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Leadership Communication and Strategy Execution in Deposit Money Banks in Lagos State, Nigeria: The Mediating Role of Strategic Understanding

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Abstract. In competitive and rapidly evolving business environments, successful strategy execution remains challenging, particularly in highly regulated sectors such as banking. This study investigated the influence of leadership communication on strategy execution in Deposit Money Banks in Lagos State, Nigeria, with strategic understanding as a mediator. Leadership communication was examined through communication clarity, strategic direction communication, communication openness, and communication feedback. A quantitative cross-sectional survey design was adopted. Cochran's formula yielded a sample of 632 employees, while 596 valid responses were analysed. Partial Least Squares Structural Equation Modelling (PLS-SEM) was employed to evaluate the measurement model, structural relationships, and mediation effects. Findings revealed that communication clarity ($\beta = 0.446$, $p < 0.001$), strategic direction communication ($\beta = 0.474$, $p < 0.001$), communication openness ($\beta = 0.512$, $p < 0.001$), and communication feedback ($\beta = 0.522$, $p < 0.001$) positively and significantly influenced strategy execution. Leadership communication significantly influenced strategic understanding ($\beta = 1.351$, $p < 0.001$), while strategic understanding positively affected strategy execution ($\beta = 0.548$, $p < 0.001$). Strategic understanding also partially mediated the relationship between leadership communication and strategy execution ($\beta = 0.740$, $p < 0.001$). The study concludes that effective strategy execution requires both clear leadership communication and employees' understanding of strategic priorities and implementation responsibilities. It further establishes strategic understanding as an important mechanism linking leadership communication with strategy execution in Nigerian banking.

Keywords: Leadership Communication, Strategy Execution, Strategic Understanding, Deposit Money Banks, Lagos State, Nigeria.

1. Introduction

For organizations operating in demanding and unpredictable markets, the central challenge is not simply developing a sound strategy but making sure that the strategy works in practice. A strategic plan creates value only when employees can translate its priorities into the decisions and activities that shape everyday operations. A strategy can be carefully designed and still fall short if the people responsible for carrying it out do not understand what it means for their work. Execution therefore depends on employees being able to interpret the strategy, accept their responsibilities, and turn strategic priorities into routine action. This explains why scholars continue to argue that strategy implementation is often more difficult than strategy formulation (Tawse & Tabesh, 2021; Vigfusson et al., 2021). Strategy implementation, also referred to as strategy execution, involves the activities, decisions, structures, resources, communication processes, and employee actions through which strategic plans are turned into organizational results (Rani, 2019; Tawse & Tabesh, 2021; Holm et al., 2025). The difficulty of implementation arises because execution involves several organizational conditions at the same time. Beyond the strategy itself, employees need direction from leaders, sufficient resources, opportunities to participate, coordination across units, ongoing communication, monitoring, and a willingness to remain committed to the intended course of action (Ali, 2023; Ranganai, 2025; Vigfusson et al., 2021). Ranganai (2025) noted that strategy implementation efforts are often weakened by poor leadership, weak communication, resource constraints, unsuitable culture, employee-related problems, and poor organizational systems. Ali (2023), in a review of factors influencing strategic implementation, identified communication, leadership, resource allocation, culture, top management support, structure, clear strategy, and employee involvement as recurring factors that shape implementation success. These findings suggest that strategy execution is more than just a technical process; it is also a people-driven process that depends on how well leaders communicate and mobilize employees. Clear messages from leaders are important, but communication by itself does not guarantee execution. What matters is whether employees understand the meaning of those messages and can connect the stated priorities to the work they are expected to perform. Leadership communication should therefore be viewed as more than the delivery of information. It is the way leaders explain priorities, reduce uncertainty, establish shared meaning, and encourage employees to act in a coordinated direction (Barrett, 2006). When employees understand organizational goals, strategic priorities, and how their roles contribute to achieving strategic outcomes, they are better positioned to align their actions and participate effectively in implementation. This suggests that strategic understanding serves as an important mechanism linking leadership communication with strategy execution. The importance of employee understanding in strategy execution is supported by Rani (2019), who identifies lack of clear understanding of organizational aims and plans as a significant barrier to successful strategy implementation. Strategy implementation studies have emphasized that successful execution requires alignment, coordination, commitment, and employee involvement in translating strategic intentions into organizational outcomes (Tawse & Tabesh, 2021; Holm et al., 2025). Leadership communication is therefore central to strategy execution. Leaders are responsible for explaining the organization's vision, strategic direction, goals, priorities, and expected employee contributions. Effective leadership communication helps employees understand what the organization wants to achieve, why the strategy matters, and how their individual duties support the broader strategic plan. Bornman and Puth (2017) argued that leadership communication is important because leaders use communication to educate employees about organizational vision and strategic goals, motivate support for strategy, reduce misunderstanding, encourage performance, and align employees with organizational objectives. In the same direction, Brown et al. (2019) found that leaders' communication style influences leader-member relationships and employee commitment, while de Vries et al. (2010) showed that communication styles such as preciseness and supportiveness are linked with leadership outcomes including commitment and perceived leader effectiveness.

This issue is particularly relevant to Nigerian banks because their operating environment changes quickly and is closely shaped by regulatory requirements, digital developments, customer expectations, competition, and operational risk. Deposit money banks face pressure from digital transformation, changing customer expectations, regulatory reforms, competition, risk management demands, and the need for operational efficiency. These pressures require banks to implement strategies quickly and effectively. However, employees can only contribute meaningfully to strategy execution when leaders communicate clearly, openly, and consistently. Nagachevska et al. (2023) emphasized that internal communication in banks helps employees understand organizational objectives and strategies, improves motivation and involvement, and supports the achievement of business goals. Liu and Yan (2025), in their study of ESG strategy implementation in the Industrial and Commercial Bank of China, also showed that strategy implementation in banking can influence stakeholder satisfaction, organizational capability, business processes, and long-term performance. In Nigeria, deposit money banks remain important institutions because they support financial intermediation, payment systems, business financing, employment, and economic development. However, the Nigerian banking sector is also characterized by intense competition, digital banking expansion, changing customer needs, and internal pressure to improve service quality and performance. Research conducted in Nigerian deposit money banks show that communication is strongly linked with employee performance and organizational effectiveness. Nwata et al. (2021) found a significant positive relationship between organizational communication and employee performance in deposit money banks in Port Harcourt, Nigeria. Their findings showed that both downward and upward communication were related to productivity and quality service. Victor and Konya (2021) found that organizational communication improves feedback mechanisms, employee morale, teamwork, customer service, management style, and cost effectiveness in deposit money banks in Rivers State, Nigeria. Dike and Ahia (2025) further argued that inclusive communication in deposit money banks promotes transparency, trust, employee engagement, collaboration, job satisfaction, and organizational performance.

