

# Strategic Management and Effective Leadership

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## ABSTRACT

This research intend to explain strategic management and how strategic management can bring effective, improved and innovative changes in the organization. Strategic management is very important in determination of vision and mission of any organization. Further, it encourages the organization to execute compelling strategies to accomplish that vision. The study tells that leadership serves as a link between the soul and the body of an association. In India, the field of strategic management is slowly coming out of its nascent stage. More and more organizations are following the path, based on strategic management practices.

## 1. Introduction

In India, the field of strategic management is slowly coming out of its nascent stage. More and more organizations are following the path, based on strategic management practices. As far as background literature in the area of strategic management is concerned, it may be pointed out that the writing in India in this field are scanty and the exercise in empiricism is lacking to the great extent. The present state of research in our country can be partly attributed to slow growth in recognition of strategic management as systemized body of knowledge and partly to the difficulty in the collection of information from business firm. Most of the studies conducted in this field are from researchers outside India. Although the concept of leadership and leadership effectiveness are accepted long ago in Indian organization, most of the contribution in this area is made by researchers beyond our national boundaries

Leaders who follow strategies are able to accelerate the growth of appropriate strategic activities, and they postulate the ways to apply them.

In strategic management leader perform the various roles. It introduces the environment for change. Secondly it forms the leadership team by selecting key players from the association by breaking down the current hierarchy at third stage it frames the vision and strategy by the help of a visionary process that explain the strategy for understanding of whole association (Moesia, 2007). Then leadership forms an evaluation system that evaluates the strategy at each stage of the work inside the association. Finally, it helps to change the culture, which simplifies the strategic management (Venohr, 2007).

Smart leaders also have the accountability to use their skills and understanding to effectively and efficiently guide their business forward in the face of an uncertain future and also to decrease the feelings of anxiety in their employees caused by that uncertainty.

Effective leadership is one of most vital parts of the overall method for an association to withstand their business in the face of problems caused by the speedy growth of the

economic environment. (Cabeza-Erikson, Edwards, and Van Brabant, 2008)

## 2. Strategic Management

Strategy is a combined and coordinated set of promises and actions planned to exploit core capabilities and gain a competitive advantage. Strategy is an outcome of three things namely a goal to achieve, resource limitation and a group of players known as competitors. Strategy is an action plan to achieve organizational goals. It is the road that connects the present of the organization to its future. Strategy is a plan or course of action, which is of vital, pervasive or continuing importance. Also, it is set of decision making rules for guidance of organizational behavior. Strategy is defined as, "a combined and integrated plan that tells the strategic advantages of the organization to the challenges of the environment and that is planned to ensure that the basic objectives of the inter prize are achieved through proper execution by the organization". The four basic components of strategy are product market scope, growth vector, competitive advantages and synergy (Ansoff, 1965). In any business organization, strategy operates primarily at three levels namely Corporate, Business and Functional. At the topmost level or the corporate level of the organization, corporate strategy provides the overall guidance towards the well-being and management of business. It is game plan to direct and run the organization as a wall .it represent the pattern of entrepreneurial action and intents underlying the organization's interest in different businesses. Business strategy is followed at the business unit level and generally aims at improving the competitive position in the market served by that business unit; it is a managerial plan for directing and running a single business. Corporate and business strategist is one and the same in case of company having single business. On the other hand, the lowest level of the organization follows functional strategy and these are aimed at achievement of corporate and business unit objectives, it is concerned with the development of the distinctive competence to provide an organization and business unit with competitive advantage.

Gluck and Jauch (1984) defined Strategic management as " a stream of decision and actions, which leads to the

development of an effective strategy and strategies to help achieve corporate goals ." strategic management combines the set of managerial decisions and action\which controls the long run performance of the association.

Griffin (1998) stated that "Strategic management is a compressive and ongoing, management process aimed at framing and applying effective strategies; it is a way of upcoming opportunities and challenges.

