

# Strategic leadership by executives



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Running Head: Strategic Leadership The Challenges and Opportunities of the Dynamic Business Environment for CEOs A Discussion Paper Name of Professor

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Empirical findings show that the qualities of the executive group are important determinants of organisational performance. However, none of these investigations has taken into account the challenges in making judgments about performance determinants in a dynamic business environment, or the effect of the external connections of the CEOs on firm-level outcomes (Bass, 2007). Development of an appropriate and efficient performance management system is an essential concern that every CEO should constantly focus on in order to guarantee its continued existence as it serves a major function in leading the company. This involves turning strategy into needed outcomes and behaviours, conveying these goals, evaluating progress, giving feedback, and empowering the workforce (Ashby & Miles, 2002) through performance-driven incentives and penalties.

Studies show that several organisations remain dependent on conventional performance determinants. Conventional tools of performance determinants intended for the economy of the industrial period, which puts emphasis on physical assets and financial strategies, are now incapable of coping with the dynamic business environment (Ashby & Miles, 2002). Hence, there is a movement away from conventional ideas so as to address the intricacy and ever-changing business environment. According to Hagen and colleagues (1998), some of the challenges CEOs face today in relation to performance determinants are great expectations from stakeholders, demands from and threat of global and local competitors, adoption of sophisticated production

technology, and demands for premium and dependable products/services from consumers.

In the meantime, organisational performance can also be threatened by sub-units within an organisation making decisions which are incompatible. An organisation structure, which can be either decentralised or centralised, has considerable effect on the level of non-financial and financial strategies to be integrated into the performance measurement process (Ncube & Washburn, 2006). Usually one problem confronting an organisation is that different sub-units are taking part in the general process of decision making. Irreconcilable decisions can have varying consequences for each sub-unit. Acquiring consensus from all stakeholders is a constant problem. When a firm's general strategy relies on the decisions of all its sub-units, as stated by Bass (2007), firm-wide support is needed.

Large-scale strategic planning and assessment is critical. This planning has to focus on the general strategic objectives of the company but also the outcomes that affect employees who are not involved in the process of decision making. Employee opposition and dysfunction of the larger organisation can take place if appropriate focus and deliberation is not aimed at frontline attempts (Ashby & Miles, 2002). Hence, consolidating the organisation at all levels is quite vital. An unsuccessful assessment and forecasting of the outcome of major decisions can spoil an organisation's mission and vision.

So what method can be used to study successful strategic leadership? One of the most widely used research methods in studying leadership is case study. However, similar to any other research designs, case studies have major strengths and weaknesses. Some of its strengths are: (1) it gives actual

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examples of effective leadership, (2) suggests ways to successfully replicate the strategies of successful leaders, (3) is pragmatic and feasible, and (4) presents inventive insights (Feagin, Orum, & Sjoberg, 1991). In contrast, it is hard to generalise from case studies due to the innate subjectivity of the data.

## References

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