The existing Nigerian banking literature provides useful evidence on communication and employee-related outcomes, but its emphasis has largely been on broad organizational communication, culture, leadership style, or employee performance. Less attention has been given to the specific communication practices through which leaders support strategy execution (Dike & Ahia, 2025; Nwata et al., 2021; Victor & Konya, 2021). While these studies are valuable, they do not directly examine how specific dimensions of leadership communication affect strategy execution in deposit money banks. Also, many studies on strategy implementation focus on general implementation challenges without giving enough attention to employees' perspectives in the banking sector (Ali, 2023; Ranganai, 2025; Tawse & Tabesh, 2021). This creates a need to examine how leadership communication contributes to strategy execution in deposit money banks, especially from the perspective of employees who are directly involved in implementing strategies. Furthermore, although earlier studies have examined the role of leadership, communication, and organizational factors in strategy implementation, limited attention has been given to the mechanisms through which leadership communication influences strategy execution. Existing strategy implementation research emphasizes the importance of managerial actions, employee involvement, coordination, and commitment in translating strategic intentions into organizational outcomes (Tawse & Tabesh, 2021; Holm et al., 2025). A further gap concerns the process connecting communication to execution. In particular, relatively little attention has been paid to whether employees' understanding of strategic priorities explains how leadership communication is converted into implementation behaviour. This represents an important theoretical gap because successful strategy execution requires more than communicating strategic information; employees must understand strategic objectives, their responsibilities, and how their actions contribute to organizational goals (Rani, 2019). This study conceptualizes leadership communication through four dimensions: communication clarity, strategic direction communication, communication openness, and communication feedback. Communication clarity describes the extent to which leaders communicate messages in a clear, understandable, and unambiguous manner. Strategic direction communication explains the way leaders communicate the vision, mission, goals, priorities, and future direction of the organization. Communication openness shows the extent to which leaders encourage transparent, honest, and two-way communication. Communication feedback refers to the process through which leaders provide responses, guidance, clarification, and performance-related information to employees while also encouraging upward communication. These dimensions are consistent with the broader leadership and communication literature, which emphasizes clarity, precision, openness, feedback, employee involvement, and strategic alignment as important elements of effective communication (Bornman & Puth, 2017; Brown et al., 2019; de Vries et al., 2010; Nagachevska et al., 2023). Strategy execution in this study was viewed through four dimensions: strategic alignment, task implementation effectiveness, coordination and collaboration, and employee commitment to strategy. Strategic alignment describes how employee actions, departmental activities, resources, and organizational systems support the strategic goals of the bank. Task implementation effectiveness refers to how well strategic tasks and initiatives are carried out. Coordination and collaboration refer to the ability of employees, teams, and units to work together in implementing strategic priorities. Employee commitment to strategy refers to the willingness of employees to support, accept, and contribute to the achievement of strategic objectives. These dimensions are supported by strategy implementation literature, which identifies alignment, coordination, commitment, communication, structure, and leadership as important conditions for effective strategy execution (Holm et al., 2025; Rani, 2019; Ranganai, 2025; Tawse & Tabesh, 2021; Vigfusson et al., 2021). Based on the foregoing, this study examines the effect of leadership communication on strategy execution in deposit money banks in Lagos, Nigeria from employees' perspectives. This study is significant because employees play a central role in translating organizational strategies into operational activities and outcomes. As the primary recipients of leadership messages, their understanding and interpretation of strategic information may influence how strategies are implemented within deposit money banks. By looking at leadership communication from employees' perspectives, the study provides insights into how communication practices relate to strategy execution. The findings of this study contribute to the literature on leadership, communication, and strategic management and provide practical implications for managers seeking to enhance strategy execution in the banking sector. The primary objective of this study was to examine the effect of leadership communication on strategy execution in deposit money banks in Lagos State, Nigeria, with particular emphasis on the mediating role of strategic understanding as a mechanism through which leadership communication influences employees' ability to implement organizational strategies.

The study specifically sought to:

- investigate how communication clarity influences strategy execution among deposit money banks in Lagos State, Nigeria;
- establish the extent to which strategic direction communication influences

- strategy execution in deposit money banks in Lagos State, Nigeria;
- analyse the influence of communication openness on strategy execution in deposit money banks in Lagos State, Nigeria;
- ascertain how communication feedback affects strategy execution in deposit money banks in Lagos State, Nigeria;
- investigate the extent to which leadership communication enhances employees' strategic understanding in deposit money banks in Lagos State, Nigeria; and
- establish whether strategic understanding mediates the relationship between leadership communication and strategy execution in deposit money banks in Lagos State, Nigeria.

2. Literature Review

2.1. Conceptual Review

2.1.1 Leadership Communication

Within this study, leadership communication is treated as a managerial capability through which leaders explain what the organization seeks to achieve, what employees are expected to do, and what outcomes are considered important. It refers to how leaders create understanding, influence attitudes and behaviours, communicate vision, provide direction, and support organizational objectives through information exchange (Bornman & Puth, 2017; Barrett, 2006). Unlike general organizational communication, it focuses on shaping meaning, motivating employees, building trust, and aligning employee actions with organizational goals. Leadership is fundamentally a communication process because influence occurs through leader-follower interactions (Ruben and Gigliotti, 2016). Effective leadership communication strengthens understanding of vision, strategic goals, and performance expectations (Bornman and Puth, 2017), while communication styles influence leader-member relationships and employee commitment (Brown et al., 2019). It also supports participation, change, collaboration, and strategy implementation, whereas poor communication creates uncertainty and weak outcomes (Nagachevska et al. 2023). This study examines communication clarity, strategic direction communication, communication openness, and communication feedback.

2.1.2 Communication Clarity

Communication clarity concerns the extent to which employees receive messages that are easy to interpret, internally consistent, and sufficiently specific to guide their responsibilities. It helps employees understand organizational goals, expectations, policies, and responsibilities. de Vries et al. (2010) identify communication precision as an important leadership characteristic, while Bornman and Puth (2017) emphasize its role in understanding priorities and performance expectations. In banking, clear communication reduces uncertainty, prevents misunderstandings, and supports consistent interpretation of strategic objectives, regulatory requirements, and operational procedures effectively.

2.1.3 Strategic Direction Communication

Strategic direction communication captures how leaders explain the organization's intended direction, including its major goals, priorities, future orientation, and the reasons employees should understand them. It explains where the organization is heading, why strategic objectives matter, and how employees contribute to achieving them. Bornman and Puth (2017) emphasize leaders' responsibility for communicating vision and strategic direction, while Barrett (2006) highlights the importance of consistently communicating organizational purpose and priorities. This communication helps translate strategy into meaningful, actionable objectives that align employee efforts with organizational goals.

2.1.4 Communication Openness

Communication openness reflects whether employees experience a communication climate in which questions, concerns, suggestions, and alternative views can be raised without unnecessary barriers and where interaction is not restricted to downward instructions. It promotes trust, transparency, involvement, and information sharing. Nagachevska et al. (2023) note that effective internal communication enhances participation and organizational effectiveness, while Brown et al. (2019) found that supportive communication strengthens leader-employee relationships and commitment, especially during organizational change and strategy implementation.

2.1.5 Communication Feedback

Communication feedback concerns the ongoing exchange through which leaders respond to employees, clarify expectations, comment on progress, and provide information that helps staff adjust their work; it also includes employees' opportunity to communicate upward. It supports learning, problem-solving, performance improvement, and understanding. Victor and Konya (2021) found that feedback mechanisms improve employee performance and organizational effectiveness, while Nagachevska et al. (2023) linked continuous feedback with employee engagement and commitment. Thus, feedback remains central to leadership communication and learning.