Harrison and John (1998) while explaining the concept of strategic management considered the aspect of stakeholder satisfaction and the process to be followed, define "Strategic management as the [process through which organization analyses and learn from their internal and external environments, establish strategic direction, create strategies that are intended to help achieve established goals, and execute these strategy, all in an effort to satisfy key organizational stakeholders."

All the definitions of strategic management provide a concert base to understand this concept through identification of common elements. These elements of strategic management are consideration as decision making, or a set of activities related to creation and execution of strategies within the aim of achieving organizational objectives. Also it emphasizes the comprehensive understanding of internal and external environment for taking strategic decisions.

With an understanding that the unique characteristics of strategic management is its emphasis on strategic decision making, it becomes imperative to know what make a decision strategic and different from routine ones. Strategic decisions are unusual and have no precedents to follow , commit substantial resources and demand a great deal of commitment from people all levels , and set all precedents for lesser decisions and future action throughout the organization. In other words, strategic decisions are rare, consequential and directive (Hickscon et al., 1986).

### 3. Leadership

A leader is a person who establishes a vision for the organization also influences and motivates people to work for that vision. Leaders are persons who can affect the behavior of others without having to rely on force.

What a actually does is leadership, which is the use of non-coercive influence to shape the group or organization's goals, motivate behavior towards the achievement of those goals, and help define the group or organization culture. With an overview of different leadership definition it can be stated that leadership is individual, situational, needed challenging. Also, it is within us and can be learnt. Due to its importance leadership creates those systems that managers manage and it helps them to adapt that to new opportunities that emerge and to avoid situational hazards that can hurt an organization. It involves motivating and inspiring, empowering and helping people, actually making the vision the really; despite obstacles. The core mission of any leader is to convert potential into result (Kotter, 2006). Successful leadership is possible only when uniqueness of an effective leader has been

acknowledged and the leadership is in line with changes in market, cultural and technology (Sangeetha, 2006). An effective leader should adopt four basic; leadership behaviors: demonstrating integrity, being proactive, developing active listening skills, and valuing diversity in all its forms (Hayes, 2006).

Knowledge about major leadership related approaches could provide better understanding of leadership. The theories of leadership attempt to explain the factor involved in either emergence of leadership or in the nature of leadership and its consequences (Tirmizi, 2002). The nature of leadership can be characterized and traced through three major approaches: traits, behaviors and situations. The major assumption of trait approach is that some of the basic traits or set of traits differentiates leaders from non- leaders. Leadership traits may include intelligence, assertiveness, good vocabulary, attractiveness, self-confidence and similar attributes. On the other hand, behavioral approach emphasized on what leader do instead what leader are. The contribution of Michigan studies and Ohio state studies highlight two broadly defined categories of leadership behavior; one that pays close attention to job and work, while the other that develops cohesive work group and ensures employee satisfaction. The contingency or situational theories consider how situational factors change the effectiveness of a particular leader behavior and style of leadership traits, behaviors or style automatically constitute leadership. To be effective, the leader has to be create a fit between leadership style and situation. The major contribution towards development of contingency theory is by Fiedler's Contingency theory and Evans Path Goal theory.

Apart from the above three approaches, some related perspective on leadership are developed. These concepts are substitutes for leadership, charismatic leadership and transformational leadership. The concept of charismatic leadership assume that charisma is an individual characteristics of leader and must possess the element of an vision the future, energize other and enable others through support, empathy and expressing confidence in them. Transformational leadership is defined as leadership that goes beyond ordinary expectations by transmitting a sense of mission, stimulating learning experiences, and inspiring new ways of thinking.

The new definition of leadership provides organization and individual access to new power, performance and accomplishment. The new model leadership consists of four critical elements:

1. The creation of a vision for the future that represents a significant departure from the pats, one that requires breakthroughs for its realization.
2. The creation of a system that facilitates enrollment into and elicits voluntary commitment to the vision by the critical mass of people required discovering and implementation the required breakthroughs.
3. The creation of system that ensures the timely identification and communication of breakdowns that, if unresolved, would prevent the successful realization of the vision.

