

LEADING STRATEGICALLY

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ABSTRACT

Mirroring writing about leadership in general, writing about strategic leadership tends to focus either upon describing the personal traits and behaviours associated with effective leadership, or upon the planning and organising role that underpins effective implementation of strategy. In this paper it is argued that strategic leadership occurs when the leader is able to integrate insights into the strategic choices available to an organisation with those interpersonal skills which promote the development of others' competencies and capacities for leadership. Strategic leaders are information seekers and relationship builders, but they are also keenly aware of the internal and external context. They observe and interpret the actual and potential environment within which the organisation operates, they become fully aware of their organisation's human and technological competencies, and they build structures, processes and relationships that will serve to maximise the current effectiveness and future adaptability of the organisation.

INTRODUCTION

Discussion of leadership in recent times has tended to focus on the influences that determine the way leaders lead, or on the nature of the interactions between leaders and the led (Barrett & Sutcliffe 1993; Carlopio, Andrewartha & Armstrong 1997). An early stream of writing focussed on the unique personality characteristics of effective leaders, their perceptions of leadership in terms of people or task orientation, or on the relationship between leader traits or behaviours and leadership contexts and outcomes (for example, McGregor 1960; Likert 1961; Fiedler 1967; House 1971; Blake & Mouton 1978). However, as employees have increasingly come to be conceptualised as knowledge workers, rather than components in a machine, leadership literature has moved away from an overwhelming focus on the leader's innate or circumstantial capacity to control the environment. Consequently, discussion of the most productive 'carrot and stick' transactions between leaders and followers has generally been displaced by discussion of how leaders might transform the workplace, creating worker satisfaction through the use of influence, inspiration, intellectual stimulation and affirming interpersonal behaviours (Bass & Avolio 1994; Carless, Mann & Wearing 1996; Sarros, Butchatsky & Santora 1996). The implicit underlying assumption in such discussion is that if the settings of the internal environment are right, the organisation will achieve high performance levels both internally and externally and competitive advantage or desired client service levels will be obtained.

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The concept of strategic leadership builds on these foundations in that it presupposes the need for the traits, behaviours and capacity to influence generally associated with effective leadership. However it also implies use of these leadership characteristics for the purpose of developing and implementing effective organisational strategy. As Turner and Crawford's research (reported in Dunphy & Griffiths 1998, pp. 153-4) indicates, organisational success is contingent upon both operational effectiveness and adaptability and it is underpinned by leadership in technological and market orientation, as well as leadership competencies in performance management, employee engagement, and development of human and material systems and resources. In other words, strategic leaders integrate their understandings of the human, technological, and competitive or service environments to draw effectively on organisational competencies and produce sustainable high performance outcomes uniquely available to their organisation.

It is the purpose of this paper to explore the concept of strategic leadership, as it relates to both the development of effective strategy and issues of effective leadership. The remainder of the paper will focus on the personal characteristics and actions of leaders who operate strategically. After discussion of the leader's role in developing organisational strategy, consideration will be given to the influences upon a leader's choice of strategy and the competencies needed for strategic leadership. Finally, this paper will outline the impact of the internal and external organisational environment upon the choices available to the strategic leader.

STRATEGY AND THE STRATEGIC LEADER

In contrast with writing on leadership in general, which usually explores the personal characteristics, interpersonal interactions or motivations of leaders, the literature on strategy and leadership almost entirely focuses upon the actions leaders must take to ensure organisational effectiveness and competitive or service advantage. For some writers, strategy is inextricably tied to common functional roles of leadership and, by implication, is a rationally planned outcome controlled by the leader. Handscombe and Norman (1989, p. 4), for example, claim that the role of the strategic leader is to develop within the organisation a deep sense of strategic mission, the close integration of operational and strategic management, high levels of strategic and management competence in the leadership team, and strategic alliances with customers. In a similar vein, Hitt et al. (1998), Hagan and Hassan (1998) and Ireland and Hitt (1999) emphasise the strategic leader's role in ensuring the development of core competences, the building of 'human capital', the effective use of new technology, appropriate strategic action, and the development of new organisational structures and culture.