2.1.6 Strategy Execution

A strategy becomes consequential when the organization can move from intention to coordinated action. For that reason, strategy execution is treated in this study as the practical stage at which strategic priorities are translated into activities, decisions, coordination, and observable organizational outcomes. It refers to converting strategic plans into coordinated actions, operational activities, and measurable outcomes through resource mobilization, employee coordination, structural alignment, and activities that support strategic objectives (Tawse & Tabesh, 2021; Rani, 2019). Many organizations fail because of implementation challenges rather than poor strategy formulation (Ranganai, 2025). Key influences include communication, leadership, culture, employee involvement, resource allocation, alignment, commitment, and coordination (Ali, 2023; Vigfusson, et al., 2021). In banking, effective execution supports digital transformation, customer service, risk management, efficiency, and regulatory compliance. This study examines strategic alignment, task implementation effectiveness, coordination and collaboration, and employee commitment to strategy.

2.1.7 Strategic Alignment

Strategic alignment reflects the degree to which employees' activities, departmental operations, resources, and organizational systems are directed toward the same strategic priorities. It ensures employees understand priorities and direct efforts toward goals. Ateş et al. (2020) emphasize alignment among organizational actors, while Ranganai (2025) identifies alignment between objectives and actions as essential to strategy implementation.

Task Implementation Effectiveness

Task implementation effectiveness refers to successful execution of initiatives, projects, and operational activities according to objectives, timelines, and performance standards. It translates strategic intentions into organizational outcomes. Tawse and Tabesh (2021) stress converting plans into action, while Ali (2023) highlights communication, leadership, resources, and participation.

Coordination and Collaboration

This dimension focuses on how effectively people and units work across functional boundaries. It includes sharing relevant information, synchronizing activities, and combining efforts when the implementation of a strategic initiative requires contributions from more than one group. Cross-functional cooperation supports strategy execution. Vigfusson et al. (2021) identify coordination as a key implementation factor, while Ranganai (2025) notes that poor coordination and communication often hinder effective strategy implementation.

Employee Commitment to Strategy

Employee commitment to strategy is employees' willingness to support and contribute to strategic objectives. Understanding and believing in strategy encourages implementation effort. Ateş et al. (2020) link strategic consensus with commitment and implementation success, while Bornman and Puth (2017) show effective communication strengthens commitment by clarifying goals and employees' roles.

2.1.8 Strategic Understanding

Strategic understanding represents employees' grasp of what the organization is trying to achieve, which priorities matter most, and how their own responsibilities fit into the wider implementation effort. It enables employees to understand what the organization seeks to achieve, why strategic initiatives matter, and how their actions support implementation. Rani (2019) identifies poor understanding of organizational aims and plans as a major barrier to strategy implementation. Leadership communication strengthens strategic understanding by helping leaders explain priorities, create meaning, and provide direction. Barrett (2006) notes that leadership communication guides and motivates employees toward collective action, while Bornman and Puth (2017) emphasize its role in clarifying vision, goals, and performance expectations. Strategic understanding also promotes alignment, coordination, commitment, and employee involvement in execution (Tawse & Tabesh, 2021; Holm et al., 2025). In this study, it was conceptualized as employees' understanding of goals, priorities, and role expectations, and as a mediator between leadership communication and strategy execution within the banking context.

2.1.9 Leadership Communication and Strategy Execution

The relationship between leadership communication and strategy execution is significant because effective implementation relies not only on sound strategic plans but also on how clearly those plans are communicated to employees. Leadership communication helps explain strategic objectives, clarify priorities, define expectations, and build commitment. Ali (2023) identifies communication as a major success factor in strategy implementation, while Ranganai (2025) links ineffective communication with implementation failure and effective communication with stronger understanding, commitment, and coordination. Tawse and Tabesh (2021) likewise emphasize clear and continuous communication throughout execution. Communication clarity supports understanding of objectives, strategic direction communication promotes alignment, communication openness encourages information sharing and participation, while feedback strengthens monitoring, learning, and improvement. Together, these practices can enhance strategic alignment, task implementation, collaboration, and employee commitment. Leadership communication therefore provides a foundation for successful strategy execution in deposit money banks by helping employees understand priorities, participate, and remain committed to organizational goals.

2.1.9.1 Leadership Communication, Strategic Understanding, and Strategy Execution

Leadership communication, strategic understanding, and strategy execution are linked because communication shapes how employees interpret organizational strategies and their roles in implementation. Effective communication creates shared meaning, clarifies priorities, and reduces uncertainty. Barrett (2006) explains that leadership communication transfers meaning through which leaders guide, influence, and motivate employees toward collective action, while Bornman and Puth (2017) show that it helps employees understand organizational vision, goals, and performance expectations. However, communication alone may not ensure successful execution. Employees must understand the strategic relevance of messages and connect them to their responsibilities. Rani (2019) identifies poor understanding of organizational aims and plans as a major implementation barrier. Likewise, Tawse and Tabesh (2021) and Holm et al. (2025) emphasize alignment, commitment, coordination, and involvement in successful execution. Thus, this study proposes that strategic understanding mediates the relationship between leadership communication and strategy execution by translating communicated priorities into meaningful employee action and outcomes.

2.2. Theoretical Review

2.2.1 Transformational Leadership Theory (TLT)

Transformational Leadership Theory originated from the work of Burns (1978) and was subsequently developed further by Bass (1985). The theory explains how leaders can enhance employees' commitment and organisational performance by inspiring and motivating followers, encouraging innovative and critical thinking, and providing personalised attention to individual needs and development (Bass, 1985; Bass & Riggio, 2006). The theory emphasizes leaders' ability to communicate vision, create understanding, build trust, and align employees with organizational goals. This makes it relevant to strategic understanding because transformational leaders help employees interpret strategic priorities and connect them to their roles. Its communication behaviours align with this study's dimensions: communication clarity, strategic direction communication, communication openness, and communication feedback. These practices can strengthen strategic alignment, task implementation, coordination, collaboration, and employee commitment. Empirical evidence shows that leadership communication supports commitment and strategy implementation (Bornman & Puth, 2017; Brown et al., 2019). Although the theory explains how leaders influence employee attitudes and behaviour, it has been criticized for giving limited attention to contextual and organizational factors (Yukl, 2013).

2.2.2 Social Exchange Theory (SET)

Social Exchange Theory was developed by Homans (1958) and expanded by Blau (1964). It proposes that social relationships involve reciprocal exchanges, whereby employees who receive support, trust, fairness, and positive treatment are likely to respond with commitment, cooperation, and behaviours that support organizational goals (Blau, 1964). In organizations, communication is a key form of exchange because leaders provide information, guidance, clarification, recognition, and feedback, while employees respond through trust, engagement, and performance. Clear, open, and supportive communication can also strengthen strategic understanding by encouraging dialogue, information seeking, and knowledge sharing. This theory is relevant because communication clarity, strategic direction communication, openness, and feedback can foster commitment, collaboration, task execution, and strategic alignment. Brown et al. (2019) and Victor and Konya (2021) support the view that effective communication strengthens employee commitment and performance. However, SET may understate the effect of personal values, organizational culture, and external factors on employee behaviour overall.

2.2.3 Theoretical Framework for the Study

This study was based on Transformational Leadership Theory and supported by Social

Exchange Theory. Transformational Leadership Theory describes how leaders communicate vision, create shared understanding, and align employees with organizational objectives, while Social Exchange Theory explains how employees reciprocate supportive communication through commitment and cooperation. These theories explain how leadership communication strengthens strategic understanding, which subsequently supports strategic alignment, task implementation effectiveness, coordination and collaboration, and employee commitment to strategy within deposit money banks.

