

# STRATEGIC LEADERSHIP AND COMPETITIVE ADVANTAGE: A PRELIMINARY EMPIRICAL INVESTIGATION OF SELECTED SERVICE UNITS/ESTABLISHMENTS OF MYSORE CITY

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**ABSTRACT:** *In this era of globalization and volatility of the financial market, achieving competitive advantage is an inevitable necessity for industrial units. This applies to all kinds of industries namely the large, medium and the small scale. Industrial units having competitive advantage undoubtedly have an upper hand. There are several factors that operate both exogenously and endogenously in achieving such an outcome. One of the important factors in achieving critical success, which the author thinks is vital, is Strategic Leadership provided by an industrial unit.*

*This Paper is a preliminary enquiry to study the correlation between the strategic leadership and competitive advantage that industrial units can derive. In order to achieve this objective an empirical investigation has been made and the results analyzed. The questionnaire format has been adopted to collect the necessary information. This Paper is part of a larger study undertaken by the researcher.*

**Keywords:** *Strategic Leadership, Competitive Advantage, Critical Success Factor, Swot, Organizational Value.*

## Introduction

One of the major features of the modern corporate management refers to the quality of Strategic Leadership. It is generally agreed that in this era of enhanced competition, Strategic Leadership invariably brings a number of Competitive advantages to the business concerns. There is therefore an immediate need to look deeper into this growingly important phenomenon.

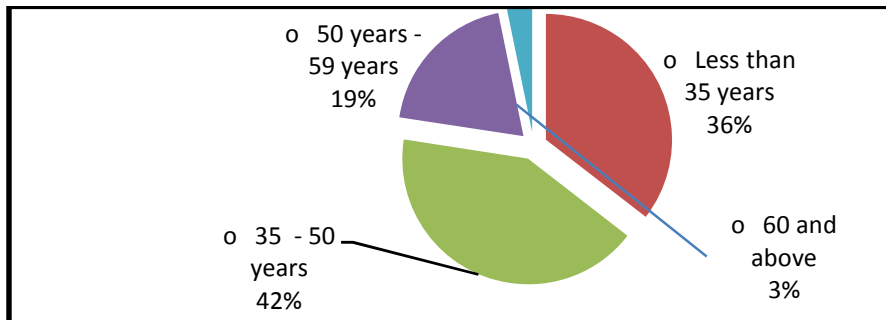
Strategic Leadership refers to the creation of an overall sense of purpose and direction which guide integrated strategy formulation and implementation in organizations (Hosmer, 1982). Summer (1980) presents strategic leadership as a multifaceted concept which involves such functions as: (1) the integration of societal ethics with organizational ethics; (2) the alignment of philosophies regarding the roles of leader, society, and organizational constituents, and the enactment of those philosophies; and (3) the alignment of the organization with respect to influence and power in society. Implicit in the notion of strategic leadership is control over the direction and growth rate of organizations, and achievement of long-term goals. Within this context, control strategies are aimed at defining, maintaining and protecting appropriate product market 'domains', and establishing internal organizational rules and routines (Andrews, 1971).

This Paper is a preliminary enquiry to study the correlation between the Strategic Leadership and Competitive Advantage that industrial units can derive. This is a primary data based study. For this purpose, a total of 45 units were selected and suitable questionnaires were distributed. Out of this 31 (68.88%) respondents answered the questions. A total of 19 questions were framed which were answered by the respondents. In this one open ended question has been asked to elicit the response of the respondents. The methodology used includes percentages, pie charts and other simple analytical and statistical tools.

The following are the analysis of the questions given in the questionnaire:

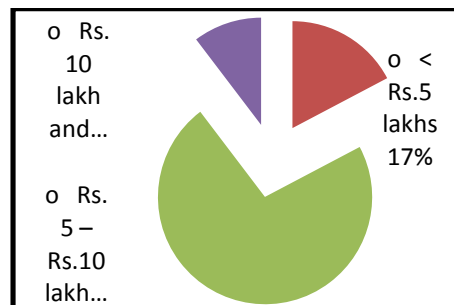
1. **Age Profile:** This is an optional question where the respondents are given the freedom not to answer the question. However out of a total of 31 respondents who have replied all the 31 have answered this question recording 100% response. The following is the percentage breakup of the respondents:

2. It is clear from this that the largest number of managers is in the age group of 35 years to 50 years (42%). This is followed by the age group less than 35 years constituting a bit more to 36%. This group is followed by those who are between 50 years to 59 years. There are very few managers who are 60 years and above.



