores how different leadership approaches contribute to guiding organizational resources, fostering innovation, and sustaining competitive advantage.

Finally, the study examines the interactive effect of strategic intelligence and strategic leadership styles, hypothesizing that their interaction has a statistically significant effect ($\alpha \leq 0.05$) on dynamic capabilities development. This hypothesis highlights the potential synergy between intelligent decision-making and adaptive leadership in shaping the organization's ability to sense, seize, and transform in response to environmental changes.

1.3. Study Variables

The research model of this study is structured around three types of variables: independent, dependent, and demographic variables, which collectively aim to capture the relationships between strategic intelligence, strategic leadership, and dynamic capabilities in Iraqi banks.

The independent variables include strategic intelligence and strategic leadership styles. Strategic intelligence is conceptualized through five dimensions: insight, future vision, systems thinking, partnership, and motivation. These dimensions represent the cognitive and analytical capabilities that enable leaders to interpret complex environments, anticipate challenges, and make informed decisions. Strategic leadership styles, on the other hand, encompass transformational, transactional, and entrepreneurial leadership, each influencing organizational performance, adaptability, and innovation in distinct ways.

The dependent variable of the study is the development of dynamic capabilities, which reflects the organization’s ability to sense opportunities and threats, seize opportunities, and transform processes and structures to maintain competitiveness in a turbulent environment.

Finally, the study considers demographic variables such as gender, age, educational level, job position, and years of experience. These variables provide additional context for analyzing potential variations in how strategic intelligence and leadership styles influence dynamic capabilities across different employee groups.

1.4. Conceptual Model

The conceptual model of this study, illustrated in Figure 1, presents the hypothesized relationships among the study variables. It proposes that both strategic intelligence and strategic leadership styles influence the development of dynamic capabilities in Iraqi banks, both directly and interactively. This model provides a visual framework that underpins the study hypotheses, linking theory to empirical investigation.

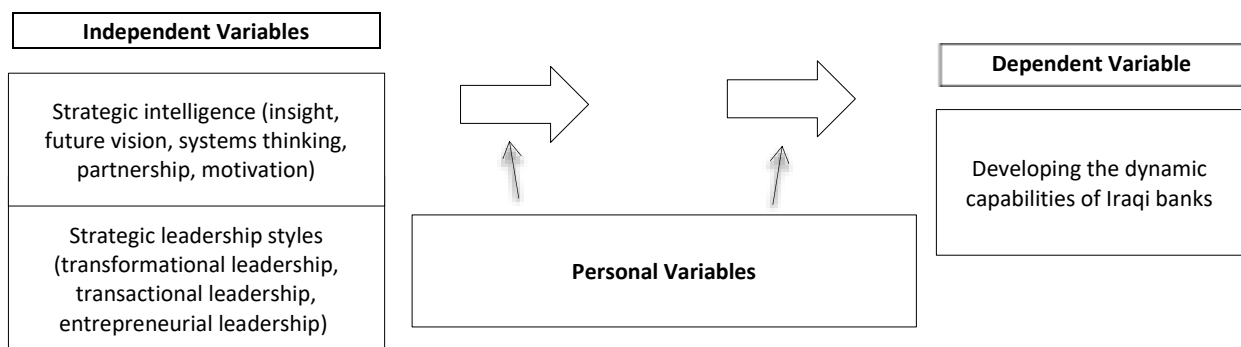
In particular, the model suggests that strategic intelligence, through its dimensions of insight, future vision, systems thinking, partnership, and motivation, enables organizations to anticipate environmental changes and make informed strategic decisions. Similarly, strategic leadership styles—transformational, transactional, and entrepreneurial—guide organizational resources and foster innovation, creativity, and adaptability.

Furthermore, the interaction between strategic intelligence and strategic leadership styles is expected to amplify the development of dynamic capabilities by combining analytical foresight with adaptive leadership practices. This synergy is especially critical in the context of Iraqi banks, where environmental uncertainty and market turbulence demand both intelligent decision-making and flexible leadership.

Figure 1: Conceptual Model of the Study
 (Strategic Intelligence → Dynamic Capabilities)
 (Strategic Leadership Styles → Dynamic Capabilities)
 (Strategic Intelligence × Strategic Leadership Styles → Dynamic Capabilities)

This conceptual framework serves as the foundation for testing the study hypotheses and guides the subsequent methodology and analysis.

Figure 1: Conceptual Model



2. THEORETICAL FRAMEWORK AND LITERATURE REVIEW

2.1. Concept of Strategic Intelligence

Strategic intelligence is a fundamental managerial capability that enables organizations to anticipate environmental changes, interpret market dynamics, and formulate adaptive strategies through the systematic collection, analysis, and interpretation of critical information. This capability supports strategic decision-making and long-term organizational sustainability in dynamic and competitive environments (Al Khasabah & Al-Badayneh, 2025; Mohammad et al., 2024).

Recent literature also indicates that strategic intelligence contributes significantly to organizational resilience and competitive

sustainability by enabling firms to integrate environmental information into proactive strategic responses. According to Mohammad et al. (2024), organizations that effectively combine strategic intelligence with strategic flexibility demonstrate superior adaptability and performance in uncertain business environments.

Recent research emphasizes that strategic intelligence significantly influences how firms adapt to complexity, integrate data into strategic planning, and enhance organizational performance, especially under high uncertainty. For instance, studies in financial institutions have highlighted the role of strategic intelligence in shaping creative responses to environmental demands and organizational agility (Al Khasabah & Al-Badayneh, 2025). Virtus Inter Press Furthermore, empirical work linking strategic intelligence, leadership, and performance suggests that the interplay of these constructs may vary depending on context and implementation, underscoring the need to examine these relationships in settings like banking where volatility and complexity are prominent (Mohammad et al., 2024).

In the context of this study, strategic intelligence is conceptualized as a set of cognitive and analytical processes that equip leaders with foresight and environmental understanding essential for developing dynamic capabilities. This conceptualization forms the theoretical foundation for Hypothesis H1, which posits that strategic intelligence, through its dimensions, significantly affects the development of dynamic capabilities in Iraqi banks. By enhancing leaders' ability to sense opportunities and threats and align organizational resources effectively, strategic intelligence contributes to improved adaptability and sustained competitiveness.

2.2. Dimensions of Strategic Intelligence

Strategic intelligence is typically conceptualized through five interrelated dimensions that collectively enhance an organization's ability to perceive, interpret, and respond to environmental complexities. The first dimension, Insight, refers to the cognitive capability to understand complex situations, identify relevant patterns, and generate interpretations that support strategic decision-making. Recent studies in organizational contexts highlight insight as essential for recognizing subtle changes in market conditions and competitive environments, thereby enabling proactive strategic action (Al Khasabah & Al-Badayneh, 2025; Qamran & Shabani, 2024).