4. The creation of system for managing these breakdowns that causes people to voluntarily recommit to the vision and maintain these commitments through to the implementation of the required breakthroughs (Scherr,2006).

#### 4. Effective Leadership

Leadership is a kind of power where one person has the ability to influence or change the values, beliefs, behavior and attitudes of another person (Ganta, and Manukonda, 2014). A person with solid leadership skills will be a good example or role model to their employees, because the leader who is able to efficiently attain some good results or achievement gains the trust and admiration of their employees, and inadvertently changes their values, beliefs, behavior and attitudes, for mimicry is the sincerest form of flattery (Grint, 2007). This statement is also supported by Northouse (2009), who states that leaders who possess strong leadership have the strength to influence others to achieve the goals and objectives of the organization. Other than that, there is also additional way to describe a leader that has strong leadership. A characteristic of real leaders is that they give a clear path to their employees and lead their employees to promise to their jobs and to work as a group to achieve the organization's goals and goals (Wasim, and Imran, 2010). This also tells us that smart leaders usually have a clear vision for the business and therefore can easily classify the problems and hindrances that currently position between them and the aims of the organization. In this way they are able to effectively and proficiently bring about the essential modifications that will bring the company into the future while keeping abreast with modern-day changes in the business world. According to Jackson and Parry (2008), leadership is a process where leaders apply their skills and awareness to lead and bring a group of employees in the anticipated direction that is relevant to their company's goals and goals. Moreover, an effective leader that has robust leadership skills should also be in ownership of certain characteristic, such as, passion, steadiness, trust and vision; for only leaders who own these qualities are able to build trust in employees. Leadership and management are two different facets, management is more like the old-style way of managing business, in which the owner of the business has ample control of the organization, and will singlehandedly launch a direction and direct their employees to do their work in agreement to the owner's instruction and plan. Instead, leadership is when the leader guides their employees towards the company goals, all the while trying to connect and motivate their employees in order to make sure their employees are in the correct position to use their capacities and commit to their jobs. Leadership strategies also will change, as per the current trends when required; unlike management that just follows it's old, traditional rules. (Graetz et al., 2010)

Every business organization, small or large, has leaders. Questions about an organizations positions, policies, financial performance, and future plan are directed to these leaders, who function as the brain, voice, and eyes of the entity. Success of an organization depends upon effective leadership of a leader. Effective leadership may be defined as the ability to create a shared vision and a strategy to fulfill that vision. Leadership effectiveness and organizational performance in

business are usually evaluated by using parameters such as balance sheets, bottom lines, market shares, revenues and shareholders values. Organizational performance is often explained by the suggestion that there is a relationship with the effectiveness of the leadership's decision making and business behavior. The dilemma is to maintain the sustainability of leadership effectiveness in organizational performance over a time and across contexts.

According to Leadership Effectiveness survey, an effective leader is comfortable with ambiguity, is empathetic to the people's need, understands the needs and motivation of others and his own limitation, is persistent in his efforts and has a tolerance towards frustration; communicate excellently, uses humor well, emotionally balanced, and self-aware (Anonymous, 2007). A leader is an influences others he needs to follow various principles namely, possess a dream, know ones strengths, strive for excellence, be persistent, be willing to stand alone, be ready for resistance, set an example for others, be ethical, and be his own guide (Kehler,2006).

It is not only the personal leadership characteristics that are required for effective leadership, but a number of other principles also. An effective leader is one who has a powerful purpose. In the relentless desire to fulfill that purpose, one becomes a leader, influencing other voluntarily to join in that purpose. Principles of effective leadership are introduced, as firstly, effective leaders are centered and clear about themselves, their beliefs and goals. Secondly, they have clarity about what is feasible for the organization. Thirdly, they can identify and foresee what others can contribute towards the success of the organization. Next, they have the capability to reshape the organization to support talented peoples as they work towards the vision. Fifthly, they do not give up and are flexible enough to take different routes for achievement of goals and finally, effective leaders recognize progress, and they encourage those who bring it (Clawson, 2001).

