



Management

THE ROLE OF LEADERSHIP IN STRATEGIC MANAGEMENT

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Abstract

Leadership has significant impact on strategic management process. Especially it helps to determine the vision and mission of the organization. Further, it facilitates the organization to execute effective strategies to achieve that vision. The purpose of this paper is to find out the role of leadership in strategy formulation and implementation by reviewing the existing literature. The study reveals that leadership serves as a link between the soul and the body of an organization. For the successful implementation of strategies, the challenge of leadership is to be strong but not rude, be kind but not weak, be humble but not timid, be proud but not arrogant, have humor but without folly. Leadership has to have the evaluation process to ensure the effectiveness of the whole process, and this aspect will facilitate to identify the drawbacks and to make fresh the strategies in line with the change as well. Moreover, this evaluation process is able to help and sustain the constant growth of the institution. Thus, it can be said that leadership is known as the nucleus of the organization, and it should have the pivotal role like the role of blood and brain; as a result, the outcomes of the success can be guaranteed and be shared.

Keywords: Leadership; Strategic Management and Organization.

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1. Introduction

Irrespective of time as well as position, leaders are able to contribute significantly in the way how a firm functions its activities. Leadership which has effective strategies can work as the fundamental basis for fruitfully employing the strategic management process. Leaders who follow strategies are able to expedite the growth of suitable strategic activities, and they specify the ways to enforce them. These actions work as gateways to higher-average outcomes and strategic competitiveness. Leaders who work in different institutions are fully conscious about the requirement to chalk out the plan strategically for the future of their organizations and take part in the effective enactment regarding these well-planned schemes.

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

Generically leader in an organization provide the vision, he strategically think and plan, administrate the operational activities. Further it tries to fit organization according to the requirement of situation. Leaders spread energy boost the morale by spirit. It develops the relationships with all the stakeholders. And most importantly it ensures teaching and learning in the organization. Leadership is responsible to direct the subordinates to perform the organizational tasks effectively (Mason, 2011). We can say that strategic leadership is a process that transforms organization into successful organization by proper strategies. It is the responsibility of leadership to motivate and inspire the peoples in the organization to work jointly so that organization's vision can be translated into reality. Mostly in the organizations efficient leaders perform the common tasks in the strategy making and executing process. They develop a strategic vision and mission, sets goals and objectives, craft the strategies, execute it and then evaluate the performance (James & Grasswitz 2005& Sean, 2005). The achievement of attaining strategic business objectives, directing the organizations for the sake of viable development, and being competitive globally in different sectors has positioned a novel requirement over institutions. There remains a challenge which is to specify the roles of leadership, and those roles are able to differentiate significantly in terms of organizational performance. The crucial concern is the role of leadership which needs to be acted on. The successful growth related to the formation of strategy, and its enactment and assessment necessitate a constant and corresponding pledge from uppermost leadership, so likely successful enactment of strategy differs (Chapman, etl, 2002; Mattis, etl, 2001). Leadership demands to specify novel avenues for the organizations.

2. What is the Role of Leadership in Strategy Management?

Leadership quality plays as a key role in order to form and enforce a strategy. It works as a linkage which associates the heart of the institution with its body. The pledge kept by the leader is responsible for encouraging the institutions to become successful, and this success comes out of making effective decisions for the formulation of strategy and their enactment. If the strategies are not enacted with perfection, great strategies become insignificant. Strategies formulated lower than 50% see the light of enactment as there is dearth of leadership skills. Leaders give directions to what is the course of performance and the ways to accomplish that. Broadly, leader associated with an institute has the responsibilities for offering the vision, and he taking recourse of strategies reflects, chinks out the plan, and oversees the functioning undertakings. Moreover, he makes an attempt to suit his organization in congruity with the needs of the circumstances. Leaders disseminate energy boosting activities and heightened the morale and the spirit of the workers.