Age	Percentage
Less than 35 years	36%
35 – 50 years	42%
50 – 59 years	19%
60 and above	3%

3. **Annual Income:** This is also an optional question where out of 31 respondents all have replied recording 100% response. The following is the percentage breakup of the respondents:



Annual Income ( in Rupees)	Percentage breakup
0 < 5 lakh p.a	17%
Rs. 5 lakh – Rs. 10 lakhs p.a	73%
Rs. 10 lakh and above p.a	10%

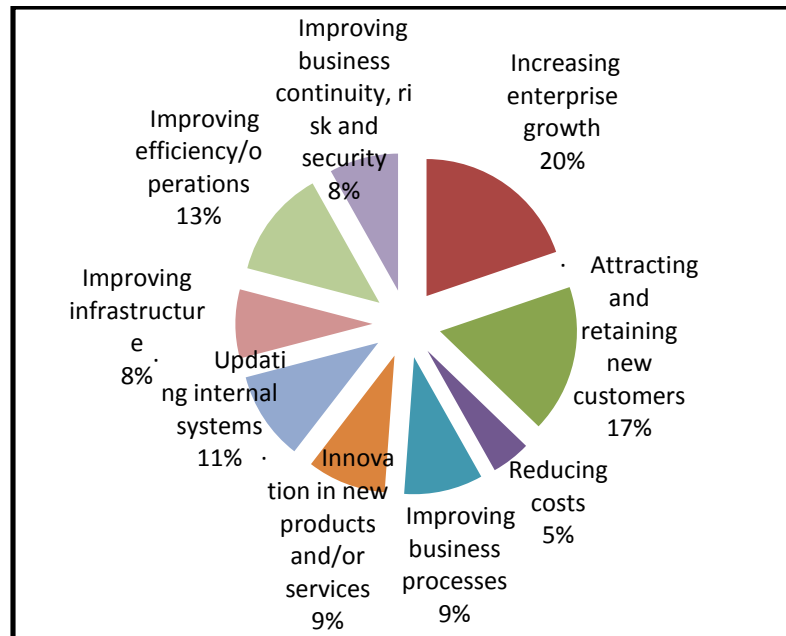
It is clear from this that most of the managers earn between 5 lakh rupees to 10 lakh rupees/Annum (73%). 17% of the respondents earn less than Rs.5 lakhs/Annum.

The remaining 10% earn Rs.10 lakh rupees and more annually.

4. **Organizational Strategy** Here the intension of the question is to know the most important strategy that the respondent would choose from among a number of alternatives. This is a core question. The analysis of the responses brings out the following strategies. The most important appearing first, followed by others.

1. Increasing Enterprise Growth (20%)
2. Attracting and Retaining New Customers (17%)

3. Improving Efficiency/Operations (13%)
4. Updating Internal Systems (11%)
5. “Improving Business Processes” and “Innovation In New Products and/or Services” (9%)
6. “Improving Infrastructure” and “Improving Business Continuity, Risk and Security” (8%)
7. Reducing Costs (5%)



**5. Strategic Priorities for the Next 5 Years**

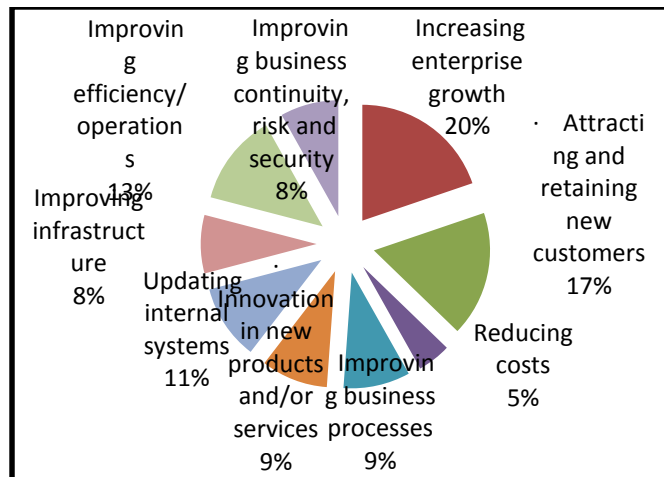
Managers were asked about their strategic priorities for the next 5 years and the following is the summary of the observations recorded by the author.

