

# Strategic Management and Strategic Leadership

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**Abstract-** There are numerous explanations and theories in contemporary literature regarding strategic leadership and management. Leadership has a significant impact on the strategic management process and thus facilitates the organization to implement effective strategies. During the strategic management process, leadership performs various roles as strategist, analyst, guide, organizer, motivator, developer, decision maker, collaborator and evaluator. Nowadays, organizations always need good strategic management and a capable leader to be able to achieve their goals. The main purpose of this paper is to examine strategic management and leadership, with a focus on the relationship between them. So discover what role leadership has in formulating and implementing strategy management by reviewing existing literature. We can say that strategic leadership is a process that transforms the organization into a successful organization through the right strategies. It is the responsibility of leadership to motivate and inspire employees in the organization to work together. The article consists of five parts; the first part is a presentation or introduction, the second part presents a summary regarding the definition of strategic management, the third part Leadership and its definitions, while the fourth part explains the relationship between strategic management and leadership and their impact on strategic decisions and in the end, the conclusion.

**Index Terms-** Strategic Leadership, Strategic Management, Leadership, Management.

## I. INTRODUCTION

Today, most organizations face competition due to advanced technology, to stay competitive in this market, an organization must plan well for the future and form a strategy which will determine the future of the organization. A well-defined strategy integrates an organization's core plans, objectives, policies, programs, and commitments. Today's business environment is changing rapidly and mostly leaders strive to adopt flexible process strategies to ensure the organization responds to change. The most important task of leadership is to align its vision with the goals and objectives of the organization so that the organization can compete with the dynamic environment efficiently and training and motivate people to achieve the vision. The vision should be simple so that everyone can easily understand it. A person's mission should be clear and concise and distinguish it from any other company. Management teacher Peter Drucker, the source of many contemporary thoughts about business mission, argues that asking the question "What is our business?" It's like asking the question, "What is our mission?" A business is defined by its mission. Only a clear definition of the organization's mission

makes clear and realistic business objectives possible, because the mission defines the purpose of this company in terms of the sustainability of its reason for being. The mission defines the long-term vision of the organization in terms of what it wants to be and who it wants to serve. (Drucker, 1974, p.96)

### 1.1. Purpose

This article discusses the relationship between management and strategic leadership and its effect on decision making. This paper is written with the aim of analyzing different definitions of strategic management, definitions of leadership, and discusses the impact of strategic management and leadership on strategic decision making.

### 1.2. Methodology

This paper reviews the strategic management and strategic leadership literature. Secondary data were used, respectively the literature review examination was done to achieve the desired results. Strategy formulation and implementation have become more important than ever. However, strategy formulation in organizations is the creation of a unique and valuable location that connects a range of variable actions. Meanwhile, strategy execution is the interpretation of choosing a strategy for organizational action to meet strategic goals and objectives.

## II. LITERATURE REVIEW

### 2.1. History and evolution of strategic management

The literature on strategy is now voluminous and the texts of strategic management are growing more and more. The emergence of strategic management can be traced back to the 1950s, when Selznick (1957) introduced the need to bring together the organization's 'internal state' and 'external expectations' for implementing policy in the social structure of the organization. Andrews (1971) defined strategy as the balance of actions and choices between an organization's internal capabilities and external environment.

Researchers and consultants have provided numerous models and frameworks to analyze strategic choice. The word "strategy" is derived from the Greek word "stratēgos"; stratus (meaning army) and "before" (meaning leadership / movement). Strategy is an action that managers take to achieve one or more goals of the organization. (Chapman, 2016) Very few organizations have a clear leadership strategy. A leadership strategy makes clear how many leaders we need, what kind, where, with what skills, and how to behave in that individual and collective way to achieve the overall success we seek.

According to Hamel, winning strategy = foresight + vision.