#### 5. Discussion

The decisions taken at top level of the organization are strategic in nature and consider all the environmental factors influencing the success and growth of the organization. Managers making decisions need to apply influence and control over their subordinates and other outside agents. These characteristics of strategic decisions put special demands on the leadership managing strategy formulation and implementation activities (Shrivastava and Nachman, 1989). Increased complexity and dynamism of present day business environment has generated the requirement to understand the concept of strategic leadership.

Strategic leadership refers to the creation of an overall sense of purpose and direction, which guide integrated strategy formulation and implementation in an organization. It demands for competitiveness in managing an organization and ability to outmaneuver and outsmart the compaction. Strategic leadership is considered as a multi-faceted concept that involves such functions as 1) The integration of societal ethics with organizational ethics, 2) The alignment of philosophies regarding the roles of leader, society, and organizational constituents, and 3) The alignment of the organization with

respect to influence and power in society. Strategic leadership provides the prophecy, path, the purpose for growth, and context for the success of the company. It provides a platform on which business devise appropriate strategies and create value (summer, 1980).

Much of strategic management research and practice is predicated upon Western models, notably models developed in the U.S. context. Thus, widely held views of leadership emphasize value creation for shareholders and rent generation from firm resources. The high velocity of change in the Indian setting, unique elements of the Indian environment, and key attributes of the culture have engendered a different model of strategic leadership. This focuses on examining the relationship between the strategic management and leadership effectiveness in the Indian corporate sector.

According to John Adair(2002), for effective strategic leadership three broad functions and seven role functions need to be performed. The broad functions include achieving the common task, building and maintaining the team, and motivating and developing the individual. The role functions comprise purpose to provide direction for the organization as a whole, strategic thinking and planning to get right strategy and policy, administration making it happen, organizational fitness to situational requirement, releasing the corporate spirit through energy, moral and confidence, relating the organization to other organizations, and teaching and leading the learning by example.

From the above discussion, it is clear that in order to counter the uncertainties posed by the ever changing environment for the organizations, understanding and application of strategic management practices is a must. Also, we cannot ignore the vital role of the people who are in command to move their respective organizations to the pre-determined destination.

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## 6. Conclusion

The foregoing analysis of the concept framework develops an understanding that application of strategic management concepts is of utmost importance for an organization to remain competitive and achieves sustainable growth. The way these concepts are applied depends upon the effectiveness of the people who are leading the organization and also influenced by the personality they possess. In order to identify the interrelationship among strategic management practices, leadership effectiveness and personality of the strategists, this study has been carried out. After getting a basic understanding of the various concepts underlying strategic management, leadership effectiveness and personality, an extensive review of literature has been carried out. The review of existing literature gives information about the gaps present in existing research. These gaps become the basic of identifying the objectives for the study. Then hypothesis are formulated and research scheme is designed. To get the information three questionnaires are considered. First part of the questionnaires takes care of the strategic issue that requires strategic attention and the process of strategic decision making. Next part taken into consideration leadership effectiveness characteristics of the strategist and the last part identifies personality traits through Neo five factor models. The model is considered to be the most comprehensive empirical or data-driven enquiry into personality types namely Neuroticism (n), Extraversion (E), openness (O), Agreeableness (A), and Conscientiousness (C). It is followed by discussion about descriptive statistics regarding Strategic Management Practices, Leadership Effectiveness and Personality. Next part of the study deals with the relationship between leadership Effectiveness, Strategic Management and Personality. Finally, the last part is devoted to major finding from the study and the recommendations made by the researcher regarding strategic management practices and leadership effectiveness.

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