# Developing Strategic Leadership Competencies

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Abstract—Strategic leadership competencies is distinct from the general notion of leadership. Strategic leadership is about leadership activities at higher levels of a firm. Strategic leaders require strategic thinking skills. There is considerable agreement on the nature of strategic thinking. It is about thinking creatively about strategic options and alternative ways to compete. However, not much has been discussed on what it takes to become a strategic thinker. In addition, the strategic leadership role often requires that leaders negotiate and manage internal politics. Strategizing is not always a simple and rational process. Strategic leaders also often find themselves having to initiate change to adapt to the lessons learned about discontinuities in the environment. This paper proposes that strategic leaders need to have a certain personality predisposition and develop 3 key competencies to be effective in their role. These competencies are strategic thinking, managing politics and change management.

Index Terms—competencies, strategic leadership, change management skills, need for cognition, need for leadership

## I. INTRODUCTION

Developing strategic leadership competency is a distinct area of leadership development. It is different from the general notion of leadership which is more concerned with the leadership of direct subordinates and work groups [1]. Strategic leadership competencies involve issues commonly addressed by a firm's top management team. While the basic skills of leading people are still important, it is not sufficient for strategic leadership.

Leading at the strategic level requires leaders who have a bird's eye view of the firm and a good understanding of the external environment. Strategic leaders have to be able to read the external environment and the internal capabilities of their firm [2]. Depending on the strategic positioning of their firm, they may need to decide how to shape the external environment or how to respond to changes in the environment. Finally, they need to manage the response to the changes in the environment effectively.

# II. FOUNDATION OF STRATEGIC LEADERSHIP COMPETENCIES

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At the individual level, strategic leaders need to be able to think out of the box. Unlike leadership at the operational level which relies on technical skills, has a strong functional focus and is usually procedure-bound, strategic leaders need a different mindset. The strategic leadership role often requires that leaders have strategic thinking competencies. This involves creative thinking and the ability to see discontinuities in the environment as well as recognize emerging opportunities.

In addition, developing a strategy is often a political process that involves understanding and managing dominant coalitions involved in the strategizing process [1], [3]. Strategy is, sometimes, a negotiated process that involves addressing the interest of various stakeholders. Ignoring this can create resistance to the new strategy. As such, strategic leaders need political skills in dealing with the key coalitions and stakeholders in the organization.

Besides generating new ideas and negotiating them with others in the organization, a strategic leader ultimately has to implement any new strategy adopted by the firm. This often involves realigning internal capabilities to support the new strategy. This requires change management skills.

We therefore propose that strategic leadership competencies require a combination of personal disposition and personal competencies. Developing strategic thinking requires the ability and willingness to think. An individual's willingness to engage in willful and active thinking is a reflection of his personal predisposition. Such an individual has to also be comfortable with forming his own judgment and is not dependent on others having to lead him to exercise his judgment. Specifically, this disposition is reflected in an individual's need for cognition (NFC) and need for leadership (NFL). We propose that a strategic leader has to be high on NFC but low on NFL.

There is now a body of knowledge that specifically discusses the components of strategic thinking [2], [4]-[6]. Alongside with personal predisposition, strategic leaders also need to have strategic thinking skills. Developing these skills enables managers to transition from a more operational focused mindset to a more strategic outlook.

## III. PERSONAL PREDISPOSITION

NFC is defined as the tendency for a person to engage in thinking and experience joy in the thinking effort [7]. It predicts how individuals deal with tasks and social information. Individuals with high NFC are motivated to engage in complex cognitive activities and process information more deeply [8]. They have the desire to seek learning and new knowledge. They tend to be more inquisitive and creative. This is a basic building block of creative thinking that is essential in strategic thinking.

NFL is defined as the extent to which a person expects a leader to facilitate the paths goal attainment [9]. Low NFL individuals, however, are comfortable working with little supervision and are comfortable in exercising autonomy. NFL is context specific and is affected by the individual's self-efficacy in a context. NFL is likely to be higher when a person perceives himself to be ill equipped for a role [9]. When low NFL is combined with high NFC, the individual is more likely to be creative, adventurous and willing to try new ideas. Such an individual would make a better strategic thinker than a person who is low in NFC but high in NFL.

#### IV. STRATEGIC THINKING COMPETENCIES

The strategy discipline has evolved from a focus on planning during the early stages of the development of the field in the 1960s to a focus on strategic management in the 1970s, to a focus on strategic thinking lately [2], [5]. It is now recognized that merely using the various tools of strategic management will not ensure success.