2.3 Empirical Review

Previous studies have examined leadership communication, leadership styles, strategy implementation, and execution across contexts. Evidence shows that communication supports employee understanding, commitment, coordination, and performance. However, limited research has examined leadership communication dimensions and strategy execution in deposit money banks from employees' perspective. This review focused on clarity, strategic direction, openness, and feedback.

2.3.1 Communication Clarity and Strategy Execution

Evidence from the reviewed studies indicates that the quality of a leader's message can shape how employees interpret organizational expectations. Bornman and Puth (2017) reported that leadership communication helped employees make sense of goals, expectations, and leaders' intentions. This provides a useful basis for expecting clearer leadership messages to support implementation in the present context. Similarly, de Vries et al. (2010) reported that communication precision was positively associated with leadership effectiveness, employee satisfaction, and knowledge sharing. Rani (2019) emphasized that effective communication supports employees' understanding of organizational objectives, while Ali (2023) identified communication as a major determinant of strategy implementation success. In Nigeria's banking sector, Nwata et al. (2021) found a significant relationship between communication and employee performance in deposit money banks. Although their study focused on performance rather than strategy execution, the findings suggest that communication clarity may support implementation. However, limited studies have examined its influence on strategy execution in deposit money banks in Lagos state, Nigeria.

2.3.2 Strategic Direction Communication and Strategy Execution

Strategic direction communication concerns leaders' communication of organizational vision, mission, goals, and priorities. Bornman and Puth (2017) found employees expect leaders to communicate strategic goals in ways that clarify how their work contributes to organizational objectives. Barrett (2006) emphasized consistent communication of organizational purpose and priorities. Olaka et al. (2017) found that communicated strategic direction significantly influenced strategy implementation in Kenyan commercial banks. Likewise, Kabaiku and Kabare (2017) reported that leadership practices involving communication of strategic priorities improved implementation outcomes. These evidence points to a practical link between communicating strategic direction and employees' ability to align their work with organizational priorities. The implication for the present study is that employees who understand where the bank is heading should be better placed to act in ways that support implementation. However, limited evidence exists on its influence among employees of deposit money banks in Lagos State, Nigeria.

2.3.3 Communication Openness and Strategy Execution

Communication openness influences participation, trust, collaboration, and commitment by encouraging employees to share ideas, express concerns, and engage in organizational processes. Brown et al. (2019) found that supportive and participative communication strengthened leader-member relationships and commitment. Nagachevska et al. (2023) reported that internal communication in banking promotes employee involvement, information sharing, and organizational effectiveness. In Nigeria, Dike and Ahia (2025) found that transparent and participative communication in deposit money banks enhanced culture and performance. Victor and Konya (2021) also found that organizational communication improved teamwork, morale, management effectiveness, and performance in deposit money banks. The combined evidence indicates that openness may matter for execution because it gives employees room to exchange information, raise implementation problems, and contribute to solutions. In that sense, openness can support the coordination required when strategic initiatives involve several employees or units. However, empirical evidence from deposit money banks in Lagos State, Nigeria remains limited.

2.3.4 Communication Feedback and Strategy Execution

Feedback creates a continuing loop between intended performance and actual performance. Through that loop, employees can clarify what is expected, receive information about progress, identify gaps, and modify their actions when implementation is not proceeding as planned. Victor and Konya (2021) found that feedback mechanisms improved employee performance and organizational effectiveness in deposit money banks, while continuous feedback helped employees understand expectations. Nagachevska et al. (2023) reported that effective feedback strengthens engagement, communication effectiveness, and organizational commitment. Narikae et al. (2017) found that communication, coordination, commitment, and monitoring significantly influenced strategy implementation success. Similarly, Ranganai (2025) identified weak communication and feedback systems as barriers to implementation, while effective communication improved understanding and commitment. However, few studies have specifically examined communication feedback and strategy execution among employees of deposit money banks in Lagos State, Nigeria.

2.3.5 Strategic Understanding, Leadership Communication, and Strategy Execution

Strategic understanding is essential to strategy execution because employees must understand organizational priorities, strategic intentions, and how their roles contribute to organizational objectives. Rani (2019) identified poor understanding of aims and plans as a major barrier to implementation. Leadership communication helps employees interpret strategic messages by clarifying vision, goals, expectations, and performance requirements. Bornman and Puth (2017) found that leadership communication strengthens employees' understanding of vision and strategic goals, while Barrett (2006) emphasized its role in creating shared meaning. Tawse and Tabesh (2021) identified employee involvement, competence, commitment, and coordination as important implementation conditions, while Vigfusson et al. (2021) highlighted communication, commitment, consensus, and employee influence. Holm et al. (2025) further stressed alignment between strategic objectives and employee actions. However, limited studies have examined strategic understanding as a mediator between leadership communication and strategy execution. This study addresses that gap in deposit money banks in Lagos State, Nigeria.

2.4 Conceptual Model of the Study

The conceptual model shows the relationship among leadership communication, strategic understanding, and strategy execution in deposit money banks in Lagos State, Nigeria. Leadership communication is the independent variable, strategic understanding the mediator, and strategy execution the dependent variable. Leadership communication comprises communication clarity, strategic direction communication, communication openness, and communication feedback. Strategy execution covers strategic alignment, task implementation effectiveness, coordination and collaboration, and employee commitment. The model proposes that leadership communication influences strategy execution directly and indirectly through strategic understanding, which helps employees interpret priorities, align activities, coordinate implementation efforts, and remain committed to organizational goals.

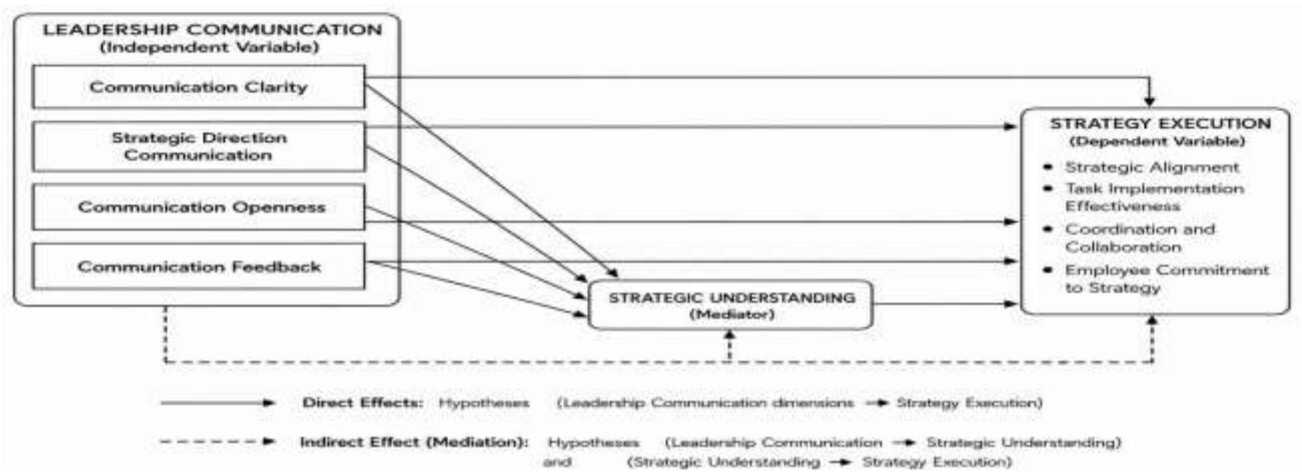

Figure 1: Conceptual Model of the Mediating Role of Strategic Understanding in the Relationship between Leadership Communication and Strategy Execution.
Source: Authors' Conceptualisation, 2026

2.5 Research Hypotheses

The following null hypotheses were formulated to examine the relationship between the study variables:
H_o1: Communication clarity has no significant effect on strategy execution.
H_o2: Strategic direction communication has no significant effect on strategy execution.
H_o3: Communication openness has no significant effect on strategy execution.
H_o4: Communication feedback has no significant effect on strategy execution.
H_o5: Leadership communication has no significant effect on employees' strategic understanding.
H_o6: Strategic understanding does not significantly mediate the relationship between leadership communication and strategy execution.

