

# The Conundrums of Strategic Leadership: Leading of Organizations, in Organizations, or through Organizations?

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## INTRODUCTION

Leadership theories are not in short supply – a recent review indicates that some sixty-six different approaches are currently recognized (Dinh et al., 2014). This is a staggering number. It suggests that “leadership” is at best a complex, slippery, and multi-faceted construct that is resistant to precise definition and which is expressed in different ways, in different organizational settings, and in different socio-cultural contexts. From these sixty-six possibilities one has emerged as the most popular and widely advocated: strategic leadership (Hitt, Haynes, & Serpa, 2010; Rainey, 2014; Rowe & Nejad, 2009).

In reviewing leadership theories Boal and Hooijberg (2000) identify two focuses, informed by the early work of sociologist Robert Dubin, that seem helpful in mapping the leadership territory: supervisory theories and strategic theories:

- **Supervisory Theories:** These focus primarily on “leadership in organizations” (Boal & Hooijberg, 2000, p. 516, emphasis added). In these leadership theories the locus of action is centered on the internal dynamics, processes, and behaviors of organizational participants. Supervisory theories:
  - Tend to be relational in nature;
  - Identify people (individuals, work-teams, and leaders) as the primary units of interest; and
  - Are concerned with the dynamics and effectiveness of leader-follower dyads.
- **Strategic theories:** These are concerned with the “leadership of organizations” (p. 516, emphasis added). Here, leadership centers on the alignment of the firm with its external environment. Strategic theories:
  - Are essentially transactional in nature;
  - Identify reified organizations (functioning units and entities) as their main units of interest; and
  - Focus attention on the process of steering the corporate entity, thus defined, through the complexity of its external environment towards its strategic goals (Duursema, 2013).

Strategic leadership is obviously a strategic theory. However this raises a question: Does it make sense to talk about leading abstract business entities, or does the construct of leadership presume the involvement of people? Put another way: Does a focus on the “leading of” business entities only serve to obscure and negate the essential human agency and relational dynamics of “leadership in” the entity?

The first section of this chapter provides background by considering the critical elements and assumptions associated with strategic leadership. The second section builds on this overview and focuses on the extent to which strategic leadership can be considered a complete leadership option. In particular,

this section explores the differences between strategic management and strategic leadership within business organizations. Based on this exploration, the third section suggests a number of research initiatives that might provide a better understanding of the conundrums associated with strategic leadership. The concluding section briefly summarizes the main issues presented.

## BACKGROUND

At its core strategic leadership fuses two separate elements into what is potentially a synergistic whole. The first is managerial capacity, which is the strategic leader's perceptive understanding of the current operational challenges of the business organization. Managerial capacity "develops, focuses, and enables an organization's structural, human, and social capital and capabilities to meet real-time opportunities and threats" (Boal, 2004, p. 1504). The second element is visionary capacity, which is the strategic leader's ability to infuse the day-to-day concern for the organization's effectiveness with a commitment for the organization's long-term viability and wealth-creation potential (Rainey, 2014). The leader's visionary capacity "forges a bridge between the past, the present, and the future, by reaffirming core values and identity to ensure continuity and integrity as the organization struggles with known and unknown realities and possibilities" (Boal, 2004, p. 1504).

Strategic leaders are seen as possessing both managerial and visionary capacities, which inform their guidance of the organization. These capacities are considered to be united, integrated, and expressed through a set of three qualities:

- **Absorptive Capacity:** The ability to reflect on experience and to learn through it;
- **Adaptive Capacity:** The ability to recognize and respond to change; and
- **Managerial Wisdom:** This is a broad and loosely defined ability that co-joins a propensity for perceptive discernment with an appreciation of corporate history and continued growth in order to make optimal decisions for the organization's future (Boal & Hooijberg, 2000, pp. 517-518).

It is significant that the current understandings and historical developments of strategic leadership have focused on the qualities of the leader rather than on the qualities of leadership. The origins of strategic leadership lie in "upper echelons theory," which suggested that organizations and their behaviors reflect the nature and qualities of their senior leaders – that of their CEOs and their "top management teams" (Finkelstein, Hambrick, & Cannella, 2009; Hambrick, 2007).

Many scholars agree that strategic leadership must recognize that "top managers' values, cognitions, and personalities affect their field of vision, their selective perception of information, and their interpretation of information" (Cannella & Monroe, 1997, p. 220). Others recognize that the attitudes, beliefs, and judgements of senior management contribute directly to the quality and success of strategic leadership in their organizations (Elenkov, Judge, & Wright, 2005; Rainey, 2014; Rowe & Nejad, 2009). Many in the field also recognize that when strategic leadership flounders it does so because of the individual failings, limited visionary capacities, and dysfunctional personalities of senior managers in interpreting and responding to environmental change. These personal failing might be related to a short-term myopic focus, the disorientation fog of hubris and greed, or simply a propensity for making poor, misguided, and possibly unethical decisions (Hitt, Haynes, & Serpa, 2010).

However, as thinking on strategic leadership evolved – and as research began to more critically interrogate the assumed causal relationships suggested by upper echelons theory – there was a growing

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