

# The Role of Strategic Leadership in Supporting Strategic Planning and Increasing Organizational Competitiveness

Martinus Nahak<sup>1</sup>, Lena Ellitan<sup>2</sup>

<sup>1</sup>Centro Plameamento Integrado-Ministerio Do Planp E Ordenamento, Timor Leste

Faculdade Saude Publica Universidade Da Paz, Timor Leste

<sup>2</sup>Faculty of Business, Widya Mandala Catholic University Surabaya, Indonesia

## ABSTRACT

Strategic Leadership in addition to having the ability to anticipate, have a vision, is also able to maintain flexibility, empowering others to create strategic change. This strategy has an important effect on the organization's efforts to gain strategic competitiveness and achieve above-average targets. Effective strategic leadership is required to formulate and implement strategies successfully. An organization will succeed or even fail for the most part determined by the leadership. A noble expression says that the leader is responsible for the failure of implementation a job, is an expression that occupies a leadership position in the organization in the most important position, so it is necessary to have strategies in achieving organizational goals. Strategic leadership includes the ability to anticipate, have vision, and maintaining flexibility, empowering people others to create the necessary strategic changes. This strategy has important effect on the organization's efforts to gain competitiveness strategically and earn above-average profits. Leadership effective strategy is needed to formulate and implement strategy successfully. This paper discusses the importance of strategic leadership in supporting the success of strategic planning and organizational competitiveness.

**KEYWORDS:** *Strategic leadership, strategic planning, organizational competitiveness*

## INTRODUCTION

An organization always needs leadership to achieve its goals (Thomson et al., 2020), in Fadhli, M. (2020). Therefore we need a leader who can provide direction to organizational members to carry out their duties and authorities in an effort to achieve the organization's mission (Pearce & Robinson, 2009). *Strategic leadership* is a process within a group of people (Bass, 2007). A leader must do something in the team in order to lead (Hao & Yazdanifard, 2015). *Strategic leadership* is a person's ability to anticipate, create a vision, maintain flexibility, think strategically and work together with others to initiate changes that can bring about a better future for the organization (Hitt et al., 2016). Lack of strategic leadership has been considered as one of the main barriers to effective strategy execution in organizations (Kaplan & Norton, 2004). According to Lee & Puranam, 2016; Noble, 1999, that any strategy, no matter how well formulated, will not be effective without people

throughout the organization implementing the strategy. Failure to implement strategy is often caused by teams at middle and lower levels of the organization lacking commitment to strategy (Balogun & Johnson, 2005; Kotter, 1995; Labianca, Gray, & Brass, 2000). Critical to the development of such strategic commitment (willingness to exert effort for strategy; Dooley, Fryxell, & Judge, 2000; Wooldridge & Floyd, 1990) is the leadership of team managers (Balogun, 2003; Huy, 2002). These middle and lower level managers are responsible for communicating and clarifying strategy (Floyd & Wooldridge, 1992; Wooldridge, Schmid, & Floyd, 2008).

Strategy Leadership has an important role in communicating a future picture for the organization in order to contribute to the realization of the organization's vision in accordance with the strategic

**How to cite this paper:** Martinus Nahak | Lena Ellitan "The Role of Strategic Leadership in Supporting Strategic Planning and Increasing Organizational Competitiveness" Published in International Journal of Trend in Scientific Research and Development (ijtsrd), ISSN: 2456-6470, Volume-6 | Issue-3, April 2022, pp.1441-1446, URL: [www.ijtsrd.com/papers/ijtsrd49730.pdf](http://www.ijtsrd.com/papers/ijtsrd49730.pdf)



Copyright © 2022 by author (s) and International Journal of Trend in Scientific Research and Development Journal. This is an Open Access article distributed under the terms of the Creative Commons Attribution License (CC BY 4.0) (<http://creativecommons.org/licenses/by/4.0>)



plan (Griffin, Parker, & Mason, 2010; Stam, Lord, van Knippenberg, & Wisse, 2014; Westley & Mintzberg, 1989). This is as stated by Hitt and Hoskisson (2013), that Strategy Leadership is the main driver of organizational success for effective strategy implementation where strategic leaders play an important role in promoting the organization's competitive advantage in the long term (Marriott, Du Plessis, Manichith and Sukumaran 2014). This type of leadership is seen to help organizations deal with the global economy (Zoogah, 2018). However these leaders do not come easily in organizations and according to Forbes, only 10 percent of leaders demonstrate strategic skills which is an inadequate number considering the demands of today's organizations (Beatty, 2010). Beatty points out that strategic skills are not only needed in times of growth but also in difficult times in organizations when resources are tight to ensure that resources in the organization are focused in the right areas (Beatty, 2010).