3. Methodology

3.1 Research Design

The study adopted a quantitative survey approach and collected the required information from respondents at one point in time to measure predefined constructs and test the proposed relationships among leadership communication, strategic understanding, and strategy execution. This design was appropriate because it enabled the researchers to obtain standardized responses from employees and statistically test the hypothesized relationships among the study variables at a single point in time (Creswell & Creswell, 2018; Saunders et al., 2019).

3.2 Population, Sample Size and Sampling Technique

The study focused on employees working in selected Deposit Money Banks in Lagos State. Lagos was chosen because it is a major centre for banking activity in Nigeria and hosts substantial strategic and operational functions of commercial banks. Employees constituted the unit of analysis because they are directly involved in the implementation of organisational strategies and are key recipients of leadership communication within their respective organisations. Ten DMBs were purposively selected from the list of licensed banks published by the Central Bank of Nigeria (CBN, 2024). These were Access Bank, Fidelity Bank, First City Monument Bank, First Bank of Nigeria, Guaranty Trust Bank, United Bank for Africa, Zenith Bank, Ecobank Nigeria, Union Bank, and Sterling Bank. The selection of these banks was based on their CBN licensing status, operational presence in Lagos State, representation of different categories of banking institutions, and level of organisational complexity. A current and verifiable figure for the total number of employees of the selected banks specifically within Lagos State was unavailable. Consequently, the national DMB staff strength of 93,090 reported by the National Bureau of Statistics (NBS, 2022) was used only as a reference indicator of the size of the banking workforce and not as the actual population from which the sample was statistically adjusted. Given the absence of a definitive population figure for employees of the selected DMBs in Lagos State, Cochran's (1977) sample-size formula for a large or unknown population was applied. Using a 95% confidence level, a margin of error of 3.9%, and an assumed population proportion of 0.50, the minimum sample size was calculated as follows:

$n_0 = Z^2 p(1 - p) / e^2$

where n_0 represents the required sample size, Z is the standard normal deviate corresponding to the 95% confidence level (1.96), p is the estimated population proportion (0.50), and e is the desired margin of error (0.039). Thus:

$n_0 = (1.96)^2(0.50)(0.50) / (0.039)^2$

$n_0 = 631.43$

Accordingly, the minimum required sample size was rounded upwards to 632 employees. A multistage sampling technique combining purposive and probability sampling procedures was adopted. At the first stage, the ten DMBs were purposively selected based on the stated eligibility criteria. At the second stage, branches of the selected banks were drawn across the five administrative divisions of Lagos State to ensure geographical coverage. At the final stage, eligible employees within the selected branches were selected using simple random sampling. This procedure was intended to enhance the geographical spread of respondents while providing eligible employees within the selected branches an opportunity to participate in the study.

3.3. Research Instrument

Data were collected using a structured questionnaire developed from relevant literature on leadership communication, strategic understanding, and strategy execution (Bornman & Puth, 2017; Brown et al., 2019; de Vries et al., 2010; Tawse & Tabesh, 2021; Ali, 2023). The questionnaire had four sections. Section A captured demographic information; Section B measured leadership communication through communication clarity, strategic direction communication, communication openness, and communication feedback; Section C assessed strategy execution through strategic alignment, task implementation effectiveness, coordination and collaboration, and employee commitment; while Section D measured strategic understanding. Items were rated on a five-point Likert scale from 1 (Strongly Disagree) to 5 (Strongly Agree). Face and content validity were established through expert review, followed by a pilot study. Using PLS-SEM procedures, indicator reliability was assessed through outer loadings, internal consistency through Cronbach's alpha and composite reliability, convergent validity through average variance extracted, and discriminant validity through HTMT and the Fornell–Larcker criterion.

3.4 Description of Research Variables and Data Analysis Method

Leadership Communication was the independent variable, Strategic Understanding the mediator, and Strategy Execution the dependent variable. Leadership Communication comprised communication clarity, strategic direction communication, communication openness, and communication feedback. Strategic Understanding reflected employees' comprehension of strategic goals, priorities, and their roles in implementation, while Strategy Execution covered strategic alignment, task implementation effectiveness, coordination and collaboration, and employee commitment. PLS-SEM was used to assess measurement properties and structural relationships. Reliability and validity were examined through indicator assessment, internal consistency, convergent validity, and discriminant validity. Structural analysis used path coefficients, R^2, and f^2, while mediation analysis tested direct and indirect effects of leadership communication through strategic understanding.

4. Results

4.1 Response Rate and Demographic Characteristics of Respondents

Of the 632 questionnaires administered, 596 were retrieved and considered suitable for analysis, representing a response rate of 94.30%. Respondents were employees of selected Deposit Money Banks in Lagos State, Nigeria. Table 1 shows the demographic characteristics of the respondents.

Table 1: Demographic Characteristics of Respondents

Demographic Factor	Category	n (%)
Gender	Female	298 (50.0)
	Male	286 (48.0)
	Prefer not to say	12 (2.0)
Age Category	18–25 years	177 (29.7)
	26–35 years	169 (28.4)
	36–45 years	96 (16.1)
	46–49 years	132 (22.1)
	50 years and above	22 (3.7)
Educational Qualification	Bachelor's Degree	359 (60.2)
	Master's Degree	110 (18.5)
	HND	103 (17.3)
	OND	24 (4.0)
Length of Service	Less than 5 years	318 (53.4)
	5–10 years	212 (35.6)
	11–15 years	33 (5.5)
	Above 15 years	33 (5.5)
Job Level	Junior Staff	318 (53.4)
	Middle-Level Staff	223 (37.4)
	Senior Staff/Management	55 (9.2)
Department/Unit	Operations	295 (49.5)
	Marketing/Sales	99 (16.6)
	Customer Service	80 (13.4)

Demographic Factor	Category	n (%)
	Risk/Compliance	77 (12.9)
	Internal Control	45 (7.6)

Note. N = 596. Values are presented as frequency (percentage).

The respondent profile indicates broad representation across the sampled workforce. Female respondents accounted for half of the sample, while male respondents represented just under half, with a small proportion choosing not to disclose gender. Most respondents were aged 18–35 years, while older age groups were also represented. Educationally, 60.2% held Bachelor's degrees and 18.5% postgraduate qualifications. Regarding experience, 53.4% had less than five years of service, while 35.6% had five to ten years. Junior staff constituted 53.4%, middle-level staff 37.4%, and senior staff 9.2%. Respondents also represented operations, marketing/sales, customer service, risk/compliance, and internal control, providing broad perspectives on leadership communication, strategic understanding, and strategy execution across organizational levels and functional areas.