Strategies	Number of respondents	Percentage
Increasing enterprise growth	17	20%
Attracting and retaining new customers	15	17%
Reducing costs	4	5%
Improving business processes	8	9%
Innovation in new products and/or services	8	9%
Updating internal systems	9	11%
Improving infrastructure	7	8%
Improving efficiency/operations	11	13%
Improving business continuity, risk and security	7	8%

- 20% of the respondents have identified the ‘Increasing enterprise growth’ as the most important strategy.
- Attracting and retaining new customers is the strategy which is next important to the managers in an organization (17%).
- Improving efficiency/operations have been accepted as the next strategy by 13% of managers.
- 11% of the managers accept that updating internal systems should be given the next priority.

- Improving business processes and innovation in new products and/or services are to be taken care as the 5<sup>th</sup> priority in an organization.
- 8% of the respondents agree with improving infrastructure and improving business continuity, risk and security as the 6<sup>th</sup> priority.
- Few of the respondents accept the reducing costs can be given the last priority.

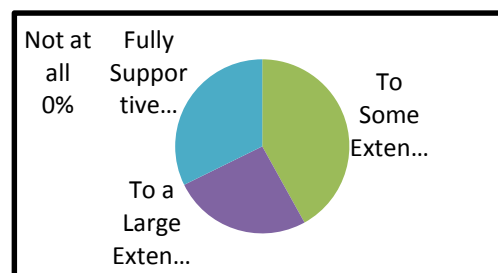
It is interesting to note that the responses to question number four has been the same as that of question number three.



**6. HR Strategy.**

The respondents were asked to indicate whether the current Human Resource strategy is supportive of their organizational objectives. The percentage response is as follows:

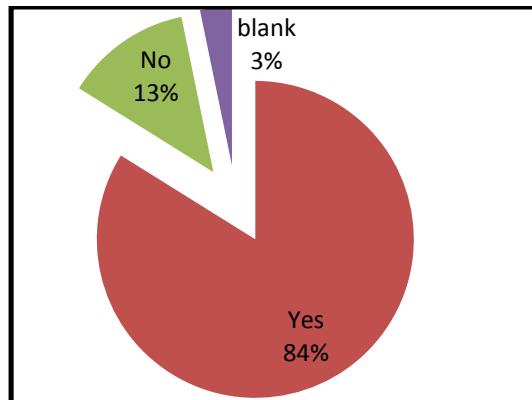
Particulars	Percentage	Number of Respondents
Not at all	0%	0
To some extent	42%	13
To a large extent	26%	8
Fully supportive	32%	10



It may be noted that the responses to this question are not conclusive and emphatic. It is observed that 43% of the respondents have said that to *'some extent'* the Human Resource Strategies are supportive to the objectives of the concern. Following which 30% of respondents say the Human Resource Strategies *'fully support'* their objectives, 27% of respondents agree that the Human Resource Strategies support their objectives to a *'large extent'* and none of the respondents say that their Human Resource Strategies do not support their objectives.

**7. Decision Making**

The managers were asked about whether they have made any courageous decisions that benefited his people in the organization at their personal risk even though there was no benefit for them individually. The response percentage breakup is as follows:

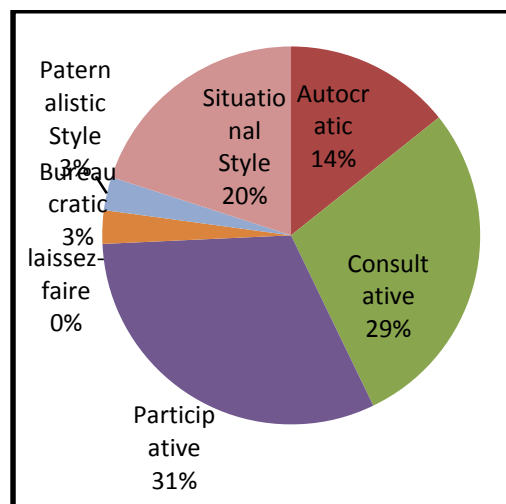


Particulars	Percentage	Number of Respondents
Yes	84%	26
No	13%	4
Blank	3%	1

Most of the respondents (84%) have taken steps which benefit their employees in an organization even though there was no benefit individually. 13% of the respondents have replied that they haven't taken any such decisions. 3% of the respondents have not responded to this question.

**8. Leadership Style**

The respondents were asked about the leadership style that they would follow in their organization. The following is the percentage breakup of the respondents:



Particulars	Percentage	Number of Respondents
Autocratic style	14%	5
Consultative style	29%	10
Participative style	31%	11
Laissez-faire	0%	0
Bureaucratic style	3%	1
Paternalistic style	3%	1
Situational style	20%	7

The analysis of the question reveals that the largest number (31%) of managers follow participative style of leadership where they involve their employees also in the decision making process.