### Strategic Leadership

Specifically, Hitt and Ireland (2002) describe strategic leadership as the core of critical practice which includes: setting long-term goals of the organization; explore and leverage the organization's core capabilities; managing human and social assets; instilling a sustainable organizational culture; emphasize ethical values and formulate and implement a balanced control system that will not hinder sustainable transformation but at the same time ensure organizational stability. In several studies, *strategic leadership* was identified using the transformational leadership measure Strategy Leadership

According to Pearce and Robinson (2007), strategic leadership is about coping, changing; and more change always demands more leadership. Hitt, and Hoskisson (2007) define strategic leadership as the leader's ability to anticipate, envision, and maintain the flexibility to empower others to create strategic change as needed; it involves managing through other people. It is the process of allocating resources to support the chosen strategy. This process includes various management activities needed to drive strategy, institutionalize control strategies that monitor progress, and ultimately achieve organizational goals (Barnat, 2007). Capon (2008) defines strategic leadership as the ability to influence a group towards the achievement of goals. He further stated that good leadership has a strategic vision and is persuasive in implementing strategies to achieve tangible results. Lynch (2018) is of the view that strategic leadership typically involves communicating

with and listening to people within the organization with the aim of disseminating knowledge creating and innovating new areas and solutions to problems.

Indeed strategic leadership has been described as one of the main drivers of effective strategy implementation. Thompson et al. (2007) in Rivai (2020) emphasize that there is no doubt that effective organizational leadership and strong consistency of organizational culture are the two main ingredients in enabling the successful implementation of organizational strategies and goals. Weak leadership can destroy the most sensible strategies; forced execution of even a bad plan can often lead to victory' (qtd. in Thompson et al., 2007). Kotter (1990); in Pearce et al. (2005) in Sahertian, P. (2020) distinguish between management and leadership. In his view, management is about overcoming the complexities that come with the rise of large organizations. Leadership, on the other hand, is about coping with change; and more change always demands more leadership. Pearce et al. But show that leadership is about setting and not just reacting to an agenda, identifying problems, and initiating change that results in substantial improvement rather than managing change. The leadership challenge is to generate commitment among people within the organization to embrace change and implement strategies intended to position the organization to do so. Leaders galvanize a commitment to embrace change and effective strategy implementation through a variety of interrelated strategic leadership roles that include clarifying strategic intent, building organizations, and shaping organizational culture to name but a few (Pearce & Robinson, 2005, 2008).

Strategic leadership is a complex balancing act between a numbers of factors. It involves coping with strategic pressures and environmental changes outside the organization, at the same time requiring the management of human resources within the organization (Lynch, 2009). Rowe et al. (2001) defines strategic leadership as the ability to influence others to voluntarily make day-to-day decisions that enhance the long-term viability of the organization while at the same time maintaining short-term short-term financial stability. He says strategic leadership presupposes a shared vision of what an organization will aim for, so that the day-to-day decision-making or strategy-evolving processes are consistent with this vision. He shows that to be effective; leaders must be able to project their ideas into pictures that excite people in their work.

Davis (2004) in Wibawa (2014) defines strategic leaders as those who have organizational capabilities with a strategic orientation; translate strategy into

action; align people and organizations; determining effective strategic intervention points; and develop strategic competencies. Zaleznick (1977), in Rowe et al. (2001) cited by Sobarino (2011) stated that leaders make systematic and pragmatic decisions in arranging resources, designing organizations, motivating workers, solving problems, and controlling activities. According to Hitt et al. (2006), the main responsibility for effective strategic leadership in an organization lies above, in particular with the chief executive officer (CEO). But other generally recognized strategic leaders include members of the board of directors (BOD), the top management team, and division general managers. These strategic leaders have substantial decision-making responsibilities that cannot be delegated.

Strickland et al in Robinson (2013) show that good strategy implementation requires team effort and that all managers have strategy execution responsibilities in their area of authority, and all employees are participants in the strategy execution process. Mobilizing responsible leadership and achieving results pushes a manager into a variety of leadership roles in managing the strategy execution process: resource acquirer and allocator, capability builder, motivator, policy maker, and policy enforcer, to name a few. If a company has a good strategy and the efforts to execute that strategy give the expected results, chances are high that the company has good strategic leadership.