The second dimension, Future Vision, involves forming a clear and compelling image of the desired future state that guides strategic direction and aligns organizational efforts toward long-term goals. In dynamic environments, future vision helps leaders set priorities, anticipate opportunities, and mobilize resources in anticipation of future shifts. Empirical evidence suggests that a well-articulated future vision enhances strategic alignment and organizational responsiveness (Al Khasabah & Al-Badayneh, 2025; Qamran & Shabani, 2024).

A third dimension, Systems Thinking, reflects the ability to understand interdependence within the organization and between the organization and its external environment. Systems thinking enables leaders to analyze how various subsystems interact, anticipate unintended consequences, and make integrative decisions that consider both short- and long-term impacts. Recent literature emphasizes the importance of systems thinking in strategic management for navigating complexity and enhancing organizational coherence (Kunc, 2024).

Moreover, systems thinking has recently gained increasing importance in strategic management literature because it enhances organizational understanding of interconnected processes and supports holistic decision making. Kunc (2024) emphasized that organizations applying systems thinking are more capable of managing complexity and improving strategic responsiveness in dynamic environments.

Partnership Thinking constitutes the fourth dimension and refers to an organization's capacity to build and maintain collaborative relationships and networks that facilitate knowledge sharing and mutual value creation. Strategic partnerships are increasingly recognized as critical for accessing external resources, co-creating innovations, and enhancing organizational resilience in uncertain environments (Al Khasabah & Al-Badayneh, 2025; Qamran & Shabani, 2024).

Finally, Motivation represents the internal and external drivers that influence individuals and teams to pursue strategic objectives with commitment and enthusiasm. Motivation underpins the proactive behaviors necessary for adaptive performance and supports the sustained implementation of strategic initiatives. Research indicates that motivation interacts with other strategic intelligence dimensions to strengthen organizational performance and innovation outcomes (Al Khasabah & Al-Badayneh, 2025; Qamran & Shabani, 2024).

Together, these five dimensions provide a comprehensive framework for understanding how strategic intelligence enables organizations to adapt to complexity and achieve competitive sustainability.

2.3. Importance of Strategic Intelligence

Strategic intelligence enhances organizational success by enabling institutions to anticipate, interpret, and respond effectively to dynamic environments. It allows organizations to identify competitive forces through environmental scanning and competitor analysis, improving market responsiveness and strategic positioning (Al Khasabah & Al-Badayneh, 2025; Qamran & Shabani, 2024).

It also supports evidence-based decision-making, providing leaders with data-driven insights to formulate strategies that enhance adaptability and performance (Mohammad et al., 2024). Additionally, strategic intelligence helps organizations anticipate market shifts and maintain long-term viability by forecasting trends, recognizing potential disruptions, and aligning resources proactively (Al Khasabah & Al-Badayneh, 2025).

Overall, strategic intelligence forms a foundation for developing dynamic capabilities critical for navigating uncertainty and achieving sustainable competitive advantage.

2.4. Concept of Strategic Leadership

Strategic leadership refers to the ability of leaders to guide organizations toward long-term success by influencing others to make decisions that ensure adaptability and sustained performance in complex and dynamic environments. Unlike operational leadership, which focuses on day-to-day tasks, strategic leadership emphasizes setting a clear direction, aligning resources, and fostering a culture of innovation and resilience that enables organizations to navigate change and uncertainty effectively (Bentley University, 2025).

Effective strategic leaders not only anticipate future challenges and opportunities but also integrate vision with action, mobilize resources, and empower others to contribute to shared goals. They balance immediate operational needs with long-term strategic priorities, helping organizations adapt to market shifts and maintain competitiveness. Recent research highlights the critical role of strategic leadership in enhancing organizational learning, innovation, and adaptation, particularly in turbulent environments where foresight and flexibility are essential (Kebede et al., 2024; Journal of Business and Strategic Management, 2025).

Recent studies further suggest that strategic leadership strengthens organizational agility and innovation by promoting strategic alignment and adaptive capabilities. Al Fahad and Al Otaibi (2024) found that strategic leadership positively influences organizational responsiveness and innovation performance, particularly in financial institutions operating under uncertain market conditions.

In the context of this study, strategic leadership is conceptualized as a multidimensional capability that enables leaders to anticipate change, set strategic direction, allocate resources effectively, and integrate internal capabilities with external opportunities. This conceptualization supports Hypothesis H2 by linking strategic leadership to the development of dynamic capabilities in Iraqi banks.

2.5. Objectives of Strategic Leadership

Strategic leadership focuses on guiding organizations toward sustained success by aligning vision, strategy, and resources with long-term objectives. Its key objectives include building and communicating a shared organizational vision, fostering a sense of purpose and direction among employees, and promoting adaptability and innovation to navigate turbulent environments. Additionally, strategic leadership aims to develop future leaders through empowerment, mentoring, and continuous learning, ensuring leadership continuity and organizational resilience. Finally, it seeks to sustain competitive advantage by optimizing resource allocation and integrating internal capabilities with emerging opportunities. Recent studies highlight that organizations practicing strategic leadership with these objectives demonstrate higher levels of innovation, agility, and long-term performance (Al-Fahad & Al-Otaibi, 2024; Kebede et al., 2024).

2.6. Strategic Leadership Styles

Strategic leadership manifests through several key styles, each influencing organizational outcomes in distinct ways. Transformational leadership focuses on inspiring and motivating followers to exceed expectations by communicating a compelling vision, encouraging innovation, and fostering personal development. Recent research shows that transformational leaders significantly enhance organizational innovation performance and adaptability, particularly in dynamic business environments, by promoting creative thinking and a shared commitment to strategic goals (Agazu et al., 2025; The Influences of Transformational Leadership, 2024).

In contrast, transactional leadership emphasizes structured exchanges between leaders and followers, relying on clear role definitions, contingent rewards, and corrective actions to maintain stability and performance standards. Empirical evidence suggests that transactional leadership contributes to organizational effectiveness by reinforcing task accomplishment and discipline, especially where operations require consistency and clarity (Impact of Leadership Styles on Organizational Agility, 2025).

Entrepreneurial leadership, meanwhile, integrates innovativeness, opportunity recognition, and risk-taking, driving organizational agility and creative problem-solving. Studies indicate that both entrepreneurial and transformational leadership positively influence employees' innovative behavior and intellectual agility, enhancing performance outcomes in competitive and uncertain contexts (Irshad et al., 2023).