For the successful implementation of strategies, the challenge of leadership is to be strong but not rude, to be good but not weak, to be humble but not shy, to be proud but not arrogant, to have humor but without foolishness. Strategy can also be explained as choosing one process or several processes to achieve the main long-term goals of the organization. It also includes courses of action and the allocation of resources needed to achieve the desired objectives. (Elkhdr, 2019, p. 59)

A manager must set out four key skills in order to be able to implement effective leadership strategies:

- Brains;
- self-assessment skills;
- supervision and control skills;
- communication skills; (Jaradat & Mashhour, 2017, p.327)

It can be concluded that strategic management consists of three main steps:

1. strategic formulation
2. strategic implementation and
3. strategic control and evaluation (Finkelstein & Hambrick, 1996).

Most organizations no longer see employees as a resource whose primary function is to provide goods and services, but rather are seen as critical to their ability to provide quality services and their ability to grow and evolve continuously. . (Farzad, 2006, p. 12)

### 2.2. Definition of Strategic Management

| Year | Definition   | Authors                        |
|------|--|--------------------------------|
| 2004 | Strategic management can be interpreted as a set of managerial decisions and actions of an organization that can be used to facilitate competitive advantage and higher long-term performance over other organizations.  | Wheelen and Hunger             |
| 2011 | Strategic management is a leading, comprehensive, ongoing process that helps train and implement effective strategies that ensure agreement between the organization and its environment to achieve strategic objectives.                                      | Lonescu et al.                 |
| 2008 | Strategic Management (Strategic Management) is an ongoing process that involves identifying the strategic goals, vision, mission and objectives of an organization along with an analysis of its current situation, developing appropriate strategies, putting | G. Dess, G. Lumpkin, A. Eisner |

|      |  |         |
|------|--|---------|
|      | these strategies into action and evaluation, modification or modification.   |         |
| 2017 | Strategic management is defined as the evaluation, planning and implementation process created to maintain or improve competitive advantage. | Bonnici |

### III. LITERATURE REVIEW

#### 3.1. History and Evolution of Strategic Leadership

The history of leadership theory began with leadership traits, which makes the difference in the functioning and approach of the leader to his followers. This approach prevailed in research until the late 1940s. A review of the literature suggests that leadership was discussed in the Egyptian and Arab city. The study of leadership can be traced back to the ancient Egyptians, Greek philosophers like Plato, Socrates and Aristotle. During the twentieth century, considerable effort has been made by scholars and practitioners to classify different dimensions of leadership. At the end of the twentieth century, efforts were made to look at different models of leadership to integrate into a broader framework called "complete theory of leadership" (Avolio, 1999 & Avolio.et.al., 2009). Today leadership is the most studied and least understood topic, as we assume it is a phenomenon which is complex and mysterious (Almohaimeed, Saleh. 2014).

Carlyle asserted in his "great theory" that leaders are born and that only those men who are endowed with heroic potential can ever become leaders. He thought great men were born, not made. Leadership theory then progressed from the dogma that leaders are born or are destined by nature to be in their role at a given time to reflect certain traits that predict a potential for leadership. But further studies have proven that traits do not always predict leadership effectiveness, and so researchers have shifted to look at the leader's behavior, style, and development and effectiveness. Different leadership styles have an impact on organizational vision, goals, mission, culture, structure and rules, which are also related to the strategic management of the organization (Hill and Jones, 2007).

#### 3.2. Definition of strategic leadership

Most definitions have a common theme of leading a group towards a goal. Leaders play an important role in achieving organizational goals by creating a climate that would influence employee attitudes, motivation, and behavior.

"A leader is one who knows the way, goes the way and shows the way" (John C. Maxwell).