4.2 Descriptive Statistics and Correlation Analysis

Descriptive statistics and Pearson correlation analysis examined the distribution and relationships among the study variables. Table 2 presents means, standard deviations, and correlation coefficients for leadership communication dimensions, strategic understanding, and strategy execution. Means reflect respondents' perceptions, standard deviations show variability, and correlations indicate relationship direction and strength among constructs.

Table 2: Descriptive Statistics and Correlation Matrix

Construct	Mean	SD	CC	SDC	CO	CF	SU	SE
Communication Clarity (CC)	2.98	1.09	1.00					
Strategic Direction Communication (SDC)	2.97	1.10	0.29	1.00				
Communication Openness (CO)	2.99	1.07	−0.01	0.11	1.00			
Communication Feedback (CF)	2.97	1.08	0.05	0.04	0.37	1.00		
Strategic Understanding (SU)	3.00	1.09	0.44	0.48	0.50	0.50	1.00	
Strategy Execution (SE)	3.00	1.05	0.47	0.50	0.53	0.54	0.89	1.00

Note. N = 596. Values below the diagonal are Pearson correlation coefficients.

Across the constructs, the average responses were closely clustered around the midpoint of the five-point scale. The means therefore indicate neither strongly favourable nor strongly unfavourable perceptions, while the standard deviations show a comparable degree of response dispersion across the measures. Leadership communication dimensions were positively associated with strategic understanding and strategy execution. Communication clarity, strategic direction communication, openness, and feedback correlated with strategy execution at $r = 0.47$, 0.50, 0.53, and 0.54, respectively. Communication clarity and communication openness showed a negligible relationship ($r = -0.01$), suggesting that the two constructs capture distinct aspects of leadership communication. Strategic understanding was strongly correlated with strategy execution ($r = 0.89$), indicating substantial association between the constructs. These correlations provide preliminary evidence of relationships among the variables; however, causal and mediating effects were subsequently assessed using PLS-SEM.

4.3 Measurement Model Assessment

The measurement model was examined to establish construct reliability and validity before evaluating structural relationships among leadership communication, strategic understanding, and strategy execution. Following PLS-SEM procedures, indicator reliability, internal consistency reliability, convergent validity, and discriminant validity were examined (Hair et al., 2022). Outer loadings assessed indicator reliability, Cronbach's alpha and composite reliability assessed internal consistency, AVE assessed convergent validity, while HTMT and the Fornell–Larcker criterion assessed discriminant validity. The results of these assessments are shown in Tables 3–6.

Table 3: Indicator Reliability (Outer Loadings)

Construct	Items	Outer Loadings
Communication Clarity	CC1–CC5	0.815, 0.833, 0.854, 0.828, 0.827
Strategic Direction Communication	SDC1–SDC5	0.837, 0.840, 0.822, 0.839, 0.834
Communication Openness	CO1–CO5	0.815, 0.825, 0.824, 0.833, 0.822
Communication Feedback	CF1–CF5	0.829, 0.819, 0.815, 0.826, 0.839
Strategic Understanding	SU1–SU5	0.834, 0.849, 0.851, 0.839, 0.850
Strategic Alignment	SA1–SA5	0.859, 0.865, 0.851, 0.857, 0.861
Task Implementation Effectiveness	TIE1–TIE5	0.814, 0.823, 0.838, 0.816, 0.826
Coordination and Collaboration	CCB1–CCB5	0.809, 0.808, 0.826, 0.821, 0.812
Employee Commitment to Strategy	ECS1–ECS5	0.852, 0.833, 0.857, 0.840, 0.845

Note. Loadings correspond sequentially to the items listed. All outer loadings exceed the recommended threshold of 0.708.

The indicator results provide adequate support for retaining the measurement items. Each loading exceeded the benchmark used in the study, indicating that the individual items made a sufficiently strong contribution to their respective constructs (Hair et al., 2022).

Table 4: Construct Reliability and Convergent Validity

Construct	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
Communication Clarity (CC)	0.888	0.918	0.692
Strategic Direction Communication (SDC)	0.891	0.920	0.696
Communication Openness (CO)	0.882	0.913	0.679
Communication Feedback (CF)	0.883	0.915	0.682
Strategic Understanding (SU)	0.900	0.926	0.714
Strategic Alignment (SA)	0.911	0.933	0.737
Task Implementation Effectiveness (TIE)	0.881	0.913	0.678
Coordination and Collaboration (CCB)	0.874	0.908	0.664
Employee Commitment to Strategy (ECS)	0.900	0.926	0.715

The reliability evidence is consistently strong across the constructs. Cronbach's alpha and composite reliability both exceeded the study's acceptance criterion, indicating that the items within each construct behaved consistently. The AVE results also met the stated benchmark, providing evidence that the constructs captured adequate shared variance among their indicators (Hair et al., 2022).

Table 5: Fornell–Larcker Criterion

Construct	CC	SDC	CO	CF	SU	SA	TIE	CCB	ECS
CC	0.832								
SDC	0.293	0.834							
CO	-0.008	0.114	0.824						
CF	0.050	0.041	0.367	0.826					
SU	0.436	0.475	0.498	0.504	0.845				
SA	0.460	0.481	0.525	0.523	0.857	0.859			
TIE	0.450	0.487	0.500	0.523	0.860	0.901	0.823		
CCB	0.434	0.465	0.496	0.520	0.851	0.899	0.884	0.815	
ECS	0.446	0.488	0.506	0.522	0.850	0.902	0.889	0.887	0.845

Note. Bold diagonal values represent the square roots of average variance extracted (AVE).

The Fornell–Larcker criterion was satisfied for communication clarity, strategic direction communication, communication openness, and communication feedback. However, correlations involving strategic understanding and some strategy execution dimensions exceeded their square roots of AVE, indicating that the criterion was not fully satisfied.

Table 6: Discriminant Validity Using the HTMT Criterion

Construct	CC	SDC	CO	CF	SU	SA	TIE	CCB	ECS
CC	1.000								
SDC	0.203	1.000							
CO	0.026	0.078	1.000						
CF	0.036	0.039	0.250	1.000					
SU	0.306	0.335	0.347	0.352	1.000				
SA	0.328	0.344	0.371	0.371	0.622	1.000			
TIE	0.308	0.334	0.339	0.356	0.598	0.637	1.000		
CCB	0.294	0.316	0.333	0.350	0.586	0.629	0.593	1.000	
ECS	0.314	0.344	0.353	0.365	0.607	0.655	0.619	0.611	1.000

The HTMT values ranged from 0.026 to 0.655 and were below the recommended threshold of 0.90. The results therefore provide evidence of satisfactory discriminant validity among the study constructs. Discriminant validity was assessed using the Fornell–Larcker criterion (Fornell & Larcker, 1981) and HTMT. Although Fornell–Larcker showed high correlations between strategic understanding and some strategy execution dimensions, HTMT values ranged from 0.026 to 0.655, below 0.90. Given HTMT's greater sensitivity in PLS-SEM (Henseler et al., 2015; Hair et al., 2022), the results provided sufficient evidence of discriminant validity overall.

4.4 Structural Model Assessment

The structural model was assessed using path coefficients (β), t-values, p-values, coefficient of determination (R^2), and effect sizes (f^2). The analysis examined the direct relationships among the study constructs and the mediating effect of strategic understanding. Statistical significance was assessed using the t-values and p-values associated with the estimated path coefficients. See tables 7-9 below.