Other writers in the field of strategy focus less on the functions of leadership and more on the actions of the strategic leader as mediator of internal ambiguities and moulder of organisational culture. Prahalad (in Ettore 1995), for example, argues that a strategic leader should provide the organisation with 'a sense of opportunity ... a sense of continuity ... clear and unambiguous standards ... [and] a sense of excitement and intellectual challenge', while Thompson (1967, as described by Lenz 1993, p. 154) seems to conceive of the strategic leader as an organisational chess player:

the primary function of leadership is to reach and sustain coalignment among a few factors that are critically important to the long-term growth and development of an enterprise in a changing

environment. Among these are resources, strategy, and the administrative structure and operating technology or technologies of a firm.

It should be noted that, like much of the literature on leaders' strategy, these two views of strategy and leadership focus on the actions of leaders at the top of an organisation, with little or no regard given to the nature of interactions between the leader and those being led, or to the possibility that acts of strategic leadership may occur throughout an organisation. Similarly, no attention is paid to questions regarding the actual power a leader has to bring about change in a particular organisation, or to questions about whether strategy can be planned or whether it is instead the result of both planned and unplanned actions (Mintzberg 1994). Nevertheless, explicit in views of strategy such as those expressed by Lenz (1993) and Prahalad (in Ettore 1995) is the notion of strategic choice, which implies that strategy is not just the outcome of rational planning, but also a product of the way in which the leader conceptualises organisational effectiveness. Thus, the strategies chosen will reflect different leaders' differing emphases upon the end result (goal attainment), the systems needed to maintain a functional and profitable organisation (systems approach), the satisfaction of key stakeholders (strategic constituencies), or the integration of diverse and apparently competing values relating to flexibility and control, the organization, and the individuals within it (Robbins & Barnwell 1994, pp. 48-63). In other words, even the most effective leader of strategy necessarily operates within a (often unconscious) personal theoretical framework that directs and circumscribes the scope of strategic action.

LEADERSHIP AND THE STRATEGIC LEADER

Evidence suggests that all leaders have more or less explicit mental models of the current and their desired organisational outcomes, and that these models are probably shaped by the leader's personality, history and early managerial experiences (Hellgren & Melin 1993; Leavy & Wilson 1994). As Hellgren and Melin (1993, p. 61) observed in their case study of the strategic thinking of two chief executive officers, each CEO expressed

opinions, views and actions ... that were individually stable and distinctive, without showing any strong tendency to vary with the situation ... [each CEO] ... interprets the environment and its threats and possibilities in accordance with his personal strategic way-of-thinking.

This finding indicates the need for a truly strategic leader to involve others in strategic thinking — and not just like-minded colleagues at the top — in order to overcome the constraints upon action imposed by group think and unconscious mental models. The strategic leader, therefore, needs not only the ability to exercise effective functional leadership in the area of strategy and to manage organisational culture, but s/he must also possess the openness and interpersonal skills necessary for utilisation of potential strategic leadership capabilities throughout the organisation. As Wall and Wall (1995) note:

leaders who understand that strategy-making is happening everywhere in their organization can encourage initiative-taking that is aligned with strategic goals, defuse efforts that are truly at odds with the chosen strategic direction, and find ways to incorporate newly evolving strategies into the business's plans.

The widespread development of strategic leadership capabilities becomes increasingly important as organisations move towards network or strategic alliance configurations in which emergent strategy and dispersed leadership predominate, making it difficult for any one leader

to gather knowledge and information sufficient for the construction of appropriate and timely strategy. The strategic leader at the top of an organisation, therefore, needs to foster throughout the organisation development of the personal competencies described by Sashkin (1992) as essential for strategic leadership:

- cognitive complexity (which underlies the ability to envisage and construct social systems and organisational culture congruent with organisational goals);
- self-efficacy (a belief in self and in one's power to effect change through one's own actions); and
- a prosocial power motive (a desire to obtain power and influence in order to achieve goals, together with the commitment to utilising power to empower others and benefit all organisational members rather than one's own self-serving interests).