Leadership is defined in terms of traits, behavior, influence, patterns of interaction, role relationships, and holding an administrative position (Yukl, 2002, p.2).

| Year        | Definition of Leadership  | Authors                                 |
|-------------|---|---|
| 2010 & 2014 | Relationships between an individual and a group based on common interest and they behave according to the leader's instructions | Shastri, Shashi Mishra & Sinha & Keskes |

|              |   |                     |
|--------------|---|---------------------|
| 1978, f. 18  | Leadership is exercised when individuals mobilize institutional, political, psychological, and other resources in order to inspire, engage, and complement the motivations of followers.  | Burns               |
| 1998, f. 415 | Leadership is the process of influencing others to achieve organizational goals.  | Bartol & Martin     |
| 1999: f.184  | Leadership is the ability of an individual to influence, motivate and allow others to contribute towards the effectiveness and success of the organization.   | (House et al.)      |
| 2000, f.287  | Leadership is a special case of interpersonal influence that makes an individual or group do what the leader or manager wants to become.  | Schermerhorn        |
| 2007, f.14   | Leadership is a dynamic process, where leaders mobilize others to do extraordinary things. To do this, leaders include five practices: model the way, inspire a shared vision, challenge the process, allow others to act, and encourage the heart. | (Kouzes and Posner) |
| 2009         | Leadership is a critical element in formulating and implementing strategy. It is a connection that connects the soul of the organization with its body.   | (Mathew)            |
| 2005 & 2014  | Dynamic process, through which one influences the other to contribute voluntarily to the realization and achievement of objectives towards the common goal.   | Cole & Chowdhury    |
| 2011         | Leadership is responsible for directing subordinates to perform organizational tasks effectively  | (Azhar & ET AL,     |
| 2015         | We can say that leadership is the center of the organization and should serve as the blood and brain, so that the fruits of success are secured and shared.   | (Azhar & ET AL)     |

#### IV. MANAGER VS. LEADER

It has been discussed whether leaders are different from managers or they are the same; Now most of us are tired of the endless efforts to distinguish between the concepts of managers and leaders.

One view argues that the role of management is to promote stability or enable the organization to function well, while the role of leadership is to promote adaptive or beneficial change. (Schermerhorn, et al, 2000, p. 286)

Well-known experts in the field of management and leadership like Bennis, Drucker, Kotter, Gardner and Hickman write book after book and article after article trying to clarify the difference so that others follow a more enlightened way of moving organizations. According to numerous theories it has been proven that leaders are different from managers because they tend to take the best and present it in the character of the individual.

Leadership is valued as the most critical factor in the success or failure of an institution (Bass, 1990a) Managers need to understand their impact on employees, and ultimately on the organization. In short, leaders structure an organization and lead it to achieve pre-set organizational goals. Strategic leaders make plans, start implementing them, and control the workflow. They also support the process by giving deadlines or extending them. They evaluate performance to ensure that the direction of the organization is correct. (Elkhdr, 2019, p. 61)

In the strategic management process, it is the responsibility of the leader to analyze the situation to find the gap between the current situation and the desired one. It is further the task of the leader to draw up plans to overcome the gaps as the situation demands. (Jabbar & Hussein, 2017, p. 105)

**Table 1: Leaders versus managers**

| Leaders   | Managers  |
|---|---|
| Leaders are the heart of an organization  | Managers are the brain of an organization.                                  |
| Motivate, encourage, and work with people   | Establish systems   |
| Create a vision and set a direction, and sharing with followers                         | Create rules and operational procedures.                                    |
| Align people based on their knowledge, abilities and personality                        | Are a task-oriented and often not people- oriented.                         |
| Ask how and when  | Asks what and why   |
| Take you to a new place   | Take care of where you are  |
| Wonder that if the problem set in a new environment might require a different solution. | Think that a successful solution to a management problem can be used again. |
| They write business plans, set budgets and monitor progress.                            | They get organizations and people to change.                                |
| Do things right   | Do the right thing  |

Source: (Colvard, 2009)

The question arises: Are leaders and managers both essential to an organization? Yes: both are essential for the prosperity of an organization. As leaders develop the vision, managers carry out

the vision. Managers must therefore recognize the importance of the leadership component of their work and be developed to become goal-achieving leaders (Raubenheimer, 2004).