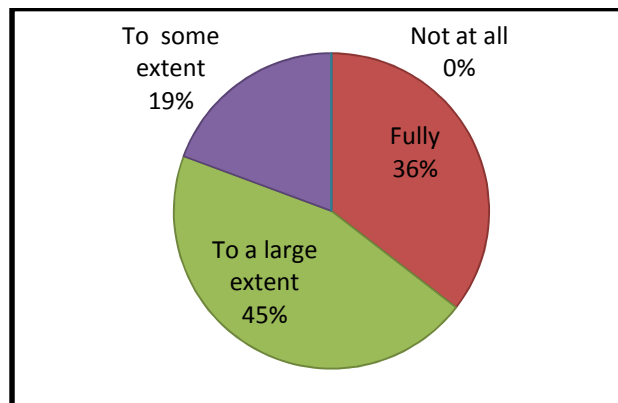
29% follow consultative style of leadership, where they consult their higher-ups before they take any decision.

20% of the managers follow situational style of leadership where they take the decisions according to the situations arising in the concern.

14% of the managers follow autocratic leadership style where they take decisions and give instructions to their subordinates.

3% of managers follow Bureaucratic style and paternalistic style in their organization and no company follows Laissez faire style where they leave the decisions to the employees only.

**9. Behavioral Skill support of staff** This question is about the managers enjoying the behavioral and skill support of their staff. The following is the percentage breakup:

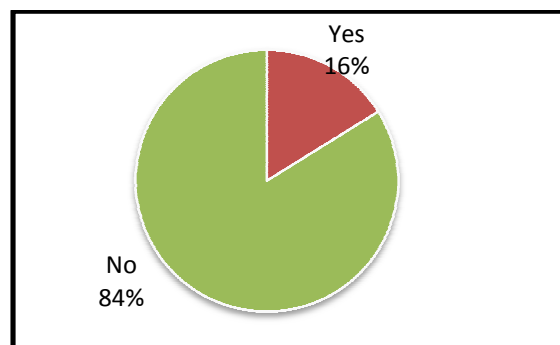


Particulars	Percentage	Number of Respondents
Fully	36%	11
To a large extent	45%	14
To some extent	19%	6
Not at all	0%	0

From this it is clear that, around 45% of managers enjoy the behavior and skill support of their staff. 36% enjoy full support from their staff, 19% of the managers enjoy the support from their staff to some extent and surprisingly no one has responded that they do not enjoy any support from their staff.

**10. Crisis Situations**

The respondents were requested to indicate whether they often face major crisis in their organization. The following is the percentage breakup:

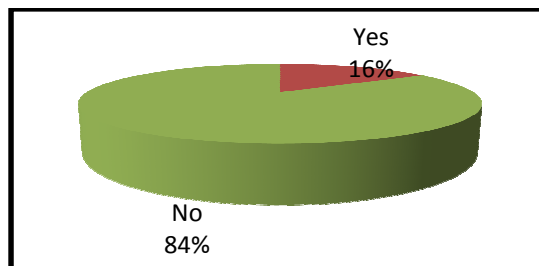


Particulars	Percentage	Number of Respondents
Yes	16%	5
No	84%	26

An analysis of the data indicates that most of the managers have not experienced any major crisis and only 16% have indicated that they faced major crisis in their organization.

**11. Recent Crisis Situation**

The question was about any recent crisis in their organization. The percentage breakup is as follows:

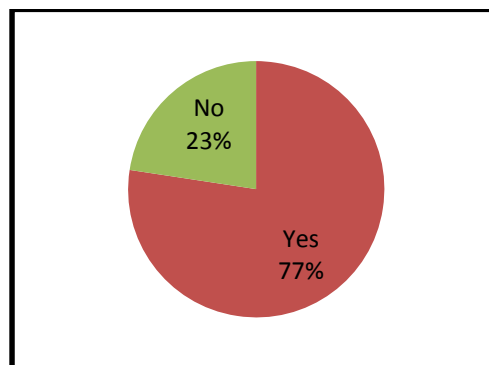


Particulars	Percentage	Number of Respondents
Yes	16%	5
No	84%	26

It appears that most managers did not face any major crisis in their day to day business dealings. The response to the question indicates that 84% have not faced any major crisis recently but only 16% faced such a situation.