### **The Role of Strategic Leadership in Strategy Implementation**

Strategic management involves long-term, future-oriented, and complex decision-making and requires considerable resources, and therefore top management participation is important (Pearce & Robinson, 2000). Wheelen and Hunger (2008) in Azzahra, DE (2018) show that strategy implementation has been blamed for a number of strategic failures and one of the most cited problems is the lack of top management commitment.

The leadership challenge is to galvanize commitment among people within the organization as well as stakeholders outside the organization to embrace change and implement strategies intended to position the organization to succeed in a different future. Leaders galvanize commitment to embrace change through three: interrelated activities: clarifying strategic intent, building the organization, and shaping organizational culture (Pearce & Robinson, 2007). Good strategy execution requires team effort (Wheelen & Hunger, 2008). Successful strategy implementation thus depends on leadership skills working through others, organizing, motivating,

building culture, and creating a strong fit between strategy and the organization's way of doing things (Thompson et al., 2008).

True leadership is needed to compete effectively and deliver growth. People look to leaders for meaning, to understand the seemingly unquenchable demand for results and the individual's need to find purpose and value (Chapman, 2004), Harris, A., Brown, D., & Abbott, I. (2006). Successful strategy implementation depends on doing a good job with and through others, building and strengthening competitive abilities, motivating and rewarding people in ways that support the strategy and instilling the discipline to get things done (Strickland et al., 2008). The strategic leadership role in implementation strategy is characterized by several identifiable functions which are discussed below, many of which interact with each other. Strategic leadership plays 2 main roles:

#### **A. Strategic Direction**

It involves developing a long-term vision of the company's strategic intent. The imagined future serves as a guide for many aspects of the corporate strategy implementation process including motivation, leadership, employee empowerment, and organizational design (Hitt et al., 2007). According to Pearce and Robinson (2005), the task of a good leader, in clarifying strategic intent is to paint a picture of that intent in the future and in setting expectations of good performance. Chapman (2004) says that the goal is for everyone in the organization to understand the strategy and in particular how what they are doing will contribute to overall delivery.

#### **B. Establishing Balanced Organizational Strategic Control**

Hitt defines organizational strategic control as formal information-based procedures used by managers to maintain or change patterns in organizational activities. He stated that organizational controls are an important part of the strategy implementation process as they help ensure that the company achieves the desired results. Most critically, controls provide the parameters by which the strategy will be implemented, as well as corrective actions to be taken when implementation-related adjustments are required (Hitt et al., 2007). Strickland et al. (2007) state that it is the leader's responsibility to encourage corrective action when the firm's strategy execution efforts do not yield good results and make measurable progress towards operating excellence.

#### **The Importance of Strategic Leadership on Organizational Competitiveness**

Today many organizations fail to achieve their goals because they do not have strong competitiveness in facing this complete market. In this era of

globalization, national companies will face intense competition. Competitiveness can be in the form of products, services, and human resources.

Ellitan (2002) states that human resource management practices that are expected to be a source of sustainable competitive advantage are job security, selectivity in recruitment, high wages, incentive wages, employee ownership, information sharing, involvement and empowerment, self-managed teams, skills training and development, use and cross-training, equality for all, wages/salaries not much difference, and promotion for insiders. Widajanti (2007) states that there are four main characteristics that must be met by the HR function in order to be competitive, namely: 1. Integrating HR activities with business strategy. 2. Integrating HR processes with HR Management processes 3. Integrating HR functions with business 4. Integrating HR measurement methods with measurement methods for the organization as a whole.

The leadership role in every organization is very dominant in developing and improving the competitiveness of the organization and Change management is a series of processes used to ensure that significant changes can be carried out in a controlled and systematic manner to increase the competitiveness of the organization.

Zuhal, (2010) argues that competitiveness is a picture of how a nation or companies and their human resources control their competencies in an integrated manner in order to achieve prosperity and profit. Competitiveness is efficiency and effectiveness that has the right target in determining the direction and results of the targets to be achieved, which include the final goal and the final achievement process in facing competition. Competitiveness is the ability of a person or organization to demonstrate in certain respects by showing the most favorable situations and conditions, better work results, faster, more qualified than others.

Excellence is the relative position of an organization against other organizations, either against one organization or part of an organization, or the whole organization in an industry. From a market perspective, the relative position is generally related to customer value. Meanwhile, in the organizational perspective, the relative position is generally related to better or higher organizational performance. A higher education organization has an advantage if it can create and offer more customer value, or if it performs better than others.