Furthermore, transformational leadership has been widely associated with organizational learning, employee empowerment, and sustainable performance improvement. Agazu et al. (2025) concluded through a systematic literature review that transformational leadership significantly contributes to firm performance by enhancing innovation, commitment, and organizational adaptability.

Together, these leadership styles provide a comprehensive view of how strategic leaders can mobilize resources, foster innovation, and sustain competitive advantage, particularly in sectors such as banking where environmental turbulence and complexity demand both visionary and adaptive leadership approaches.

2.7. Concept of Dynamic Capabilities

Dynamic capabilities refer to an organization's ability to purposefully integrate, build, and reconfigure internal and external competencies in order to address rapidly changing environments and sustain competitive advantage. These capabilities go beyond ordinary operational routines and focus on adaptability, innovation, and strategic renewal (Teece et al., 1997; recent conceptualizations). Modern studies emphasize that dynamic capabilities enable firms to continuously adapt their structures and resources, facilitating responsiveness to technological shifts and market dynamics (Zabel & O'Brien, 2024; Future Business Journal, 2025).

The theoretical foundation of dynamic capabilities is strongly rooted in the work of Teece et al. (1997), who emphasized the importance of sensing opportunities, seizing resources, and transforming organizational structures to maintain competitive advantage. Later, Teece (2007) further explained that dynamic capabilities enable firms to continuously renew competencies and adapt effectively to environmental turbulence.

Scholars commonly classify dynamic capabilities into three core components. Sensing involves the organization's ability to scan and interpret internal and external environments to identify emerging opportunities and threats, which often requires systematic information processing and market intelligence. Seizing refers to the capacity to mobilize and allocate resources effectively to capture value from identified opportunities, reflecting proactive strategic action. Transforming involves continuously reconfiguring organizational processes, structures, and routines to align with environmental changes and ensure long-term competitiveness. These components collectively enable the organization to navigate uncertainty, pursue innovation, and sustain performance in volatile contexts.

In dynamic sectors such as banking—especially within emerging economies like Iraq—the development of dynamic capabilities is critical. These capabilities support institutions in responding to economic volatility, regulatory changes, and digital transformation, enabling them to remain resilient and competitive amid ongoing disruption. Recent applications of dynamic capabilities theory underline their role in enhancing innovation performance and organizational adaptability across diverse industries.

2.8. Objectives of Developing Dynamic Capabilities

The development of dynamic capabilities aims to enhance organizational performance by improving adaptability to technological and environmental changes, promoting innovation and organizational learning, and strengthening efficiency in resource allocation. Ultimately, these capabilities support long-term organizational survival and competitiveness in dynamic and uncertain environments. Recent research highlights that organizations leveraging dynamic capabilities are better positioned to adapt, innovate, and maintain a competitive edge (Zabel & O'Brien, 2024).

2.9. Linking Strategic Intelligence and Strategic Leadership to Dynamic Capabilities

Recent studies suggest that strategic intelligence and strategic leadership jointly play a critical role in developing dynamic capabilities. Strategic leaders use intelligence systems to anticipate trends and make informed decisions, while strategic intelligence provides the cognitive and analytical tools necessary for creativity, sound judgment, and adaptive responses. The interaction between these two constructs enhances an organization's ability to sense environmental changes, interpret complex information, and respond effectively, forming the foundation for dynamic capabilities. In highly uncertain sectors, such as banking in Iraq, the synergy between intelligent analysis and adaptive leadership is a decisive factor for achieving organizational resilience and sustaining competitive advantage (Mohammad et al., 2024).

3. RESEARCH METHODOLOGY

3.1. Study Population and Sample

The study population consists of senior and middle-level managers working in Iraqi public and private banks. A purposive sampling technique was used to target respondents directly involved in strategic decision-making, leadership practices, and organizational development.

A total of 130 questionnaires were distributed, of which 120 were returned and validated, while 10 questionnaires were not returned, resulting in a 92.3% response rate, which is statistically acceptable and enhances the representativeness and reliability

of the data.

Table 1: Sample Response

Status	Distributed	Not Returned	Valid for Analysis
No.	130	10	120
Percentage	%100.0	%7.7	%92.3

Demographic Characteristics of Respondents

To support the validity of the analysis, demographic variables were examined, including gender, age, academic qualification, years of experience, and job title. The results show:

- Gender: 68% male, 32% female
- Age groups: Majority aged between 35–45 years (47%)
- Education level: 61% hold a bachelor’s degree, 29% master’s degree, and 10% PhD
- Experience: 54% have more than 10 years of experience
- Job positions: 41% senior managers, 59% middle managers

These demographics indicate that the respondents possess the required experience and managerial exposure needed to provide reliable insights regarding strategic intelligence, leadership practices, and dynamic capabilities in the banking sector.

3.2. Research Instrument

The primary tool for data collection was a structured questionnaire designed to measure the study’s core variables. The first part of the instrument measures Strategic Intelligence across five dimensions: Insight, Future Orientation, Systems Thinking, Partnership, and Motivation. Each dimension focuses on the bank’s ability to scan the environment and empower human capital. The second part evaluates Strategic Leadership Styles, encompassing Transformational, Transactional, and Entrepreneurial leadership models. Finally, the third part assesses Dynamic Capabilities through 12 items focused on resource reconfiguration and environmental adaptation. All items were measured using a five-point Likert scale, and the full questionnaire is provided in the Appendix of this study.

3.3. Questionnaire Reliability

Reliability reflects the extent to which a measurement instrument consistently assesses the intended construct across time and different samples. Internal consistency is commonly evaluated using Cronbach’s Alpha, where values of 0.70 or higher indicate acceptable reliability. In this study, Cronbach’s Alpha coefficients were calculated for all scales, and as summarized in Table 2, each scale exceeded the 0.70 threshold, demonstrating strong internal consistency and confirming the reliability of the questionnaire (Zabel & O’Brien, 2024).

Table 2: Cronbach's Alpha Coefficient Results

Scale	Code	No. of Items	Cronbach's Alpha Coefficient
Insight	I	4	0.898
Future Orientation	FO	4	0.855
Systems Thinking	ST	4	0.858
Partnership	P	4	0.85
Motivation	M	4	0.869
Strategic Intelligence	SI	20	0.891
Transformational Leadership	TFL	6	0.915
Transactional Leadership	TSL	6	0.869
Entrepreneurial Leadership	EL	6	0.858
Strategic Leadership Styles	SLS	18	0.919
Dynamic Capabilities	DC	12	0.936

Source: SPSS V.28 Output

3.4. Split-Half Reliability

To further assess the internal consistency of the measurement instrument, the split-half method was applied. The analysis yielded a Spearman-Brown coefficient of 0.918 and a Guttman split-half coefficient of 0.915, indicating high reliability across different halves of the questionnaire. These results confirm that the instrument consistently measures the intended constructs under varying conditions and across different items, demonstrating strong reliability (Zabel & O’Brien, 2024).

