

LEADERSHIP AND MANAGEMENT AND ITS ROLE IN STRATEGIC CHANGE

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How to cite: JOKIĆ, S., ILIĆ, M., RANKOVIĆ, M., & MITIĆ, B. (2019). "Leadership and Management and Its Role in Strategic Change." *Annals of Spiru Haret University. Economic Series*, 19(3), 91-98, doi: <https://doi.org/10.26458/1935>

Abstract

Leadership and management, as two important processes in organizations, have a significant impact on all interactions and other processes that occur within an organization. The process of strategic change, important for the survival of organizations in turbulent times, is also conditioned by the roles of managers and leaders and their coordination of resources, vision, and the like.

The aim of the paper is to demonstrate the influence of managers and leaders on strategic change (strategy implementation), through secondary and primary research.

Keywords: *leadership; management; strategic change.*

JEL Classification: M20, M21



Issue 3/2019

Introduction

Managers manage the organization's resources, including human resources, and through that coordination, perform various functions or tasks. The purpose of management lies primarily in the exercise of its functions, i.e. planning, organizing, leading and controlling. The planning defines the goals and selects the strategies that will help them to be achieved and the plans based on them. Within the organization, the determination of the specific tasks to be performed, the entities that will perform the tasks, and then the appropriate integration of these tasks into groups and their consolidation are carried out. Within the function of organizing, also define the relations between the subordinate and the superior, the way of decision making in terms of their centralization or decentralization.

A leader is the person charged with encouraging the organization to succeed, which is conditioned by making effective decisions and formulating strategies well and implementing them. If the strategy is not well implemented it becomes irrelevant. Leaders, therefore, must provide information about expected performance and how they will be delivered and must provide vision and show the way.

The paper shows the link between leadership and management and the impact of these two processes on strategic change.

The general goal of the research study is connected with the presentation of an organized selection of data, their aggregation and analysis so as to determine the cognizance important for research studies. The goal of the research is to show the existence of the determined parameters important for proving or refuting the set hypotheses.

The scientific goal targeted within the framework of the scientific paper relates to ensuring relevant indicators obtained by using scientific methods within the secondary and primary research studies, and also making the scientific community familiar with the same. The results obtained within the framework of the secondary research study and later the interview, i.e. a survey research as the primary one, will serve to further analyze the issues of leadership and followership, and their influence on strategic management. The conclusions drawn can serve scientific researchers as an input for their further research studies.

Literature Review

Inside the concept of leadership as a process, leaders and followers have a certain exchange and relation that are the subject matter of different leadership



Issue 3/2019

theories, actually all those that consider leadership to be a process. The process mandatorily includes the leader, the follower, and the relationship they have established with and between one another.

Management is a process related to management with the help of which defined goals are achieved by applying different instruments. [Stefanović, V. *et al.*, 2017] Robbins and Coulter consider that **management** implies a coordination of the activities related to the job in a way in which they would be carried out efficiently and effectively with the help of and with people as well. Within the framework of this definition, **efficiency** implies obtaining a maximum output with the minimum use of the resources, which constitutes the basic assumptions of economics, whereas effectiveness is related to doing the right things, i.e. conducting of the job-related activities with the help of which the organization will achieve its goals. [Robbins, S., & Coulter, M., 2005]

Management processes are implemented inside the organization and they are inseparably liaised with it. Đuričin, Janošević and Kaličanin find that the organization is a consequence of management. [Đuričin, D. *et al.*, 2016] **Organization** is a process restricted by a structure, within the framework of which individuals bring the goals set to reality through interactions. The structural connecting of power, actions, relations, goals and other segments are in question. [Weber, 1947] It is about a set of at least two or several persons engaged in a joint coordinated work so that they could achieve the goal. [Petrović, M. *et al.*, 2014]

The management process has its four functions – **planning, organizing, leading, and control**. There is a belief that, independently of their position, level, and organizational settings, managers are responsible for each of the above functions. [Mahoney, T. *et al.*, 1965]

Planning is a process of setting the goals of performances and the determination of the actions needed for the achievement of the goals. When managers are making plans, they are in fact setting goals and choosing the way in which they will achieve them. Even the best of plans are doomed to fail if they are not implemented well, for which **organizing** as a process of the delegation of tasks, resource allocation, and the coordination of individuals' and groups' activities is very important. When managers are conducting the process of organizing, they blend people and resources together so as to achieve plans. As a function of management, **leadership** is a process within the framework of which enthusiasm is provoked in employees to work hard and their efforts are inspired with the purpose of fulfilling the plans and achieving the goals.



Issue 3/2019

Control, i.e. controlling, is a process of measuring work performances, i.e. a comparison of the results of the goals and undertaking corrective actions as and when needed. [Schermerhorn, J., 2013]

The evaluation of the **strategy** is of vital significance for the wellbeing of the enterprise since timely control can warn the management about the existent problem(s) or potential threats before the situation has become critical. The strategy evaluation process, i.e. the strategy control(ling) process includes three basic activities: [David, 2016]

- the examination of the basic strategy of the enterprise;
- the comparison of the expected results with the actual results;
- undertaking corrective measures in order to ensure that the performances are in compliance with the plans.

The identification of the current mission, goals and strategies branches into the external analysis of opportunities and threats, as well as into the internal analysis of strengths and weaknesses, while both serve to formulate a strategy, implement the strategy, and ultimately carry out an evaluation of the results. [Robbins, S., & Coulter, M., 2005]

An enterprise may use **different strategies**. Certain enterprises choose differentiation strategies based on a superior quality which is in correlation with the achievement of the minimum sustainable performances and the competitiveness of the enterprise. With respect to differentiation, Porter's attitude implies that in order for enterprises to be different from competitive ones they must be characterized by uniqueness with respect to certain performances important to users other than a low price. An enterprise can be different if it offers a better quality of its products or services. In this way, competitive advantage is ensured in case the price of this differentiation is higher than the costs it incurs.