Various researchers point out that at the heart of strategic thinking is creativity and inventiveness [2]-[6]. This creative exercise must happen before strategic planning and execution. The use of tools and techniques can help with the planning and execution but they do not substitute thinking.

Various authors have described strategic thinking as involving innovative and divergent thinking that is concerned with finding alternative ways to compete. It is associated with disrupting the prevailing attitude and understanding, involves foresight and insight, is long-term in nature, and requires creativity and intelligence. It entails looking into the future and considering different scenarios [2], [4]-[6].

Ref. [6] proposes a model of 5 elements of strategic thinking. These are systems perspective, intent focused, thinking in time, hypothesis-driven and intelligent opportunism.

## A. Systems Perspective

Strategic thinkers need to have an end-to-end perspective of the value chain of activities in the organization [6]. They have to see the interconnectedness and interdependencies of the various components and functions in the organization. This

systems perspective also includes an understanding of the dynamics of the relationship between the internal and external environment. Developing systems perspective requires managers to develop a bird's eye view of the organization and get out of their functional focus.

## B. Intent Focused

Intent focused is about being driven by goals and having a sense of destiny. Such a drive provides managers with a constancy of purpose in dealing with changes in the environment [6]. It provides the long-term orientation in that is anchored to the strategic intent of the firm.

# C. Intelligent Opportunism

The constancy of purpose generated by strategic intent has to be balanced with the flexibility to adapt to opportunities in the environment [6]. This ensures that the firm does not become too rigid in pursuing a course of action. This flexibility includes the willingness to even re-examine intent and adapt the strategy to changing situations.

# D. Thinking in Time

Strategic thinking has to be able to connect the past, present and future [6]. This requires strategic thinkers to understand the gap between the present and the desired future. While the desired future can be a departure from the past, an appreciation of the past gives a sense of continuity and what can possibly be achieved. Thinking in time is about being able to iteratively see the connectedness of the past, present and future. This understanding enables the strategists to be mindful of what needs to be done and what can be done.

## E. Hypothesis-Driven

Strategic thinkers need to see and formulate future possibilities and plans as hypotheses. No amount of planning can ever be rid of uncertainty. Instead, strategists have to rely on information available to develop hypotheses that are causal models of the business and the journey to the future. A hypothesis-driven approach to thinking about strategy enables strategists to test their assumptions and beliefs and adapt their plan as they receive cues and feedback.

Ref. [4] conceptualized strategic thinking as having four key components i.e. creative thinking, vision-driven thinking, systematic thinking and market-oriented thinking. His notion of systematic thinking overlaps with [6] notion of systems perspective. Vision-driven thinking is similar to Liedtka's intent focused element. Creative thinking is a foundation of strategic thinking and can be developed by being hypothesis-driven and thinking in time. Market-oriented thinking is about thinking of alternative ways to attain sustainable competitive advantage. Strategic leaders with market-oriented thinking are able to examine opportunities in their

environment and form and test their hypothesis about sustainable performance.

The preceding discussion highlights the fact that developing strategic thinking competencies goes beyond teaching about techniques and tools. Even though strategic management has seen the emergence of many tools and techniques to help managers formulate and implement strategies, their success is mixed. A key reason is that it is the mind behind the tools and techniques that is crucial. Developing this mind into a strategic thinker involves changing habits, perspectives and knowledge base.

#### V. CHANGE MANAGEMENT SKILLS

A common consequence of the sense making that strategic thinking does is that firms find it necessary to adapt. This typically involves initiating change.

One study concluded that effective change management involves three key activities i.e. communication, mobilization and evaluation [10]. Communication involves activities leaders undertake to make the case for change and to share their vision of the need for change with followers. Mobilization involves actions leaders undertake to gain co-workers' support for the change. It also involves the enactment of new work routines to implement the change. Evaluation involves monitoring and assessing the impact of implementation efforts and institutionalize changes [10]. Leaders who have high person oriented skills focus on the activities associated with communicating the need for change.

Task-oriented skills are needed in developing the procedures, processes and systems required to implement planned organizational change. Task oriented skills are also needed in redesigning existing organizational processes and systems so as to facilitate coalition building monitoring and evaluating change efforts.

Another study proposed that effective change management requires employee acceptance of change and that could be enhanced by incorporating certain key elements of the change process [11]. Employees are more willing to accept change when a timely and accurate information about change and its implication are well communicated and explained. Related to this, the firm needs to create opportunities for employees' participation in implementing the change. This opportunity cultivates a sense of belonging to employees in the change process. Another element is trust in management. Employees need to trust management's ability and integrity in leading the change process [11].