Table 3: Split-Half Test

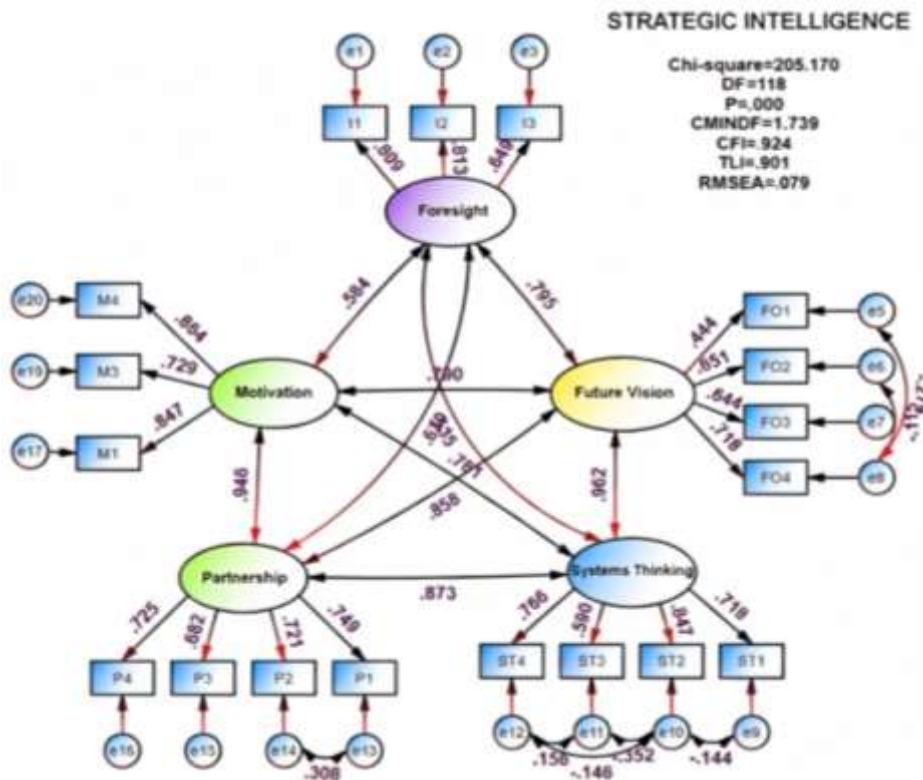
Cronbach's Alpha	Part 1	Value	0.940
		N of Items	25
	Part 2	Value	0.962
		N of Items	25
Total N of Items			50
Correlation Between Forms			0.849
Spearman-Brown Coefficient	Equal Length		0.918
	Unequal Length		0.918
Guttman Split-Half Coefficient			0.915

Source: SPSS V.28 Output

3.5. Statistical Analysis Procedures

The collected data were analyzed using SPSS version 28 and AMOS version 26. Descriptive statistics, including means, standard deviations, and frequencies, were computed to summarize demographic information and study variables. Pearson correlation analysis was conducted to examine the relationships between variables, while multiple regression analysis was employed to test the predictive effects of strategic intelligence and leadership styles on dynamic capabilities. Construct validity was assessed using Confirmatory Factor Analysis (CFA), and reliability was evaluated through Cronbach’s Alpha and split-half reliability. These analytical procedures follow established best practices in quantitative management research, ensuring accuracy, rigor, and replicability of the results.

Figure 1: Confirmatory Factor Analysis of the Strategic Intelligence Variable



Source: AMOS V.26

3.6. Confirmatory Factor Analysis (CFA)

3.6.1. Strategic Intelligence

As shown in Table 4, all items measuring the strategic intelligence variable are statistically significant, with critical ratios (CR) exceeding the 1.96 threshold. These results confirm the significance of the measurement items and indicate that the instrument demonstrates strong construct validity, making it suitable for subsequent analyses (Zabel & O'Brien, 2024).

Table 4: Confirmatory Factor Analysis Indicators for the Strategic Intelligence Variable

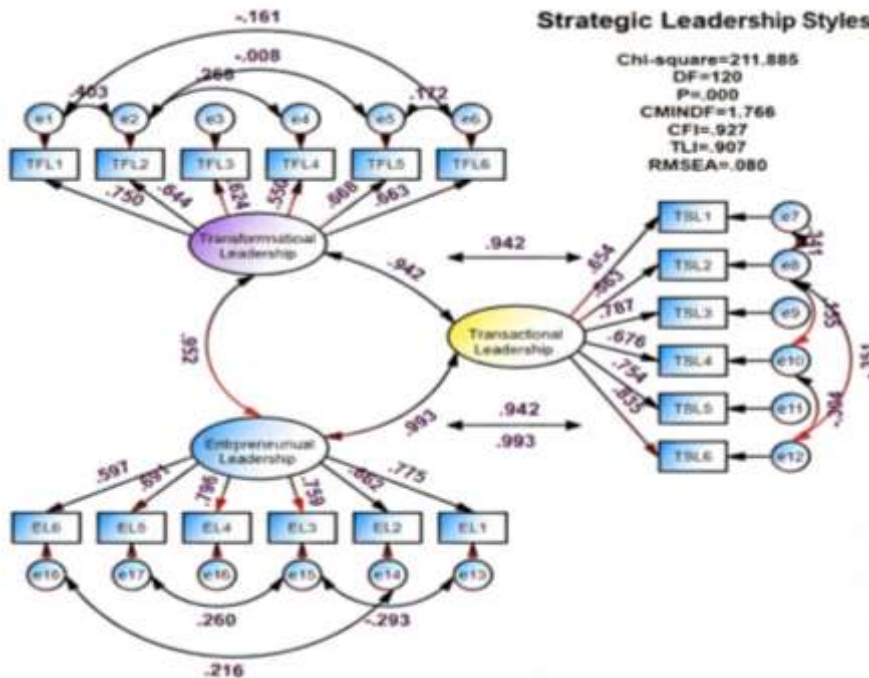
Questions	Path	Dimensions	Estimates	C.R.	P
I1	---->	Insight	.809		
I2	---->		.813	8.646	***
I3	---->		.649	6.941	***
FO1	---->	Future Orientation	.444		
FO2	---->		.651	4.565	***
FO3	---->		.644	4.546	***
FO4	---->		.718	4.314	***
ST1	---->	Systems Thinking	.718		
ST2	---->		.847	8.008	***
ST3	---->		.590	5.912	***
ST4	---->		.766	7.675	***
P1	---->	Partnership	.749		
P2	---->		.721	9.567	***
P3	---->		.682	7.462	***
P4	---->		.725	7.968	***
M1	---->	Motivation	.847		
M3	---->		.729	8.955	***
M4	---->		.864	11.399	***

Source: AMOS V.26

3.6.2. Strategic Leadership Styles

As illustrated in Figure 2 and Table 5, the **strategic leadership styles** variable consists of three dimensions measured through 18 items. The CR values for all items exceeded 1.96, confirming the statistical significance and validity of the items. This demonstrates that the construction is adequately measured and suitable for further analysis.