A leader is a person who has achieved a leadership position through his creativity and good relationships and relationships with others; on the other hand, a manager is a person who has achieved his position through promotion. (USAID, 2016, p. 11)

- A leader directs people and purpose towards the future; the manager executes and administers the decisions
- A Leader leads a team; a manager executes decisions made by the leader
- A leader innovates, develops and initiates; a manager executes, administers and imitates.
- The manager is responsible for the planning and execution aspects; a manager is more responsible for the execution aspect
- The leader studies the problems, identifies the reasons and develops solutions so that the problems do not recur; the manager deals with immediate solutions and gets rid of them as soon as possible
- The manager is concerned about long-term planning; the manager is concerned about short-term planning

Cheng (2002, p. 53) found two repetitive elements of leadership in different definitions: 'first, leadership is about the process of influencing the behavior of others; and second, it is about developing and achieving the goal'. This view is reflected in the previous discussion on the strategy process; leaders need skills to be able to influence people and their actions, and they need to direct those actions by setting goals and creating meanings.

What is the role of leadership in strategy management?

"Leadership quality plays a key role in shaping and implementing a strategy. It functions as a link that connects the heart of the institution to its body. The pledge held by the leader is responsible for encouraging institutions to become successful, and this success comes from making effective decisions about strategy formulation and implementation. If strategies are not implemented perfectly, great strategies become irrelevant. Strategies formulated lower than 50% see the light of implementation as there is a lack of leadership skills. Managers provide guidance on what the performance path is and ways to achieve it. In general, the leader associated with an institute has a responsibility to deliver the vision, and he uses recourse strategies to reflect, adjust the plan, and oversee the operating enterprises. Moreover, he makes an effort to adapt his organization according to the needs of the circumstances. Managers spread energy-boosting activities and boost the morale and spirit of the workers. (Jabbar & Hussein, 2017, p. 100)

Instead of drowning out employees, a leader with this style encourages employees in organizational pursuit by getting the best out of them. Preventing "experimenting and hindering creativity only hinders employees who want to contribute positively and productively to the organization." leaders with inspiring motivational behaviors create vision, create communication, and manage challenging employees by encouraging, working with, and giving them autonomy. (Khan, & ET AL, 2016)

They develop a strategic vision and mission, set goals and objectives, create strategies, execute it, and then evaluate performance (James & Grasswitz 2005 & Sean, 2005).

Managers should consider any strategy as temporary because the environment is dynamic. So leaders need to focus on continuously improving the strategic management process. (James and Green, 2005).

Research shows that leadership and strategic management are significantly interrelated, meaning that leaders and strategic managers have certain special traits that help them persuade others to do what they want for organizational success. Moreover, strategic management is another form of management that creates a competitive advantage to achieve organizational objectives, it has already been mentioned that leadership has an impact on people, and it convinces them to achieve organizational objectives.

## V. CONCLUSIONS

All institutions need a leader and manager; without anarchy the manager prevails, and without a leader the organization makes no progress. Strategic management contributes to the development of a sustainable business that helps organizations survive even during the economic recession. Good leaders are flexible, and they can adapt and transform their businesses to suit their needs.

Leaders make decisions that help achieve the vision so the most important role of leadership is decision making. Leaders are responsible for the proper functioning of the organization. So they have to decide what to do, how to do it and by whom. The whole strategic management process depends on the decision making of the leader. Leaders decide how to achieve goals. What kind of strategies should they be and how should they implement them. The most important role of leadership is to integrate people with the strategic management process.

Research has shown, we need to understand the culture of leadership, as defined by the collective actions of formal and informal leaders working together to influence organizational success. It is not simply the number or quality of individual leaders that determines organizational success, but the ability of formal leaders.

Strategic leadership involves conceiving and implementing successful strategies. (Stan, 2013)

Essentially leadership affects three areas of organization first, vision, second strategies themselves and finally values. These three components together create the culture of the organization. It is the responsibility of the leader to present a clear understanding of the vision throughout the organization. Everyone needs to know where we want to be in the future. Leadership as a concept has been very useful in recent decades, it is a series of behaviors that force people to formulate organizational goals and then motivate them to contribute together to achieve the goals of the organization. Managers need to choose their basic theoretical need in order to evaluate the leadership of an organization.

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