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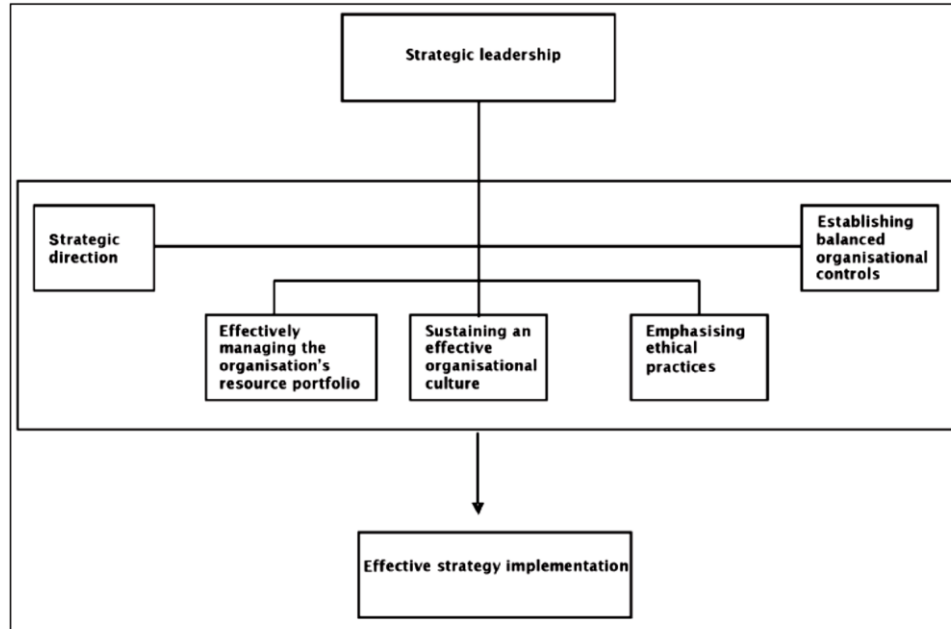
The process of strategy formation starts when a leader tries to change the thinking of people. Everyone should clearly understand the need for change & try to reflect flexible behavior for proper strategic planning. Leaders should adopt a realistic approach to identify the strategic gaps so that proper strategies can be formulated (Fairholm, 2009). According to Sophocles "what you cannot enforce, do not command" For effective implementation leaders has to introduce the need of change. That can only be possible by creating such a culture that integrates the strategic and operational activities. Once the culture has developed the whole procedure of strategy formulation and implementation would be easy (Fourier & Jacob, 2010).

In strategic management leader perform the various roles. It introduces the environment for change. Secondly it creates the leadership team by selecting key players from the organization by breaking down the current hierarchy at third stage it formulates the vision and strategy by the help of a visionary process that clarify the strategy for understanding of whole organization (Moesia, 2007). Then leadership creates an evaluation system that evaluates the strategy at every stage of the work within the organization. Finally, it helps to change the culture which facilitates the strategic management (Venohr & Meyer, 2007).

3. What is Leadership?

The definition of strategic leadership denotes "the leader's ability to anticipate, envision, and maintain flexibility and to empower others to create strategic change as necessary" (Hitt, Ireland, & Hoskisson 2008: 375). Strategic leadership has many facets, and it encompasses managing via others, and works as a helper for organizations to adjust with the changing world that appears as happening substantially as ever with the pace of time in today's global business matrix. Strategic leadership demands the capability to incorporate and include both of the business environment of the organizations, which are internal and external. It is also responsible for managing and encompassing critical information processes. There are many recognizable actions which determine strategic leadership that can proffer positively towards effective strategy enactment (see Figure 1), and they are in the following:

- Determining strategic direction
- Establishing balanced organizational controls
- Effectively managing the organization's resource portfolio
- Sustaining an effective organizational culture
- Emphasizing ethical practices organizational controls



Source: Adapted from Hitt et al. (2007: 385)

Figure 1: The role of selected strategic leadership actions in strategy implementation

Leadership is a set of behavior that enforces the people to formulate the organizational goals and then motivate them to jointly contribute in order to achieve organization's goals. Basically leader plays a vital role in the decision making to ensure efficacy (effectiveness) and success of the organization. A leader should be supportive in order to guide subordinates. He should treat everyone equally without any discrimination. He should appreciate every one's involvement. It is the responsibility of the leader to build strong relationships within the whole organization in both vertically and horizontally. Leader should involve everyone in the strategic management process because it is positively relating with overall performance. It is the commitment of the leader that helps to achieve the strategic vision. Most importantly leader's objectives should be integrating with the organizations strategic goals and objectives to be champion. And for this leader's power should be use accurately with honesty and loyalty. Leader should have a clear mental approach about the need of change and organization's capabilities. (Sami, Qamar & Khalid, 2011).