Porter, (1994:1) in Lule, OS (2016) Competition is a concept that determines the success or failure of a company to achieve its goals. Competition determines how a company can support its performance, such as innovation and a cohesive culture. Therefore, it is imperative for companies to determine the right strategy in winning the competition. Competitive strategy is the search for a favorable competitive position in an industry, the fundamental arena in which competition occurs. Saragih, in Indrawan 2012 quoted by Sihite, M., & Saleh, A. (2019) Competitiveness is the ability of a person/organization to show better/superior results, faster, cheaper than before or with others. Thus, a highly competitive university is one that has the capacity and capability to produce excellence in certain matters/fields/aspects so as to show better, faster, newer, and cheaper results than before or with others.

Strategic leadership can increase competitiveness through the use of careful analysis to understand and position a company in the business market. The strategy is aimed at building a strong identity in order to survive and compete in the environment. Strategy is an activity carried out for planning placement in the market where a university is placed and what educational services are considered unique and innovative to offer to its market share.

### **Conclusion**

Strategic leadership is a person's ability to anticipate, envision, maintain flexibility, think strategically and work with others to initiate changes that will create a better future for the organization. Meanwhile, competitive positioning relates to how customers perceive the various alternative offerings in the market, compared to each other. Strategic flexibility and competitive positioning are influenced by strategic leadership through the main actions of dynamically developing core competencies, focusing and building human resources, using new technologies effectively, engaging in valuable strategies and building new organizational structures and cultures. Strategic Leadership has a direct impact on the flexibility of organizational strategy and competitive positioning. The main key to achieving strategic leadership is the strength of the leader because the leader is the main factor that determines the success or failure of a company. Strategic leadership greatly influences the success of an organization's strategic planning.

**References**

- [1] -----Ateş, NY, Tarakci, M., Porck, JP, van Knippenberg, D., & Groenen, PJ (2020). The dark side of visionary leadership in strategy implementation: Strategic alignment, strategic consensus, and commitment. *Journal of Management*, 46 (5), 637-665
- [2] ----- ANGGRAENI, BRD (2013). *STRATEGIC LEADERSHIP ACTIVITIES AT KARYA REJEKI MOTOR COMPANY SEMARANG (BY THE CONCEPT OF HITT, IRELAND, and AND HOSKISSON) THESIS* (Doctoral dissertation, Master of Management Unika Soegijapranata).
- [3] -----Azzahra, DE (2018). *Analysis of Human Resource Strategy Implementation in Printing Companies (Case Study Cv. Jade Indoprata)* (Doctoral dissertation, Universitas Brawijaya).
- [4] -----Buick, F., Blackman, D., & Johnson, S. (2018). Enabling middle managers as change agents: Why organizational support needs to change. *Australian Journal of Public Administration*, 77 (2), 222-235.
- [5] -----Dooley, RS, Fryxell, GE, & Judge, WQ (2000). Belaboring the not-so-obvious: Consensus, commitment, and strategy implementation speed and success. *Journal of management*, 26 (6), 1237-1257.
- [6] -----Doctor, MG the Influence of Transformational Leadership, Organizational Culture, and Strategy Orientation on Organizational Performance through the Role of Knowledge Management (Study on Pdam West Nusa Tenggara).
- [7] -----Ellitan, L. (2002). Technology Adoption, Technology Management and Its Impact on Operational Performance: a Case from Indonesia. *Journal of Business and Accounting*, 4 (1), 1-22.
- [8] -----Ewurum, NI, Egolum, CC, & Ogbuefi, JU (2019). Strategic leadership as chiropractor for unsustainable public housing delivery in Nigeria: Research agenda. *International Journal of Business and Management Invention*, 8, 3-62.
- [9] -----Fadhli, M. (2020). Implementation of Strategic Management in Educational Institutions. *Continuous Education: Journal of Science and Research*, 1 (1), 11-23.
- [10] -----Gomes, AR (2014). Transformational leadership: Theory, research and application to sports
- [11] -----Hao, MJ, & Yazdanifard, R. (2015). How effective leadership can facilitate change in organizations through improvement and innovation. *Global journal of management and business research*.
- [12] -----Harris, A., Brown, D., & Abbott, I. (2006). Executive leadership: another lever in the system? *School leadership and Management*, 26 (4), 397-409.
- [13] ----- Hitt, MA, Carnes, CM, & Xu, K. (2016). A current view of resource based theory in operations management: A response to Bromiley and Rau. *Journal of Operations Management*, 41 (10), 107-109.
- [14] -----Hitt, MA, & Duane, R. (2002). The essence of strategic leadership: Managing human and social capital. *Journal of Leadership & Organizational Studies*, 9 (1), 3-14.
- [15] -----Hitt, MA, Hoskisson, RE, & Ireland, RD (2007). *Management of strategy: Concepts and cases*. Thomson/South-Western.
- [16] -----Hitt, MA, Franklin, V., & Zhu, H. (2006). Culture, institutions and international strategy. *Journal of International Management*, 12 (2), 222-234.
- [17] -----Hogan, SJ, & Coote, LV (2014). Organizational culture, innovation, and performance: A test of Schein's model. *Journal of business research*, 67 (8), 1609-1621.
- [18] -----Jooste, C., & Fourie, B. (2009). The role of strategic leadership in effective strategy implementation: Perceptions of South African strategic leaders. *Southern African Business Review*, 13 (3), 51-68.
- [19] -----Kaplan, RS, & Norton, DP (2004). *Focusing your organization on strategy-with the balanced scorecard*. Cambridge: Harvard Business School Publishing.
- [20] -----Kising'u, TM (2017). *Role of strategic leadership for sustainable competitive advantage in Kenyan public and private universities* (Doctoral dissertation, JKUAT-COHRED).
- [21] -----Lee, E., & Puranam, P. (2016). The implementation imperative: Why one should implement even imperfect strategies perfectly.