**12. Suggestions from employees**

The question was, did the respondents ask any suggestions/alternatives from their employees at the time of crisis. The following is the percentage breakup of the respondents:

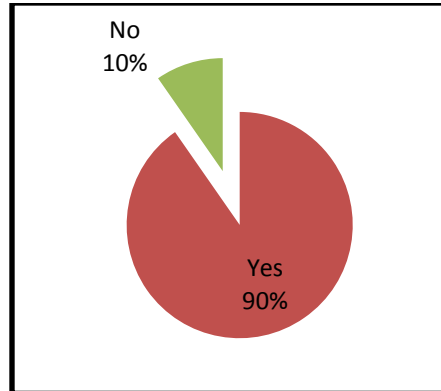


Particulars	Percentage	Number of Respondents
Yes	77%	24
No	23%	7

From this it is clear that 77% of the managers ask suggestions of their employees at the time of crisis and 23% of managers do not seek any suggestions of their employees at the time of crisis to take decisions.

**13. Organizational Value and Crisis**

The question was do they consider the organizations value to take decisions at the time of a crisis. The following is the percentage breakup of the respondents:



Particulars	Percentage	Number of Respondents
Yes	90	28
No	10	3

The analysis of the data indicates that nearly all of the managers consider organizations value in decision making at the time of crisis and only 10% of the managers do not consider the organizations value to take decisions at the time of a crisis.

**14. Decision Making**

The respondents were asked whether they will take any decisions which are favorable to the organization even if there is resistance from the employees.

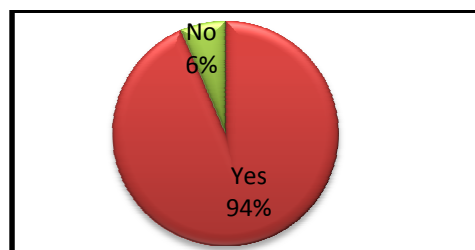
Particulars	Percentage	Number of Respondents
Yes	84%	26
No	16%	5

The analysis reveals that 84% most of the managers will take decisions favorable to the organization even if there is resistance from the employees.

16% of the respondents would not take any decisions which are favorable to the organization, even if there is resistance from the employees.

**15. SWOT and Strategic Decision**

This core question is about analyzing the strength, weakness, opportunities and threats of their organization before taking any strategic decision. The following is the percentage breakup of the responses





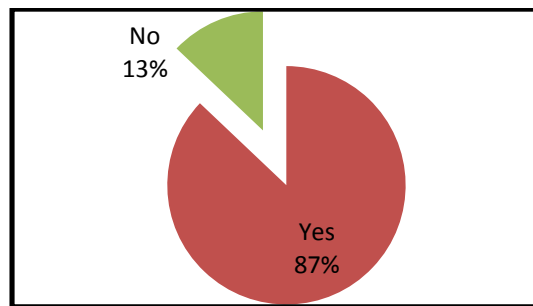
Particulars	Percentage	Number of Respondents
Yes	94%	29
No	6%	2

An analysis reveals that nearly all of them (94%) analyze their company’s strength, weakness, opportunities and threats before taking any strategic decision. Only 6% of managers do not analyze their organization’s strength, weakness, opportunities and threats before taking strategic decision.

Managers analyze their organizations internal factors to know their strength and weaknesses and analyze their external factors to arrive at the opportunities and threats by which they can take suitable decisions and also know their competitive advantage over their rival firms.

**16. Employees and Innovative Ideas**

Among the core questions in the questionnaire, the managers were asked, “As a strategic leader, do they agree that the improvement of the employees in an organization will bring in innovative ideas which in turn will help to achieve critical success factor”?



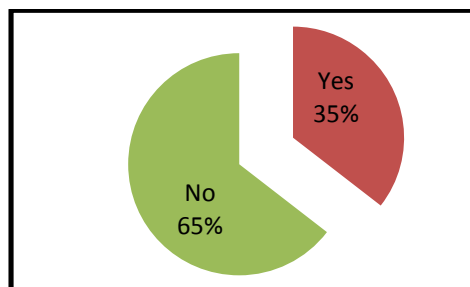
Particulars	Percentage	Number of Respondents
Yes	87%	27
No	13%	4

By analyzing the results, we come to know that 87% of the respondents believe by improving employees in the organization, motivate them and with more commitment they give out innovative ideas to the organization, which in turn help managers to improve strategic decisions and achieve critical success factor.

13% of the respondents do not agree that by improving employees in an organization will bring in innovative ideas to achieve critical success factor.

**17. Management and Employee Conflict**

The managers were asked about “Have they come across any conflicts between management and employees in their organization”?