Figure 2: Confirmatory Factor Analysis of the Strategic Leadership Styles Variable



Source: AMOS V.26

Table 5: Confirmatory Factor Analysis Indicators for the Strategic Leadership Styles Variable

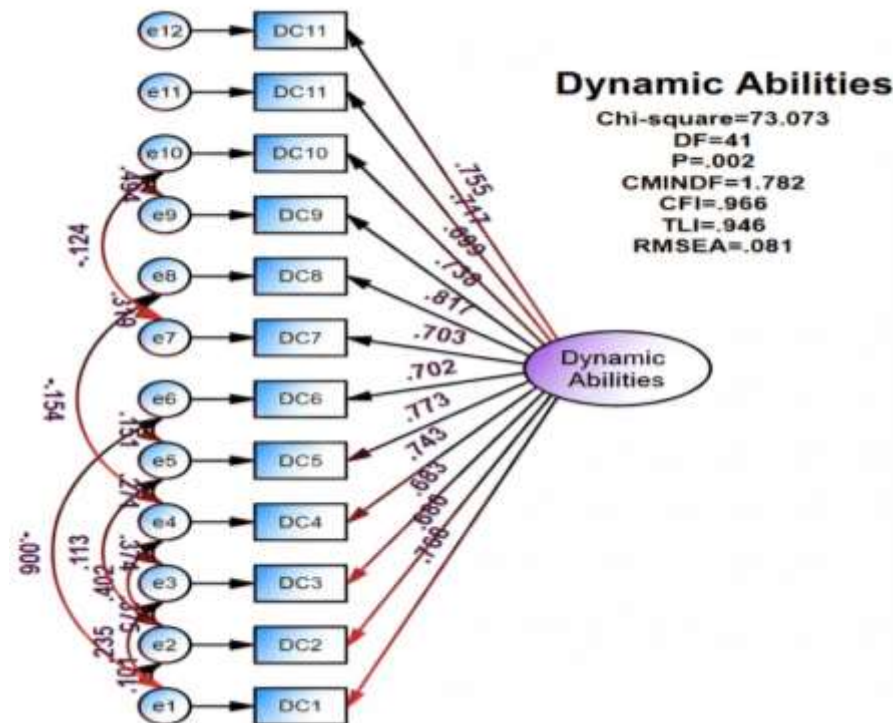
Questions	Path	Dimensions	Estimates	C.R.	P
TFL1	---->	Transformational Leadership	.750		
TFL2	---->		.644	8.793	***
TFL3	---->		.624	6.680	***
TFL4	---->		.550	5.848	***
TFL5	---->		.668	7.164	***
TFL6	---->		.663	6.616	***
TSL1	---->	Transactional Leadership	.654		
TSL2	---->		.663	8.008	***
TSL3	---->		.787	7.563	***
TSL4	---->		.676	6.609	***
TSL5	---->		.754	7.297	***
TSL6	---->		.835	7.905	***
EL1	---->	Entrepreneurial Leadership	.775		
EL2	---->		.662	7.566	***
EL3	---->		.759	7.832	***
EL4	---->		.796	9.442	***
EL5	---->		.691	7.943	***
EL6	---->		.597	6.730	***

Source: AMOS V.26

3.6.3. Dynamic Capabilities

Figure 3 and Table 6 present the dynamic capabilities construct, measured through 12 items. All items are statistically significant, with CR values above 1.96. This confirms the validity of the construct and indicates that the measurement model is appropriate for the study context.

Figure 3: Confirmatory Factor Analysis of the Dynamic Capabilities



Source: AMOS V.26

Table 6: Confirmatory Factor Analysis Indicators for the Dynamic Capabilities Variable

Questions	Path	Dimensions	Estimates	C.R.	P
DC1	---->	Dynamic Capabilities	.768		
DC2	---->		.686	7.989	***
DC3	---->		.683	8.636	***
DC4	---->		.743	8.300	***
DC5	---->		.773	8.727	***
DC6	---->		.702	7.823	***
DC7	---->		.703	7.781	***
DC8	---->		.817	9.299	***
DC9	---->		.738	8.294	***
DC10	---->		.699	7.779	***
DC11	---->		.717	8.039	***
DC12	---->		.755	8.535	***

Source: AMOS V.26

Descriptive Analysis of the Research Variables - The descriptive analysis provides an overview of participants’ perceptions regarding the study variables, comparing public and private banks. Table 7 summarizes the results, including arithmetic means, standard deviations, t-test values, and significance levels.

Strategic Intelligence - The results show that the highest mean for strategic intelligence was observed in the “Senior Management Commitment” dimension within public banks (M = 3.656, SD = 0.679, Good). The lowest mean was observed in private banks (M = 3.423, SD = 0.709, Good). The independent samples t-test indicates no statistically significant differences between public and private banks (t = 1.834, p = 0.069 > 0.05).

Strategic Leadership Styles - For the strategic leadership styles variable, the highest mean was observed in public banks for the “Senior Management Commitment” dimension (M = 3.551, SD = 0.668, Good). The lowest mean was in private banks (M = 3.430, SD = 0.762, Good). The t-test results show no statistically significant differences between public and private banks (t = 1.932, p = 0.353 > 0.05).

3.7. Dynamic Capabilities

The dynamic capabilities variable revealed the highest mean in public banks for the “Senior Management Commitment” dimension (M = 3.449, SD = 0.718, Good) and the lowest in private banks (M = 3.329, SD = 0.819, Moderate). The t-test results indicate no statistically significant differences between public and private banks (t = 0.858, p = 0.393 > 0.05).