Table 7: Direct Effects and Hypothesis Testing

Hypothesis	Relationship	Path coefficient	t-value	p-value	Decision
H_o1	Communication Clarity → Strategy Execution	0.446	12.858	$< .001$	Rejected
H_o2	Strategic Direction Communication → Strategy Execution	0.474	14.098	$< .001$	Rejected
H_o3	Communication Openness → Strategy Execution	0.512	15.165	$< .001$	Rejected
H_o4	Communication Feedback → Strategy Execution	0.522	15.815	$< .001$	Rejected
H_o5	Leadership Communication → Strategic Understanding	1.351	32.487	$< .001$	Rejected

Table 7 shows that communication clarity ($\beta = 0.446$, $p < .001$), strategic direction communication ($\beta = 0.474$, $p < .001$), communication openness ($\beta = 0.512$, $p < .001$), and communication feedback ($\beta = 0.522$, $p < .001$) had significant positive effects on strategy execution. Leadership communication also significantly influenced strategic understanding ($\beta = 1.351$, $p < .001$). Accordingly, H_o1–H_o5 were rejected.

Table 8: Explanatory Power of the Structural Models (R^2)

Endogenous construct	Structural model	R^2	Explained variance
Strategic Understanding	Leadership Communication → Strategic Understanding	0.640	64.0%
Strategy Execution	Model without mediator	0.728	72.8%
Strategy Execution	Model with Strategic Understanding as mediator	0.848	84.8%

Leadership communication explained 64.0% of the variance in strategic understanding ($R^2 = 0.640$). The model without strategic understanding explained 72.8% of the variance in strategy execution ($R^2 = 0.728$), while the model including strategic understanding explained 84.8% ($R^2 = 0.848$), indicating increased explanatory power with the mediator included.

Table 9: Effect Size Assessment (f^2)

Relationship	Endogenous construct	f^2	Effect size
Leadership Communication → Strategic Understanding	Strategic Understanding	1.777	Large
Leadership Communication → Strategy Execution	Strategy Execution	0.364	Large
Strategic Understanding → Strategy Execution	Strategy Execution	0.794	Large

Note. Following Cohen (1988) and Hair et al. (2022), f^2 values of 0.02, 0.15, and 0.35 indicate small, medium, and large effects, respectively.

The effect-size results showed large effects across the structural relationships. Leadership communication had a large effect on strategic understanding ($f^2 = 1.777$) and strategy execution ($f^2 = 0.364$), while strategic understanding had a large effect on strategy execution ($f^2 = 0.794$), based on the recommended thresholds (Cohen, 1988; Hair et al., 2022).

4.5 Mediation Analysis: Strategic Understanding as a Mediator

The mediating role of strategic understanding was examined using the indirect-effect approach. Partial mediation is supported when both the direct effect and the indirect effect remain statistically significant after the mediator is introduced (Hair et al., 2022). The results are presented in Table 10.

Table 10: Mediation Analysis: Strategic Understanding as Mediator

Hypothesis / effect	Relationship	Path coefficient	t-value	p-value	Decision
Direct effect	Leadership Communication → Strategy Execution	0.626	14.682	< .001	Significant
Path a	Leadership Communication → Strategic Understanding	1.351	32.487	< .001	Significant
Path b	Strategic Understanding → Strategy Execution	0.548	21.697	< .001	Significant
H_06: Indirect effect	Leadership Communication → Strategic Understanding → Strategy Execution	0.740	18.039	< .001	Rejected

Table 10 shows that the direct effect of leadership communication on strategy execution remained significant ($\beta = 0.626$, $p < .001$), while leadership communication significantly influenced strategic understanding ($\beta = 1.351$, $p < .001$), and strategic understanding significantly influenced strategy execution ($\beta = 0.548$, $p < .001$). The indirect effect through strategic understanding was also significant ($\beta = 0.740$, $p < .001$). Thus, strategic understanding partially mediated the relationship between leadership communication and strategy execution, leading to the rejection of H_06.

5. Discussion of Findings

The findings show that leadership communication plays an important role in strategy execution within Deposit Money Banks in Lagos State, Nigeria. Communication clarity, strategic direction communication, communication openness, and communication feedback significantly influenced strategy execution, while leadership communication enhanced strategic understanding. The results further show that employees' understanding of strategic priorities provides an important pathway through which communication contributes to effective implementation.

5.1 Communication Clarity and Strategy Execution

The significant result for communication clarity indicates that execution is stronger when employees can readily identify what is expected of them and how their responsibilities relate to strategic priorities. In the banking environment, where procedures and strategic initiatives may change quickly, ambiguity can create room for inconsistent action; clearer messages reduce that interpretive gap. This finding supports Barrett (2006), who views leadership communication as the purposeful transfer of meaning that guides organizational action, and Bornman and Puth (2017), who emphasize clear and consistent communication in promoting employee understanding and organizational effectiveness. It also aligns with Rani (2019), who identifies inadequate understanding of organizational aims and plans as a major barrier to strategy implementation. The present finding therefore suggests that communication clarity is not merely a communication quality but an important strategic capability. In Deposit Money Banks, where employees operate within demanding regulatory and operational environments, clear communication helps align strategic intentions with employees' day-to-day responsibilities.

5.2 Strategic Direction Communication and Strategy Execution

The result for strategic direction communication points to the importance of giving employees a sense of where the organization is going, not merely telling them what task to perform. When the broader direction is understood, individual activities can be interpreted in relation to the bank's wider priorities. This finding is consistent with Suphattanakul (2017), who emphasizes leadership direction and motivation in effective strategy implementation. It also supports Tawse and Tabesh (2021), who identify managerial actions, coordination, commitment, and alignment as important conditions for implementation. Similarly, Holm et al. (2025) highlight leadership capabilities, stakeholder involvement, and organizational mechanisms as important implementation levers. This study builds on these findings by showing that communicating strategic direction directly contributes to execution in Nigerian Deposit Money Banks. Leaders therefore need to communicate strategic priorities continuously and explain why particular strategic actions are important rather than assume employees automatically understand organizational intentions.

5.3 Communication Openness and Strategy Execution

The positive effect of openness indicates that implementation benefits when communication moves beyond one-way instruction. Employees who can ask questions, raise concerns, exchange information, and contribute ideas have more opportunities to resolve practical problems before they become barriers to execution. Open communication enables employees to seek clarification, raise concerns, share information, and contribute ideas during strategy execution. This finding supports de Vries et al. (2010), who associate leadership communication styles with knowledge sharing, leadership effectiveness, satisfaction, and team commitment. It also aligns with Brown et al. (2019), who show that communication behaviours strengthen leader-employee relationships and organizational commitment. Ruben and Gigliotti (2016) further conceptualize leadership communication as a process of social influence through which shared meaning and collective action are created. This study adds to these perspectives by showing that communication openness contributes not only to workplace relationships but also to employees' capacity to participate effectively in strategy implementation.

5.4 Communication Feedback and Strategy Execution

The feedback result suggests that strategy execution is not a one-off communication event. As employees carry out strategic tasks, they need opportunities to receive clarification, discuss progress, identify deviations, and adjust their actions. Feedback therefore functions as a continuing control and learning process during implementation. Feedback helps employees clarify expectations, assess performance, identify implementation gaps, and adjust their actions. This supports Barrett (2006), who emphasizes that effective leadership communication needs not only delivering messages but also ensuring that they are understood and acted upon. The finding also aligns with Kabaiku and Kabare (2017), who report a positive relationship between leadership communication and strategy execution, and Vigfusson et al. (2021), who identify communication, commitment, consensus, and employee involvement as important implementation factors. The present study therefore identifies feedback as a distinct communication mechanism that supports learning and adjustment throughout strategy execution. This is particularly relevant to Deposit Money Banks, where changing regulatory and operational demands require employees to adapt continuously.