Organization's performance depends upon the strategies that use to achieve company's vision. Leadership assimilates the strategy with vision to enrich the capability of the firm to perform well or according to the need. Today's business environment is rapidly changing and mostly leaders try to adopt flexible and process improvement strategies to ensure responsiveness of the organization towards change. Leadership influenced the whole decision making process and decision making is the core of the strategic management process. It facilitates the whole process starting from conceptual framework for strategy formulation and till the evaluation. Especially strategy implementation is fully depending upon efficient decision making. Basically leadership influences three areas of organization first, the vision, Secondly the strategies itself and finally the values. These three components jointly create the culture of the organization. It is the responsibility of the leader to introduce a clear understanding of the vision throughout the organization. Everyone should know where we want to be in future. Vision should be simple so

that everyone can easily understand it. Vision is the hub of the organization and is the heart of strategic management process.

Leadership is responsible for development of strategies to achieve the vision. Basically strategy formulation means is to provide road map and this road map should be clear and focused. It is the duty of leadership to relate the strategy process with the vision. It should develop a culture of learning by providing a clear set of values for the organization. Values demonstrate the behavior of the organization and lead the organization towards right. Both vision and strategies should reflect these values. Once the leader understands the importance of values the process of strategy formulation and implementation becomes easy. The most important role of the leadership is to integrate the people with the strategic management process. It should involve everyone to ensure responsiveness towards change. (Jonminerich, 2008).

Strategic leaders make and execute business plans to get positive outcomes. We can say that strategic leaders are critical for overall success of organization. In an organization leaders perform various roles depends upon situation. As situation are dynamic as the leader's role. Basically leaders provide the vision and set the goals for long run and short run. After determining the vision their intentions shift towards development of plans or towards strategy formulation after that they try to involve every one for building a team to execute the plans. Leaders should ensure their own commitment as well as their subordinates. Then they provide resources and motivate their team to implement strategy. Finally, they evaluate the whole process to find the gaps for improvement. Basically, there are nine essential roles.

First of all, leaders try to identify the key problem situations as soon as possible and work as direction-finder. Secondly, they work as a strategist in whom it is the duty of leader to analyze the situation and formulate the strategy, which is suitable for the goals. Thirdly leader is an entrepreneur, fourthly leader serve as mobilize in the organization. It develops and provides resources for proper execution of strategies. At fifth stage it works as talent promoter and find out or develops the team of key players required for change implementation. Then it serves the organization as captivator and develops a long term commitment of every one towards goals. At seventh stage leaders perform the role of a global thinker and make sure organization's alignment with international and national perspective. Then it performs the duty of a change driver. It creates the environment that is appropriate for change. And finally leader works as organizations custodian and safe guards the stakes of all stake holders. Leader works as a resource investigator and disturbance handler. Whole organizations performance depends upon leadership (Loren and Matthew, 2008).

Leadership is critical to formulate and implement strategy. Formulated strategies are nothing if they could not be implemented efficiently. Leaders generally divide strategy formulation and implementation into five steps. And leadership is an important element for whole process. Firstly, leaders are responsible to create vision that must be attached with the firm's values and also vision must be supportive and understandable. Vision tells the strategist about future and values tells about the past. An important task for leadership is to make a distinction between vision and mission. Secondly leaders are responsible to set organizational goals and objectives especially their work is to define long term measurable objectives. Thirdly leaders formulate the strategies that are suitable for the achievement of goals and objectives. Leaders define what

would be most appropriate way to cope with situation requirement. Fourthly leaders perform their primary function that is the implementation of the strategy. According to Sophocles “what you cannot enforce, do not command” because strategies are nothing if they can’t have implemented efficiently and timely. Leaders construct the culture for change and develop the capabilities for proper implementation of formulated strategy. Leaders should consider every strategy as temporary because environment is dynamic. So leaders should focus at continuous improvement of strategic management process. (James and Green, 2005).