- Strategic Management Journal*, 37 (8), 1529-1546.
- [22] -----Lule, OS (2016). *ANALYSIS OF DETERMINING COMPETITIVE ADVANTAGE AS A COMPETITIVE AND SUSTAINABLE STRATEGY IN FACING BUSINESS COMPETITION IN CV. AKE ABADI* (Doctoral dissertation, Manado State Polytechnic).
- [23] -----Lynch, R. (2018). *Strategic management*. Pearson UK.
- [24] -----Moeljono, D. (2006). Good corporate culture. *Benefit: Journal of Management and Business*, 9 (2), 153-156.
- [25] -----PEARCE HIGGINS, JW, Grant, MC, Robinson, MC, & Haysom, SL (2007). The role of forest maturation in causing the decline of Black Grouse Tetrao tetrix. *Ibis*, 149 (1), 143-155.
- [26] -----Pearce, JA, Robinson, RB, & Subramanian, R. (2000). *Strategic management: Formulation, implementation, and control*. Columbus, OH: Irwin/McGraw-Hill.
- [27] -----Pearce II, JA, & Robbins, DK (2008). Strategic transformation as the essential last step in the process of business turnaround. *Business Horizons*, 51 (2), 121-130.
- [28] -----Rivai, V. (2020). Government Bureaucratic Reform Embodiment of Good Governance through Efficient, Effective and Productive Government. *Journal of Performance Discourse: Practical-Academic Studies of Performance and Public Service Administration*, 10 (4), 17-33.
- [29] -----Robinson, N. (2013). *THE EFFECT OF VISIONARY LEADERSHIP, ENTREPRENEURSHIP, AND MANAGERIAL CAPABILITIES ON THE IMPLEMENTATION OF BUSINESS STRATEGIES AND THEIR IMPACT ON COMPANY PERFORMANCE (Study on the Export-Oriented Garment Industry in West Java)* (Doctoral dissertation, UNPAS).
- [30] -----Sahertian, P. (2020). *Leadership Behavior: Effects and Implementation on Organizational Values*. PT Kanisius.
- [31] -----Subarino, S., Ali, AJ, & Ngang, TK (2011). Integrative Leadership: A Study of Theory. *UNY Journal of Educational Management*, 114159.
- [32] -----Utami, SS (2007). Influence of Leadership in Organizational Change. *Journal of Economics and Entrepreneurship*, 7 (2).
- [33] -----Wibawa, DA, & SIP, M. (2014). Transactional leadership and transformational leadership.
- [34] -----Widajanti, E. (2007). Effective Human Resource Planning: Strategy to achieve competitive advantage. *Journal of Economics and Entrepreneurship*, 7 (2), 105-114.
- [35] -----Yusri, RI (2011). DEVELOPMENT OF ORGANIZATIONAL CULTURE WITH ORGANIZATIONAL CULTURE ASSESSMENT INSTRUMENT AT PT XYZ. *Journal of Management and Business Review*, 8 (1).
- [36] -----Zoogah, DB (2018). High performance organizing, environmental management, and organizational performance: An evolutionary economics perspective. *Human resource management*, 57 (1), 159-175.
- [37] -----Zuhal, K. (2010). *Innovation (Competitive Strength Platform)*. Jakarta, PT Gramedia Pustaka Utama.