The results indicate that, overall:

1. **Construct Validity:** Confirmatory factor analysis demonstrates that all items for strategic intelligence, strategic leadership styles, and dynamic capabilities are valid and significant, meeting the standard CR threshold of 1.96.
2. **Descriptive Insights:** Across all variables, public banks tend to have slightly higher means compared to private banks; however, most differences are **not statistically significant**, suggesting that ownership type does not substantially affect senior and middle management perceptions regarding strategic intelligence, leadership styles, or dynamic capabilities.
3. **Implications:** These results support the reliability and appropriateness of the measurement instruments and provide a solid foundation for subsequent inferential analyses, including correlation and regression analyses to examine relationships among the study variables.

significance threshold of (0.05).

Table 7: Descriptive Statistics of the Research Variables

Research Variables and Dimensions	Ownership Type	N	Mean	Deviation	t	Sig	Decision
Insight	Private	56	3.435	0.928	1.384	0.169	No significant difference
	Public	64	3.651	0.787			
Future Orientation	Private	56	3.558	0.681	1.442	0.152	No significant difference
	Public	64	3.738	0.685			
Systems Thinking	Private	56	3.571	0.824	0.694	0.489	No significant difference
	Public	64	3.676	0.820			
Partnership	Private	56	3.313	0.881	1.929	0.056	

	Public	64	3.613	0.826			No significant difference
Motivation	Private	56	3.238	0.980	2.135	0.035	Significant difference
	Public	64	3.599	0.871			
Strategic Intelligence	Private	56	3.423	0.709	1.834	0.069	No significant difference
	Public	64	3.656	0.679			
Transformational Leadership	Private	56	3.551	0.711	0.864	0.389	No significant difference
	Public	64	3.662	0.693			
Transactional Leadership	Private	56	3.461	0.852	0.760	0.449	No significant difference
	Public	64	3.570	0.719			
Entrepreneurial Leadership	Private	56	3.277	0.883	0.968	0.335	No significant difference
	Public	64	3.422	0.759			
Strategic Leadership Styles	Private	56	3.430	0.762	0.932	0.353	No significant difference
	Public	64	3.551	0.668			
Dynamic Capabilities	Private	56	3.329	0.819	0.858	0.393	No significant difference
	Public	64	3.449	0.718			

Source: AMOS V.26

4. HYPOTHESIS TESTING

4.1. Testing the First Main Hypothesis

Hypothesis: There is a statistically significant effect at the ($\alpha \leq 0.05$) level of strategic intelligence, represented by its dimensions (insight, future orientation, systems thinking, partnership, motivation), on the development of dynamic capabilities in Iraqi banks.

Table 8 demonstrates that the calculated F-value for the relationship between strategic intelligence and dynamic capabilities is 215.941, which exceeds the critical F-value of 3.94 at the 0.05 significance level. This strongly supports the acceptance of the alternative hypothesis, indicating that strategic intelligence exerts a statistically significant effect on dynamic capabilities. Strategic intelligence accounts for approximately 64% of the variance in dynamic capabilities, highlighting its substantial explanatory power.

Moreover, the t-value for strategic intelligence ($t = 14.695$) surpasses the critical t-value of 1.984, confirming the statistical significance of the regression coefficient (β). The β coefficient of 0.880 indicates that a one-unit increase in strategic intelligence corresponds to an 88% increase in dynamic capabilities, illustrating a robust and practically meaningful effect.

Testing the Sub-Hypotheses of Strategic Intelligence Dimensions - The impact of each dimension of strategic intelligence on dynamic capabilities was examined (Table 8). The extracted F-values for the dimensions (insight, future orientation, systems thinking, partnership, motivation) were 40.968, 92.818, 137.405, 162.732, and 120.233, respectively, all surpassing the critical F-value (3.94), confirming statistically significant effects. Accordingly, all sub-hypotheses are supported.

The adjusted R^2 values reveal the variability explained by each dimension: future orientation (62%) exhibits the highest explanatory power, while insight (43%) shows the lowest. Standardized regression coefficients (t-values: 6.401–12.757) exceed the critical value of 1.984, confirming the statistical significance of all β coefficients. The β -values range from 0.453 (insight) to 0.686 (future orientation), indicating that future orientation is the strongest predictor of dynamic capabilities, whereas insight has a comparatively moderate effect.

In the context of Iraqi banks, characterized by environmental volatility, technological evolution, and organizational pressures, strategic intelligence is a pivotal capability. Each dimension equips leadership with tools for strategic foresight, resource optimization, and rapid adaptation. Consequently, activating these dimensions is essential for fostering dynamic capabilities. These findings underscore that investing in strategic intelligence development is critical for enhancing institutional resilience, innovation, and sustainable competitive advantage.

Table 8: Analysis of the Impact of Strategic Intelligence Dimensions on Dynamic Capabilities

Dependent Variable	Dimensions of the Strategic Intelligence Variable		(R^2)	Adj (R^2)	(F)	(t)	Sig	
		(α)						
Dynamic Capabilities	Insight	(α)	1.785	0.258	0.251	40.968	6.401	0.000
		(β)	0.453					
	Future Orientation	(α)	0.686	0.440	0.436	92.818	9.634	0.000

	(β)	0.741						
Systems Thinking	(α)	0.908	0.538	0.534	137.405	11.722	0.000	
	(β)	0.685						
Partnership	(α)	1.042	0.580	0.576	162.732	12.757	0.000	
	(β)	0.677						
Motivation	(α)	1.401	0.505	0.500	120.233	10.965	0.000	
	(β)	0.581						
Strategic Intelligence	(α)	0.272	0.647	0.644	215.941	14.695	0.000	
	(β)	0.880						

Source: SPSS V.28 Output

4.2. Testing the Second Main Hypothesis

Hypothesis: There is a statistically significant effect at the ($\alpha \leq 0.05$) level of strategic leadership styles, represented by transformational, transactional, and entrepreneurial leadership, on the development of dynamic capabilities in Iraqi banks.

Table 9 shows that the calculated F-value for the overall effect of strategic leadership styles on dynamic capabilities is 325.500, exceeding the critical F-value of 3.94 at the 0.05 significance level. This strongly supports the alternative hypothesis. Strategic leadership styles explain 73% of the variance in dynamic capabilities. The t-value of 18.042 confirms the statistical significance of the β coefficient, with a β -value of 0.920, indicating that a one-unit increase in strategic leadership styles is associated with a 92% increase in dynamic capabilities.

Testing the Sub-Hypotheses of Strategic Leadership Styles - The F-values for the dimensions (transformational, transactional, entrepreneurial leadership) were 138.871, 197.586, and 315.819, respectively, confirming the significant effect of each leadership dimension. Adjusted R² values ranged from 0.537 to 0.726, with transactional leadership showing the highest explanatory power (62%) and transformational leadership the lowest (43%).

t-values for regression coefficients (11.784–17.771) exceeded the critical t-value of 1.984, confirming the statistical significance of all β coefficients. The β -values ranged from 0.775 (transactional leadership) to 0.804 (transformational leadership), illustrating that transformational leadership has the strongest impact on dynamic capabilities.