4. How Leadership Works in Strategy Management

Leadership has a significant role play in the formation and carrying out of strategies. It is termed as a linkage which connects the strategic management process with the aim and vision of the organization. It begins the strategic thought by offering vision. After that, it works as a foundation to cushion culture where everybody realizes what are the ways to do, and what are the prevalent values regarding the firm. Fundamentally, values offer the direction (Mosia & Veldsman, 2004). The responsibility lies on the leadership to familiarize the values or a culture pertinent to corporate. The vision of the leader itself proffers base line strategy formation and the pledge of the leadership makes sure the enactment of strategy (Fairholm, 2004). Formulated strategies can’t be implemented without the involvement of every one. Everyone should understand the need of change and should contribute their effort to efficiently implement the strategies. And only leadership can inspire and motivate the people to bring change because people always resist change. Leadership works to find out the gaps by carefully scan the environment both internal and external. And develop plans to fill these gaps by implementation of plans (Ascot, 2008).

5. Establishing Vision of the Organization

To put aim and vision into order might be considered as leaders’ the most significant liability. The vision makes strategic leaders able to determine the norms that offer the direction and larger extents for the enterprise. It offers the basis which enables the authorization of persons to align with independence, judgment, and initiative. Vision must be both broad and specific – broad enough to capture the hopes, dreams, and desires of a knowledge-based work force, and specific enough so that individuals can define the scope of their own work in the fulfillment of the vision.

I. Leader As An Innovator

To bring novelty within the whole institution is considered as the main job of leadership. The responsibility lies on the leadership is to take innovative strategic process, and that starts from thought to evaluating performance to make sure competitive advantage. To look after the whole organization. Leader should care about every aspect that can ensure the effectiveness in the organization. It should carefully develop and execute strategies because strategies are the stairway towards the vision and mission.

II. Leader As An Analyst

In the strategic management process, it is the responsibility of leader to analyze the situation to find the gap between current and desired state. Further it is the duty of leader to formulate the plans to overcome the gaps according to the requirement of situation. Strategies based at the

analysis of leaders so we can say that an important task of leadership is to scan the organization's environment carefully. It is the basic function of leadership to organize or streamline the whole organization's working especially the planning and executing of strategies. Because once they organize the system the change management is no more difficult. Leaders cannot lead efficiently till they cannot organize.

III. Leader As A Decision Maker

Leaders make decisions that help to achieve vision so the most important role of leadership is to make decisions. Leaders are responsible for proper functioning of the organization. So they have to decide what to do, how to do and by whom. Whole strategic management process depends upon the decision making of leader. Leaders decide how to achieve goals. What type of strategies should be and how they should implement? Leader as a collaborator: leadership provides the basis for strategy formulation. And to implement the strategies efficiently there is a need of resource collaboration. It is the responsibility of leader is to provide all the required resources. To fulfil the demand of organization leaders, have to collaborate with other. They make alliances with other organizations. The key task they perform is to create networks that align the organization with environment both internal and external, also locally and globally.

6. Conclusion

Leadership means taking up responsibilities. Leaders who are responsible make sure the efficacy of the process related to management. It offers the basis for strategy thought-out plan and by the offer of vision, it guides the organization curving into strategy formation. When it makes an attempt to formulate strategy process, it gives a try to bring into line the organization along with the necessary variation of the matrix. Then it gives attention to the enactment of the strategy where the main emphasis of the leadership goes to attain the vision by accomplishing the thought-out strategies. The topmost significant activity of leadership relates the alignment of its vision with the goals and objectives of the organization that result in having an organization's competitive nature with the effective vibrant milieu; on the other hand, it can train and encourage the workers of the organization to attain the goal and vision. Finally, leadership has to have the evaluation process to ensure the effectiveness of the whole process, and this aspect will facilitate to identify the drawbacks and to make fresh the strategies in line with the change as well. Moreover, this evaluation process is able to help and sustain the constant growth of the institution. Thus, it can be said that leadership is known as the nucleus of the organization, and it should have the pivotal role like the role of blood and brain; as a result, the outcomes of the success can be guaranteed and be shared. The emotion which has the high value becomes winner in the end. The leaders who provide blood, works very hard always become the recipient of lion shares from their followers, and those who provide security and good times when it comes to the pinch, human beings are more known as heroic (George Orwell).

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