To these personal competencies, lower level, would-be strategic leaders must add the political, communication and influence skills that assist in the identification of others' and promotion of one's own strategic agendas. As Dutton and Penner (1993, p. 91) point out, high priority organisational issues are usually indicated through the naming of the issue, time and resource investment, collection of information about the issue, creation of a taskforce and/or creation of a position designed to deal with the issue. While the power to allocate resources, for example, usually rests with a few selected organisational members, that outcome might be achieved by others through the use of personal power or influence tactics (Carlopio et al. 1997, pp. 262-79) to persuade key decision-makers, or to create group pressure to provide resources. The good strategy and interpersonal skills needed at the top of an organisation are equally necessary across the organisation if each organisational unit and the organisation, as a whole, is to provide a stimulating and rewarding work environment and develop the flexibility needed to cope with changing circumstances.

CONTEXT AND THE STRATEGIC LEADER

In the discussion of strategic leadership so far, the focus has been on the actions and interactions of leaders, particularly with reference to the impact of strategy and leadership upon the internal organisational environment. It has already been suggested that strategy is not simply the result of a rational organisational planning process, but also subject to influence from the leader's way of thinking, and unplanned actions. In addition to these influences, the impact of history and politics upon organisational strategy is great. As Leavy and Wilson's (1994) detailed study of four organisations and thirteen leaders illustrates, not only are organisational strategies drastically changed as a result of changes in government regulations, but also the strategic options open to leaders appear to be a product of previous constraints and opportunities fashioned either by earlier decisions of their predecessors, or by previous decisions made by themselves. Leaders may have demonstrable levels of strategic choice, but such choice is apparently bounded by the historical pattern of their organisation's development ... [Nevertheless] the autonomous actions of leaders often proved to be the decisive elements in determining the pace and direction of change, despite apparently strong contextual constraints (Leavy & Wilson 1994, p. 188).

These tensions between constraints imposed by organisational history and a leader's current options are highlighted by Lenz (1993, pp. 157-8). Lenz's (1993) table, although constructed

with the primary purpose of describing alternative influence processes for leading organisational change, also describes effectively the impact upon internal organisational strategy of the relationship between workforce competence and the leader’s sense of how urgently change is required:

Density of administration and technical competence	sufficient	Orchestrated learning	Execute now
		<ul style="list-style-type: none"> • Managing interacting processes • Contributing ideas • Building vocabularies. shaping understandings • Empowering role models • Serving as coach, teacher, confessor 	<ul style="list-style-type: none"> • Setting a vision and goals • Defining a strategic agenda • Moving quickly • Encouraging learning by doing • Intense personal involvement • Emphasis on implementation
	insufficient	Orderly transition	Shock treatment
		<ul style="list-style-type: none"> • Cultural evolution • Signalling the need for change and its implication • Arranging succession to new role models • Encouraging graceful exits • Protecting operating core and external dependencies 	<ul style="list-style-type: none"> • Cultural revolution • Quickly replacing key personnel • Centralizing decision-making • Establishing performance goals and responsibilities • Redirecting resources
		Low	High
Leader’s sense of urgency			

(Source: Lenz 1993, p. 158)

Despite what has been said in the previous section about the need to empower employees and germinate strategic leadership capacities throughout an organisation, Lenz’s (1993) characterisation of leadership options suggests that if the history of an organisation has left it with a legacy of administrative or technical incompetence, the most strategic action a leader could take would probably be to engage in the sort of organisational bloodletting described by Dunlap (1996). This, the hard edge of strategic leadership and an issue usually avoided for the literature on strategy and leadership, generally presents decontextualised theory or examples of best practice and so does not confront the strategic and leadership challenges that may arise in specific contexts. While it is undoubtedly desirable to walk the path of the transformational leader and good strategist, it must also be recognised that under certain circumstances these two facets of leadership may be in opposition.

CONCLUSIONS

In summary, despite the tendency of the literature on strategic leadership to focus on either the actions taken by good strategists, or on the interpersonal behaviours displayed by good leaders, the strategic leader in today’s organisation, in fact, needs the capacity (normally associated with transformational leadership) to inspire, influence, stimulate and affirm combined with the insight and detailed, critical, long-term thinking typical of good strategists. Strategic leaders may be expected to be found at the top of the organisational hierarchy, but

they will also be found throughout any organisation that fully utilises its human and other resources. Strategic leaders are information seekers and relationship builders, but they are also keenly aware of the internal and external context. They observe and interpret the actual and potential environment within which the organisation operates, they become fully aware of their organisation's human and technological competencies, and they build structures, processes and relationships that will serve to maximise the current effectiveness and future adaptability of the organisation.

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