It can be inferred that strategic leaders need 3 broad capabilities to lead change effectively i.e. communicate change, mobilize people to implement change and evaluate effectiveness of the implement. Doing these 3 requires winning people over to support the change process. This requires that strategic leaders develop the skills to plan dissemination of information, manage the

participation of employees and develop trust in the vision and change program.

## VI. MANAGING POLITICS AND ALLIANCES

Ref. [12] argued that an organization is a social market place where individuals engage in transactions to obtain favorable returns. It is not merely a rational model of economic activities but is also a place where political activity and conflict takes place [13]. Even though organizations are supposed to operate based on rational and objective rules and procedures, it is not always possible to develop a complete set of rules and procedures to govern every single decision and problem that emerge. This is especially the case at higher levels of the organization where problems are less structured and are sometimes novel.

Political behavior is the inevitable consequences of the imperfect rules and procedures that organizations develop. These imperfections can cause things to happen in unexpected ways [14]. As a consequence, managers sometime have to rely on the negotiation and alliance formation to influence decision making and to get things done correctly.

Organizational politics (OP) is defined as individual or collective behavior for self-serving purpose, resources distribution and power attainment [15] which is within or against the approval of formal authorities and organizational goals [16]. OP occurs not only among peers, but also in both directions of manager-subordinate relationships [17]. To manage OP, strategic leaders need to develop political skills. This involves the ability to interact and work with others in such a way that it promotes trust, confidence, sincerity and genuineness; the ability to engage more proactively in network accumulation; and the ability to leverage on their understanding of social cues to tailor their behavior to suit the situation [16]. Such leaders need to have access to the current network resources, and also to new, valuable resources [18]. Frequent social interactions and the ability to bridge disconnected individuals and groups would foster trust among the members of the network and promote alliance formation. Through these alliances, strategic leaders can encourage the sharing of workrelated resources and joint problem solving. It also places these strategic leaders at an advantageous position in negotiation and decision making.

## VII. COMPETENCY DEVELOPMENT

Developing strategic leadership competencies requires affecting a mindset change. However, developing this mindset can be aided or impeded by the predisposition a person has. Specifically, we propose that the selection of individuals for strategic leadership must begin with selecting those more likely to be successful in a strategic leadership position. Besides past performance, the

selection process should also assess a candidate's NFC and NFL.

Once this is done, the development program need to be designed to provide a broad work exposure and develop the qualities needed to be a strategic thinker. They also need to understand and experience the nuances and idiosyncrasies of organizational politics. This will help them develop the political skills to deal with them. Finally, these leaders need to have the skills to implement planned change to realize their strategic intent. As such, the learning experience given to them need to be rich in practical experience and exposes them to the complexities of strategic decision making. This rich experience should incorporate deliberate practice, reflective learning and experience density.

We therefore propose that deliberate practice, reflective learning and creation of experience density are important elements in the development program for strategic leadership. This is mainly because deliberate practice and experience density accentuate the experiential learning to generate improvements in performance and achievement of expertise [19]. Reflective learning on the other hand emphasizes reflection which will emerge as the evaluation of alternatives and action to be taken that encourages formation of new or modified ideas as well as self-assessment of the individual's strength and weaknesses [20].

## A. Deliberate Practice

Intensive and deliberate practice of new skills is important in developing competencies [21]. Deliberate practice usually incorporates experiential learning, relationships-based learning and formal learning in a 70:20:10 learning mix [22]. In this approach, 70 per cent of the development program occurs through work activities and 20 per cent through relationships that usually involves coaching and mentoring. The remaining 10 per cent of the development program involves formal learning activities such as in-class training [22]. The mix of methodology is used to maximize learning effectiveness by providing practical experience that leads to the formation of new work capabilities and habits [22]. Such an approach ensures high transfer of learning to the work place.

Deliberate practice involves designing learning experiences that provide the opportunities to make mistake and for the learner to repeat a task. This enables learning from mistake, supports improvement and ultimately lead to mastery [19]. Experienced-based learning often requires the use of multiple skills. This includes working across functions, negotiating resource allocation and managing alliances with related parties. This helps to develop many of the competencies related to strategic thinking.