In Iraq’s challenging banking environment, characterized by regulatory pressures, market fluctuations, and technological advancements, strategic leadership is essential for organizational adaptability. Effective leadership cultivates a culture of innovation, accountability, and resilience. Therefore, investing in strategic leadership development is crucial to strengthen dynamic capabilities and maintain competitive advantage.

Table 9: Analysis of the Impact of Strategic Leadership Styles Dimensions on Dynamic Capabilities

Dependent Variable	Dimensions of the Strategic Leadership Styles		(R ²)	Adj (R ²)	(F)	(t)	Sig	
Dynamic Capabilities	Transformational Leadership	(α)	0.490	0.541	0.537	138.871	11.784	0.000
		(β)	0.804					
	Transactional Leadership	(α)	0.667	0.626	0.623	197.586	14.057	0.000
		(β)	0.775					
	Entrepreneurial Leadership	(α)	0.715	0.728	0.726	315.819	17.771	0.000
		(β)	0.798					
	Strategic Leadership Styles	(α)	0.177	0.734	0.732	325.500	18.042	0.000
		(β)	0.920					

Source: SPSS V.28 Output

4.3. Testing the Third Main Hypothesis

The third main hypothesis proposed that strategic intelligence and strategic leadership styles jointly exert a statistically significant effect on the development of dynamic capabilities in Iraqi banks. The multiple regression model was estimated as follows: Dynamic Capabilities = $-0.133 + 0.371$ (Strategic Intelligence) $+ 0.633$ (Strategic Leadership Styles) \text {Dynamic Capabilities} = $-0.133 + 0.371$ (\text {Strategic Intelligence}) $+ 0.633$ (\text {Strategic Leadership Styles) Dynamic Capabilities = $-0.133 + 0.371$ (Strategic Intelligence) $+ 0.633$ (Strategic Leadership Styles)

As presented in Table 10 and Figure 4, the model’s F-value of 203.882 exceeds the critical value of 3.94 ($\alpha \leq 0.05$), confirming the joint statistical significance of strategic intelligence and leadership styles. The model explains 77% of the variance in dynamic capabilities (adjusted R² = 0.773), indicating a high predictive power.

The regression coefficients show that a one-unit increase in strategic intelligence is associated with a 37% increase in dynamic capabilities, whereas a one-unit increase in strategic leadership styles results in a 63% increase. These results suggest that while both factors significantly influence dynamic capabilities, strategic leadership styles exert a relatively stronger effect, highlighting their critical role in enhancing organizational adaptability and performance in the banking sector.

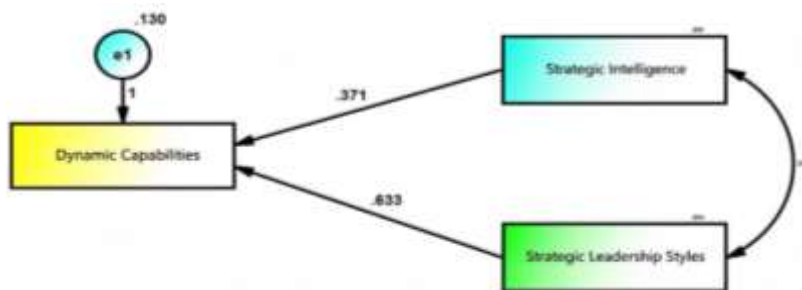
Table 10 presents the results of the regression analysis examining the impact of strategic intelligence and strategic leadership styles on dynamic capabilities in Iraqi banks. The results indicate that strategic intelligence has a statistically significant effect on dynamic capabilities, with a standardized coefficient ($\beta = 0.371$), a t-value of 4.756, and a significance level of ($p < 0.001$). This finding suggests that higher levels of strategic intelligence enhance banks' ability to sense environmental changes, anticipate future trends, and support adaptive organizational responses. Similarly, strategic leadership styles demonstrate a strong and statistically significant effect on dynamic capabilities, as reflected by a higher standardized coefficient ($\beta = 0.633$), a t-value of 8.272, and a significance level of ($p < 0.001$). This result indicates that leadership behaviors play a critical role in translating strategic insights into effective decision-making, resource reconfiguration, and organizational flexibility. The overall model is statistically significant, with an F-value of 203.882 at a significance level of ($p < 0.001$), confirming the adequacy of the regression model. Correlation coefficient ($R = 0.882$) indicates a strong relationship between independent variables and dynamic capabilities. Moreover, the coefficient of determination ($R^2 = 0.777$) reveals that approximately 77.7% of the variance in dynamic capabilities is explained by strategic intelligence and strategic leadership styles, while the adjusted R^2 value (0.773) confirms the robustness and stability of the model. Overall, these results provide strong empirical support for the study hypothesis, demonstrating that the integration of strategic intelligence with effective leadership styles significantly enhances dynamic capabilities in Iraqi banks.

Table 10: The Impact of Strategic Intelligence and Strategic Leadership Styles on Dynamic Capabilities

Dependent Variable	Path	Independent and Mediator Variables	(α)	(β)	t	SIG	F	SIG	(R)	(R^2)	Adj (R^2)
Dynamic Capabilities	--->	Strategic Intelligence	0.133-	0.371	4.756	0.000	203.882	0.000	0.882	0.777	0.773
	--->	Strategic Leadership Styles		.6330	8.272	.0000					

Source: Amos V.25 Output

Figure 4: The Impact of Strategic Intelligence and Strategic Leadership Styles on Dynamic Capabilities



Source: Amos V.25 Output

5. CONCLUSIONS AND PRACTICAL IMPLICATIONS

The results indicate that Iraqi banks can significantly enhance their dynamic capabilities by strategically developing leadership and intelligence competencies. Strategic intelligence fosters foresight, adaptability, and effective problem-solving, while strategic leadership ensures sound decision-making, motivation, and organizational alignment. The synergy between these factors is essential for innovation, agility, and sustainable competitive advantage in the complex and rapidly evolving banking sector. The study confirmed the validity and reliability of the measurement instruments through Confirmatory Factor Analysis (CFA), with all items exhibiting significant loadings and critical ratios exceeding the 1.96 threshold, demonstrating strong construct validity. Descriptive analyses showed that public banks generally scored higher than private banks on strategic intelligence, leadership styles, and dynamic capabilities, although most differences were not statistically significant. This suggests that ownership type does not markedly influence managerial perceptions regarding these organizational capabilities.