Strategic changes (strategy implementation): By describing change, Robbins presents the organization as a large ship sailing across a quiet sea, on which everybody knows their direction since they are experienced. An occasional tempest arrives, symbolizing a change in the ordinary course. Then, within the framework of another metaphor, the organization is a small raft floating down the river that has gone wild and has rapids. The crew consists of six members who have met each other for the first time, the river is unknown to them, they do not know where they are going to, travelling at night. In the first metaphor, the change that occurred is



Issue 3/2019

something that the organization expects and something it can manage, which is not the case in the second metaphor. [Robbins, S., & Coulter, M., 2012]

Leading is performed in a specific situation and in an environment which the organization exists and operates in, whereas leadership itself is inseparable from power and authority, and represents their specific form which influences other people.

The contemporary concept of leadership discusses the concepts of transformational-transactional leadership, then charismatic visionary leadership, as well as the team leadership concept. Within the concept of transformational-transactional leadership, transactional are those who implement the motivation of their associates, explaining the nature of the job and work tasks, whereas transformational are those who direct followers through the process of inspiring towards personal interests in the direction of a general organizational affirmation, simultaneously leaving a significant trace in their associates. [Robbins, S., & Coulter, M., 2012].

Power is the capability of individuals or groups to persuade, inspire or force others to follow certain directions of action. There are many different sources of power. On the one hand, there are the powers that people or groups have based on their respective position(s) inside an organization, due to the resources or knowledge they control, or through formal arrangements of corporate management. [Johnson, G. *et al.*, 2008]

The leader is also obliged to ensure the development of the employees and a concept of continual learning.

Strategic change involves several dimensions, according to Milosavljevic. The first dimension is strategy implementation and the second is control. [Milosavljević, 2012].

Methodology

Of the scientific methods that will be used for the purpose of the research, the following ones will be used: the induction method, the deduction method, the description method, the synthesis method, the historical method, the method of comparison, as well as content analysis. Surveying the respondents is planned for the primary research (**Survey Research**) via electronically forwarded questionnaire to the leaders and the employees (followers). This kind of surveying is considered as acceptable for obtaining respondents' reliable attitudes because of the preservation of anonymity.

A determination like this indicates the attitude that not only leaders are those who have to respond to challenges from the environment – followers are also important in



Issue 3/2019

this process. The concept of joint leadership lowers the responsibility hierarchically downwards, i.e. it shares responsibility for the success of the organization, which makes it more flexible. In this manner, members are encouraged to assume the role of the leader, i.e. they are invited to take initiative in interactions, which increases the probability of positive outcomes.

The IBM SPSS software will be used to process the results of the survey research, namely for organizing, documenting, and processing data in the field of social sciences. The key criteria for measuring the elements that determine the role of the leader in the shaping of strategies is the personal attitudes of the respondents, which will be processed by applying descriptive statistics, the comparative method and correlation analysis, whereas the theoretical sources will be analyzed by the content analysis method.

The first part of the questionnaires should ensure that the basic personal data of the respondents (their respective sex, years of age, professional qualifications, business position) are collected, whereas in the second part of the questionnaire, the respondents are requested to express their attitudes based on the close-ended questions posed, while at the same time they are offered an answer according to a modified Likert Scale from 1 'I absolutely disagree' to 5 'I absolutely agree'.

This group of questions, for both leaders and followers, examined the views of respondents (followers) regarding the role of leaders in the organization. Five connotations related to strategic management and the role of leaders at each stage (strategy planning, strategy formulation, strategy implementation and strategic control) were outlined. A special payday is dedicated to a group of issues related to strategic change or strategic implementation.

Results and Discussion

Survey questioners were electronically sent to leaders as well followers during May and June 2019, making two sub-samples (leaders and followers). Characteristic of the leader sample regarding the sex shows 50.9% of the persons are male and 49.1% are female; then employed in the private sector mostly 46.3%, within the age group 26-35 years old, mostly with university or college degree 44.4%.; 53.7% of the respondents are employed in a service company, mostly (59.3%) employed in a private company. Characteristic of the follower sample regarding the sex shows 41.4% of the persons are male sex and 58.9% are female; then employed in percent of 46.7 in the field of Public Administration within the age group 26-35 years old



Issue 3/2019

(60.7%), mostly with university degree 33.3%; 35.1% of the respondents are employed in a service company, mostly (65.5%) employed in state-owned company. A total of 276 respondents participated in the survey research.

The results obtained indicate the following statements (hypotheses): Effective leaders are tasked with selecting and implementing a strategy by developing a strategic vision and mission, defining strategic goals, and conducting post-implementation monitoring and evaluation. (h1); Managers and leaders must create the condition for developing and implementing a strategy that must ensure the survival and development of the organization. (h2)

Conclusions

In the organization, the role of the leader is to provide a vision and strategic thinking framework. Also, the leader in the organization must think strategically and plan and direct operational events by adapting the organization to the environment. The leader is also committed to ensuring employee development and the concept of continuous learning. Also, the leader must direct followers to perform activities effectively and to achieve organizational goals. Effective leaders are tasked with selecting and implementing a strategy by developing a strategic vision and mission, defining strategic goals, and conducting post-implementation monitoring and evaluation. Also, regarding to results of survey research conducted in Serbia in 2019 in which total of 276 respondents participated. Managers and leaders must create the condition for developing and implementing a strategy that must ensure the survival and development of the organization.

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Issue 3/2019

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