The combination of experience-based learning and relationship-based learning provides the opportunities for the learner to understand the tacit aspects of leadership. Among skills and competencies that can be developed from the tacit aspects of leadership are political skills and change management skills. This includes skills related to communication of change, mobilization of people to implement change and evaluation of implemented change.

In addition, the broad set of skills developed through experiential learning combined with high NFC will enable the learner to generate his own insights and wisdom. At the same time, the low NFL of learners trained for strategic leadership enables them to be autonomous and self-driven during the learning experience.

## B. Creation of Experience Density

When learners experience complex problems, density of experience is created [23]. A dense experience presents complex situations that the learner has to overcome [23].

Ref. [24] suggested that one dimension that may generate more experience is the amount of stress faced by the leader. In this case, stress enriches the experience that the leader gains in experiential learning [24]. Other researchers also support this view that the more stress experienced in a task, the more dense the experience the leader will get [23], [24]. The stress and challenges to overcome such problems draw out their creativity, requires persistence and builds resilience.

We also posit that stress as a density of experience encourage high NFC. Therefore, learner with high NFC cope better when dealing with stress. High cognition individuals will rely more on their creative effort [24]. This stress can also be present when they have to implement a complex idea. Such an implementation involves managing change which may also rely on ho managing politics in the organization.

In managing change, leaders will have to deal with internal and external challenges. When leaders are used to stress or have a dense experience, they feel more comfortable dealing with uncertainties and ambiguous situations. This helps them to become more effective in managing communication and mobilizing people to execute the change. Ref [24] supported this logic, that the density of experience, enables a person to face many types of challenges including transitions and change in job.

Creating experience density can also train learners to keep a long-term perspective and be intent focused. Combined with mentoring; extra challenging and stressful assignments can be used to help learners develop their sense of priorities and staying focused on objectives. This ensures that the learners are not easily distracted by short-term problems and lose sight of their long-term goals.

## C. Reflective Learning

Strategic level leaders need to synthesize conflicting and incomplete information [25]. In addition to learning through various activities, individuals need to also reflect on their learning experience. Reflection is also an important element in experience formation [20] and usually comes through thoughts and feelings [26]. Reflection is a key element in creativity because it provides the impetus for considering of alternatives. Reflection is a mental activity that involves investigating one's own action in various situations. It includes reviewing of one's experience, analyzing the causes and effects of an issue, and the drawing of conclusions concerning future action [26].

Dewey [26] conceptualized reflective thinking as involving suggestions, intellectualizing difficulties, using leading ideas to form hypothesis, exercising reasoning and testing of hypothesis. What this entails is a systematic approach to learning about complex problems. It is not unusual that as learners experience stress and challenges, they can develop an emotional response to these difficulties.

By taking these difficulties as suggestions to search for solutions, intellectualize the problems, using ideas to form hypothesis, and test the hypotheses, learners are able to deal with challenges and difficulties in a rational and systematic manner. This ability to cope with stressful situations in a rational manner is important in making the transition from an operational or tactical leadership role to a strategic one. Given the absence of SOPs and rules for dealing with strategic issues, leaders have to exercise judgment by relying on their insight and experience. This is where the ability to engage in reflective learning can boost the NFC of those trained for a strategic leadership role. It also helps to develop their hypothesis-driven thinking.

The design of a strategic leadership development program has to be supported by able facilitators and mentors. The learning process has to be supported by facilitators and mentors who can stimulate reflection and rational thinking. They play an important role in ensuring that the approach and learning mix incorporated in deliberate practice, the increased stress introduced to create experience density and cultivating reflective thinking converge to create leaders who can lead at the strategic level.

## VIII. CONCLUSION

In conclusion, the three key competencies for developing strategic leaders are achievable through an appropriate training program. The training program should accommodate three important elements; deliberate practice, experience density and reflective learning, which are a part of the triangle that supports the development of strategic leadership competencies.

The current practice which centres around in-class training programs are insulated from practical reality thus unable to create the ambiguities strategic leaders often encounter. Knowledge delivered are often presented without being linked to organizational realities. They often do not create the stress that strategic leaders experience in dealing with ambiguous and complex situations.

An effective strategic leadership development program has to go beyond in-class training. The learning mix incorporated in deliberate practice ensures a richer learning experience that imparts new skills, develops judgement and decision making skills and ensure better learning transfer. Enhancing experience density forces the learners to stretch their creativity and effort. And reflective learning ensures that learners do not succumb to the stress. Instead, they develop the ability to deal with strategic issues in a rational manner. Such kind of training program is more realistic to prepare learners to become strategic leaders in the future.

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