Correlation analysis revealed positive and significant relationships among strategic intelligence, leadership styles, and dynamic capabilities, indicating that higher levels of strategic intelligence support more effective leadership, which in turn enhances dynamic capabilities. Multiple regression analysis further demonstrated that both strategic intelligence and strategic leadership styles significantly predict dynamic capabilities, jointly explaining 56.8% of the variance. These findings underscore that developing strategic intelligence and fostering effective leadership are key drivers of organizational adaptability and

performance.

5.1. Practical Implications

The study offers actionable recommendations for banking practitioners. Banks should invest in systematic intelligence-gathering, scenario planning, and knowledge management to strengthen decision-making. Leadership development programs focusing on transformational, transactional, and entrepreneurial styles can enhance proactive and innovative responses to market changes. Additionally, developing sensing, seizing, and reconfiguring capabilities—integrated with strategic intelligence and leadership practices—will enable organizations to respond effectively to environmental changes. Regulators and policymakers can further support these efforts by promoting organizational learning, knowledge sharing, and leadership development initiatives to enhance sector-wide agility and competitiveness.

5.2. Theoretical Contributions

This research confirms the critical role of strategic intelligence and leadership styles in enhancing dynamic capabilities, supporting the dynamic capabilities framework (Zabel & O'Brien, 2024). It extends the literature by providing empirical evidence from the banking sector and demonstrates how integrated organizational practices influence adaptability and competitive advantage. By combining intelligence, leadership, and dynamic capabilities in a single framework, the study offers a comprehensive model for future research in strategic management.

5.3. Recommendations for Future Research

Future studies may expand across other sectors, such as insurance, fintech, or manufacturing, to generalize these findings. Longitudinal studies are recommended to examine the long-term effects of strategic intelligence and leadership practices on dynamic capabilities. Additionally, exploring moderating variables such as organizational culture or technology adoption, and mediating variables such as innovation capability, can provide further insights into the mechanisms influencing dynamic capabilities. In conclusion, developing strategic intelligence and fostering effective leadership are critical enablers for enhancing dynamic capabilities in banking organizations, thereby supporting sustainable competitive advantage and organizational resilience.

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Appendix: Research Questionnaire

Subject: Research Questionnaire Completion

Dear Employees of (Insert Bank Name),

The researchers are conducting a study titled: "The Interaction of Strategic Intelligence and Strategic Leadership Styles in Developing Organizational Dynamic Capabilities: A Case Study of (Insert Bank Name)."

This study is conducted for scientific research purposes. We kindly request you to answer all the items in this questionnaire objectively. Your responses will significantly contribute to the success of this study. We assure you that all collected data will be treated with strict confidentiality and used for research purposes only.

Thank you for your cooperation and valuable time.

Part One: Demographic Data

Please place an (X) in the appropriate box:

- Gender: Male Female
- Educational Qualification: Diploma or less Bachelor’s Postgraduate
- Age Group:
 1. Less than 30 years.
 2. 30 to less than 40 years.
 3. 40 to less than 50 years.
 4. 50 years and above.
- Years of Experience:
 1. Less than 5 years.
 2. 5 – 10 years.
 3. 10 – 15 years.
 4. 15 years and above.
- Bank Ownership: Government Private

Part Two: Study Variables

Please rate the following items using the 5-point Likert scale:

(5: Strongly Agree, 4: Agree, 3: Neutral, 2: Disagree, 1: Strongly Disagree)

No.	Item	5	4	3	2	1
First:	Strategic Intelligence					
1.	Insight					
1	The bank management conducts environmental scanning to identify opportunities and threats.					
2	The bank management listens effectively to customer needs.					
3	The management monitors future indicators to anticipate changes.					
4	The management develops scenarios for potential future events.					
2.	Future Orientation					

No.	Item	5	4	3	2	1
1	The bank management sets a unique and clear future vision.					
2	The bank exploits strategic opportunities at the right time.					
3	The bank identifies the core competencies needed to implement its vision.					
4	The management develops clear plans to achieve its strategic vision.					
3. Systems Thinking						
1	Management considers the impact of decisions on the entire organization.					
2	There is high interaction and coordination between different departments.					
3	Management fosters teamwork skills to achieve common goals.					
4	Decisions are aligned with the overall strategic objectives of the bank.					
4. Partnership						
1	The bank builds strategic alliances to strengthen its market position.					
2	Partnerships are used to address internal organizational weaknesses.					
3	The bank maintains a realistic understanding of market dynamics through partners.					
4	Strategic partnerships are based on mutual benefits and long-term value.					
5. Motivation						
1	The bank empowers employees to improve work quality and performance.					
2	Management shows appreciation for individual and collective contributions.					
3	Employee roles are clearly aligned with the bank's strategic goals.					
4	Management provides incentives that encourage innovative behavior.					

No.	Item	5	4	3	2	1
Second: Strategic Leadership Styles						
1. Transformational Leadership						
1	Management encourages professional growth and continuous learning.					
2	Leaders share successful experiences with their subordinates.					
3	Management fosters an environment of mutual respect and trust.					
4	Leaders support the personal and professional needs of employees.					
5	Management encourages the generation of innovative and creative ideas.					
6	Management focuses on continuous administrative development.					
2. Transactional Leadership						
1	Management emphasizes perseverance in achieving work goals.					
2	Leaders set clear goals and expectations for every task.					
3	Management focuses on identifying and correcting errors promptly.					
4	Management grants necessary authority to employees to perform their duties.					
5	Leaders hold responsibility for errors while providing solutions.					
6	Management ensures all work requirements are provided.					
3. Entrepreneurial Leadership						

No.	Item	5	4	3	2	1
1	Management demonstrates a high awareness of the importance of timing.					
2	The bank is committed to providing high-quality innovative services.					
3	Management utilizes modern communication methods to inspire the workforce.					
4	Management encourages inspiration and creativity among employees.					
5	The bank sets service costs using scientific methods.					
6	Leaders maintain high credibility in their interactions with employees.					

No.	Item	5	4	3	2	1
Third: Dynamic Capabilities (Dependent Variable)						
1	The bank reviews its service efforts to ensure they match customer desires.					
2	Management allocates sufficient time for developing new service ideas.					
3	The bank conducts regular environmental scanning to discover new business opportunities.					
4	The bank excels at transforming raw information into new organizational knowledge.					
5	Management actively converts knowledge into innovative new services.					
6	The bank demonstrates high flexibility in adapting to changing work conditions.					
7	Management evaluates performance based on specific organizational procedures.					
8	Management reconfigures organizational resources to meet market demands.					
9	The bank ensures optimal utilization of its existing assets and resources.					
10	The bank coordinates its resources effectively across all departments.					