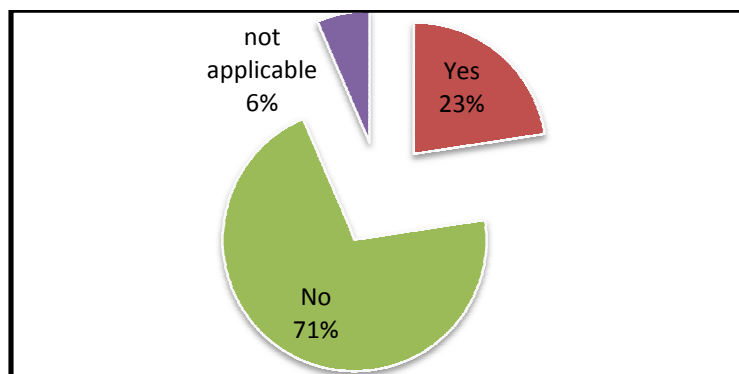


Particulars	Percentage	Number of Respondents
Yes	35%	11
No	65%	20

The result reveals that 65% of the managers did not come across any conflicts between management and employees in their organization because they believe in treating the employees as human resource which is the most important amongst all the other resources.

35% of the respondents have come across conflicts between management and employees in their organization.

18. The managers were asked whether, “They take the decisions favorable to the organization and not the employees during the conflicts in their organization.” The following is the percentage breakup:



Particulars	Percentage	Number of Respondents
Yes	23%	7
No	71%	22
Not applicable	6%	2

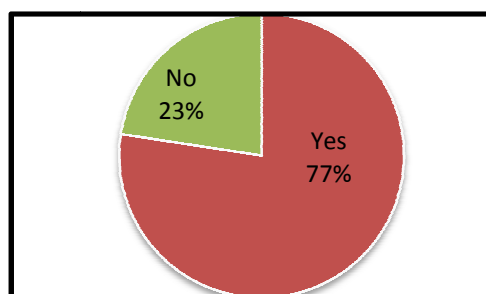
From the analysis of the above result, it is clear that 71% of managers will not take the decisions favorable to the organization but consider employees who are the asset for the company who can achieve competitive advantage by their leadership.

23% of managers will take the decisions favorable to the organization and not the employees where they consider the values attached to their company.

6% of managers have said that it is not applicable to their organization because they do not have any conflicts.

**19. Quality of Strategic Leader and Competitive Advantage**

One of the important questions in the questionnaire was “Do they agree that the company would gain Competitive Advantage only by the quality of a Strategic Leader?” The following is the result:



Particulars	Percentage	Number of respondents
Yes	77%	24
No	23%	7

An analysis of the data indicates that majority (24 out of 31 respondents) of the respondents agree that the company would gain competitive advantage only by the quality of a strategic leader.

23% of the managers do not agree that the competitive advantage will be achieved only by the quality of a strategic leader.

**20. Concept of “Strategic Leadership”**

The managers were asked about “What is Strategic Leadership according to them”?

The following are some of the noteworthy responses given by the respondents:

- ✓ “Basically strategic leadership is utilizing the best available opportunities in the best possible way.”
- ✓ “Strategic leadership is very critical position, if I will take any decision it won’t affect employees and organization.”
- ✓ “To consult the each and every staff in the team before taking any decisions and steps into any task and making them to do the work.”
- ✓ “In a banking organization, involvement of staff at every stage is important and it always keeps leadership at a reasonable height.”
- ✓ “Strategic Leadership should have positive approach, positive thinking and application of strategic in right way patient hearing, innovative ideas will improve leadership quality and business growth.”
- ✓ “He should express strategic visions of the organization and to motivate others to acquire the vision. He should be loyal updating himself to have perspective look, motivate, compassion, self confidence, social skills and self awareness. He should be friendly and social.”
- ✓ “A good strategic leader should always look forward to maintain cordial relations between the organization and the employees, without damaging the wellbeing of both.”
- ✓ “To agree with the talents of employees suggestions, brain storms it and formulates the decisions which will not affect the growth and satisfaction of employees.”
- ✓ “To have a control over the staff by planning and taking decision in such a way that it will not affect the company objective and employee’s satisfaction.”

**II. Conclusion**

It is clear from this preliminary primary data based analysis that there is an important relationship between Strategic Leaders and Competitive Advantage. The respondents have generally agreed that Strategic Leadership has a vital role in enhancing the Competitive Advantage that an organization can derive. However, this conclusion needs to be further tested with a bigger primary data study.

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