5.5 Leadership Communication and Strategic Understanding

The significant relationship between leadership communication and strategic understanding suggests that employees' grasp of strategy is partly shaped by the quality of the explanations they receive from leaders. Communication becomes useful for execution when it enables employees to make sense of priorities, expected outcomes, and their own contribution. This finding supports Ruben and Gigliotti (2016), who describe leadership communication as a process that creates social influence and shared meaning. It also corresponds with Bornman and Puth (2017), who stress the role of effective leadership communication in employees' understanding of organizational direction. Brown et al. (2019) similarly show that communication behaviours influence employee perceptions and organizational commitment. This study builds on this literature by identifying strategic understanding as an important outcome of leadership communication. Rather than merely transmitting information, leadership communication helps employees interpret strategic intentions, connect organizational priorities with their responsibilities, and develop the understanding required for effective execution.

5.6 Mediating Role of Strategic Understanding in Leadership Communication and Strategy Execution

The mediation result provides evidence about the process behind the communication-execution relationship. Leadership communication is associated with stronger strategic understanding, and that understanding is in turn associated with better execution. Thus, the contribution of communication appears to operate partly through employees' ability to interpret and connect strategic messages to their work. Employees who understand organizational strategies, priorities, and their expected roles are better positioned to translate strategic intentions into operational action. This finding supports Rani (2019), who identifies inadequate understanding of organizational aims and plans as a major implementation barrier. It also aligns with Tawse and Tabesh (2021), who emphasize commitment, coordination, and organizational capability in translating strategic plans into outcomes, and Holm et al. (2025), who highlight employee involvement and organizational alignment as important implementation mechanisms. Ugoani (2020) similarly argues that strategy formulation alone cannot generate organizational effectiveness without effective implementation. The findings therefore demonstrate that strategic understanding is not merely a result of communication but a mechanism linking leadership communication with strategy execution. Leaders may communicate strategic objectives effectively, but execution also depends on employees' ability to interpret and internalize those messages. This reinforces the view of leadership communication as a meaning-creation process rather than simple information transmission. Strategic understanding consequently serves as a bridge through which communication promotes alignment, coordination, commitment, and effective strategy implementation.

6. Study Implications

6.1 Theoretical Implications

The theoretical contribution lies in specifying a mechanism rather than treating communication as a simple direct predictor of execution. The findings indicate that leadership communication matters not only because leaders transmit strategic information, but also because those messages can shape employees' understanding, which subsequently supports implementation (Barrett, 2006; Bornman & Puth, 2017; Ruben & Gigliotti, 2016). The study also contributes to strategy implementation literature by showing that execution is both a technical and human process. Beyond plans, structures, and resources, successful implementation depends on communication, coordination, employee involvement, and understanding. This supports existing evidence that managerial capabilities, employee commitment, and organizational alignment are central to translating strategic intentions into outcomes (Tawse & Tabesh, 2021; Holm et al., 2025). Importantly, the study identifies strategic understanding as a mechanism linking leadership communication with strategy execution. Employees who understand organizational priorities and their roles in implementation are better positioned to align their actions with strategic objectives. This reinforces the importance of shared understanding and employee involvement in successful implementation (Rani, 2019; Vigfusson et al., 2021). The findings further complement Transformational Leadership Theory by showing how leaders' communication behaviours can create shared understanding and strategic alignment, while Social Exchange Theory helps explain employees' positive responses to clear, open, and supportive communication. Through the mediating role of strategic understanding, the study explains not only whether leadership communication influences strategy execution but also how this influence occurs. Finally, the study extends existing knowledge to Deposit Money Banks in Lagos State, Nigeria, providing evidence from a highly regulated emerging-economy banking context. It therefore demonstrates the relevance of communication-driven strategy execution mechanisms within developing-economy financial institutions.

6.2 Practical Implications

The findings provide practical guidance for managers in Deposit Money Banks by showing that effective strategy execution depends considerably on how leaders communicate strategic priorities and develop employees' understanding of organizational goals:

(i). Managers can make the findings actionable by translating strategic priorities into language employees can use in their daily work. Regular briefings, team-level explanations, and accessible communication channels can be used to clarify the intended outcome, explain individual responsibilities, and reduce uncertainty about implementation.

(ii). Leaders should strengthen strategic direction communication by explaining both what employees are expected to do and why particular initiatives are important. Connecting employees' responsibilities to broader organizational objectives can improve strategic alignment and implementation.

(iii). Banks should promote open, two-way communication. Employees should have opportunities to seek clarification, express concerns, share ideas, and participate in discussions relating to strategy implementation. Such openness can improve information sharing and enable implementation challenges to be identified early.

(iv). Feedback should be built into the implementation routine rather than treated as an occasional management activity. Progress reviews, short implementation meetings, employee input channels, and appropriate digital platforms can give managers early information about what is working, where difficulties are emerging, and where corrective action is needed.

(v). Managers should deliberately strengthen employees' strategic understanding through strategy awareness programmes, leadership briefings, training, and knowledge-sharing activities. Employees should understand not only organizational goals but also how their individual responsibilities contribute to achieving them.

(vi). Deposit Money Banks should treat communication as a strategic management capability rather than solely an administrative function. Leadership development programmes should therefore emphasize strategic messaging, active listening, feedback, and employee engagement. Strengthening these capabilities can improve shared understanding, employee commitment, and the successful execution of organizational strategies.

7. Limitations and Future Research Directions

The limitations of this study point to areas for future research. Because the data were collected at one point in time, the study cannot show how communication, strategic understanding, and execution may change as strategies evolve. Future research could follow organizations or employees over a longer period to examine these changes more directly. Concentrating on Deposit Money Banks in Lagos State, Nigeria may limit generalizability, warranting studies in other industries and locations. Reliance on self-reported data suggests value in using managerial assessments, performance indicators, and qualitative methods. Future studies could also examine organizational culture, commitment, trust, and leadership style as additional mechanisms.

8. Conclusion

The study set out to determine whether leadership communication helps employees execute organizational strategy and whether strategic understanding explains part of that relationship. The results provide consistent evidence that the four communication dimensions examined in the study are positively associated with strategy execution. Using PLS-SEM, the findings showed that communication clarity, strategic direction communication, communication openness, and communication feedback significantly enhanced strategy execution. Leadership communication also significantly improved strategic understanding, while strategic understanding contributed positively to strategy execution. Importantly, strategic understanding emerged as a mechanism through which leadership communication influences execution outcomes. Overall, the evidence suggests that implementation should not be viewed only as a matter of plans, structures, and resources. Employees also need to understand the priorities they are being asked to pursue and how their individual work fits into the implementation process. In the sampled banks, communication appears to be most useful when it produces that shared understanding and converts it into coordinated action. The findings contribute to leadership communication and strategy implementation literature by highlighting the importance of shared understanding in execution. Practically, managers should promote clear, open, continuous, and feedback-oriented communication that strengthens strategic awareness, employee alignment, and coordinated action toward organizational objectives.

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