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## Affects of strategic leadership on business success - a cross-cultural analysis from a resource based view

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### **Abstract**

This paper concerns strategic leadership as it functions in businesses today. The research will outline which skills and characteristics are the most important for being a strategic leader. The influence of culture on leadership is also investigated, leading to the examination of the question of whether business strategy affects leadership. The paper links leadership with strategic management and discusses how a successful practice of leadership can help an organization create a unique and valuable market position, assisting the attainment of sustainable competitive advantage. The research demonstrates that strategic leadership is above the operational level of management and that strategic leaders understand their market and their resources. They have clarity of vision as well as an ability to develop well attuned business goals. The results show that the characteristics and skills of strategic leaders plays a dominant role in their ability to see the big picture, embedding these into daily business is crucial. Analysis also finds that national culture, competitiveness and market development affect strategic leadership. This research shows that strategic leadership is associated with business success and a lack of strategic leadership may find companies losing focus in the long term. It can therefore be concluded that strategic leadership tends to support a sustainable competitive advantage in the market place.

### **Keywords**

strategic, affects, view, resource, analysis, cultural, cross, success, business, leadership

### **Disciplines**

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# **Affects of Strategic Leadership on Business Success - A Cross-Cultural Analysis from a Resource Based View**

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## **Abstract**

*This paper concerns strategic leadership as it functions in businesses today. The research will outline which skills and characteristics are the most important for being a 'strategic leader'. The influence of culture on leadership is also investigated, leading to the examination of the question of whether business strategy affects leadership. The paper links leadership with strategic management and discusses how a successful practice of leadership can help an organization create a unique and valuable market position, assisting the attainment of sustainable competitive advantage.*

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Keywords: Strategic Leadership, Strategy, Culture, Resource-Based View, Sustainable Competitive Advantage

JEL Classification: M16

## **Introduction**

"Competitiveness is born in the gap between a company's resources and its managers' goals" (Hamel and Prahalad 1993).

This paper examines the leadership qualities of business leaders in the recruitment and selection industry in Australia and Switzerland, and determines how leadership affects or is affected by strategy. The paper will discuss which characteristics - drawn from both empirical evidence

and extant literature - are important in terms of being a strategic leader and how these influence business performance. Finally, a conclusion will be drawn as to whether there is a significant connection between strategic leadership and business success.

Empirical examination and theoretical construction will centre on the resource-based view (RBV) of organisation. This approach is the dominant theoretical approach in the strategic management field (Barney 1991; Mahoney and Pandian 1992; Boxall 1996; Barney and Wright 2001). RBV highlights the link between a company's resources and its competitive success (Collis 1991; Black and Boal 1994; Lieberman and Montgomery 1998). Central to the RBV argument is the position that the organization with the most valuable and rare resources will gain a competitive advantage in the market (Hitt and Ireland 2002). However, there is a need to understand how these resources create value. Therefore, this paper takes an in-depth look on how these resources are leveraged to achieve a better position in the market. The paper also determines the influence of culture on leadership styles by applying what is arguably the most quoted framework of organisational culture adopted from Hofstede (1980; 1998) (Bochner and Hesketh 1994; Byrne and Bradley 2007; Jones 2007).

## **Literature review**

### **Definition of strategic Leadership**

As was the case for twentieth century business, businesses operating in the twenty-first century are continuing to be faced with extraordinary demands. These come mainly from areas such as increased globalization, new technologies, rapid information exchange and diverse modes of communication. As a result, organizational leaders continue to face challenges and hardships (Dess and Picken 2000). Most companies, and the environments in which they operate, have changed significantly in recent times. In addition, the life-cycle of products and services has become shorter in the last few decades (Hitt and Ireland 2002).

Typical solutions are for companies to become smaller, stronger and faster; for them to undertake processes of change through reengineering and restructure (Hamel and Prahalad 1994). However, as Hamel and Prahalad (1994) state, this is not enough, a company must be capable of identifying and focussing on core strategic capabilities. This paper proposes that strategic leadership is key to this path of development. The requirements and qualifications of leaders are becoming more critical and demanding. Leadership is a critical component to the success of companies operating today (Hitt and Ireland 2002; Davies and Davies 2004).

Hitt and Ireland (2002) argue that an important issue in strategic management is the need to find out why some companies perform better than others. One possible answer to this question is to detect the extent that strategic leadership can influence business success. According to Sorcher and Brant (2002) strategic leadership is a multiple competency that has many refinements and small differences that makes it difficult to define. Christensen (1997, p143) defines strategic leadership as "a person's ability to anticipate, envision, maintain flexibility, think strategically, and work with others to

initiate changes that will create a viable future for the organization". Hitt and Ireland (2002) agree and add that strategic leadership can be practiced at all levels within an organization. Adding to this argument, Boal and Hooijberg (2000) state that strategic leadership combines the past, the present and the future and should reassure core values and identity to ensure continuity. According to these authors, strategic leadership "makes sense of and gives meaning to environmental turbulence and ambiguity, and provides a vision and road map that allows an organization to evolve and innovate" (Boal and Hooijberg, 2000, p517). (Christensen 1997)

Boal and Schultz (2007) consider strategic leaders should play an active role in developing ideas and defining a vision, while traditional management roles focus more on implementing structures and processes. In this competitive environment of the twenty-first century, strategic leaders need to focus on utilising strategic vision to motivate, inspire and empower the workforce at all levels (Dess and Picken 2000). These authors argue that sharing internal knowledge and the collection and integration of external information are key priorities of organizational leaders.

Strategic leaders need to promote organizational learning and innovation to fulfil a defined vision (Boal and Schultz 2007). Leavy (1996) argues that exceptional leaders are simply able to provide their companies with a strong sense of vision and mission. Moreover, he reports that leaders of vision don't just see possibilities but have a very strong passion which makes possibilities happen. Davies and Davies (2004) add a new element in their definition by stating that strategic leaders do not just inspire and support others towards the achievement of a vision but align employees and organizations to convert strategy into action.

This paper proposes that strategic leadership is the ability of the leader to be prepared for every possible future challenge. Furthermore, strategic leaders need to be able to focus on critical resources which are most likely to make a difference in the assurance of sustained future success. This view is supported by Hitt and Ireland (2002) who recommend that strategic leadership is about gaining access to key resources such as alliances with partner firms (social capital) and the ability to build "great teams" (human capital) as the most important firm resources.

Strategic leaders have the capability and the power to manage the organization's critical resources to achieve sustainable competitive advantage (SCA) in the marketplace.

### **Skills and characteristics of strategic leaders**

Successful strategic leaders have the ability to be strategically oriented (Davies and Davies 2004). This skill includes both an understanding of the organization's present situation as well as an ability of the leader to see the big picture in a long term perspective. Leavy (1996) adds that the potential to connect history with present context and experiences in different fields are of utmost importance.

In their research, Boal and Hoijberg (2000) add that characteristics such as cognitive complexity, the ability to search for and interpret information, and behavioural complexity – defined as the talent to select the right leadership role in the right situation, positively influence the essence of strategic leadership.

Strategic leaders have the ability to learn and are able to share information, knowledge and responsibility among employees (Ireland and Hitt 1999; Dess and Picken 2000). Boal and Hoijberg (2000) add that these leaders need interpersonal skills such as empathy, motivation and high communication skills. Accordingly, strategic leaders have the ability to differentiate and read emotions in others as well as in themselves. Gardner (1985, pp48) specifies these as social intelligence and defines them as the potential “to notice and make distinctions among other individuals ... in particular, among their moods, temperaments, motivations, and intentions”. According to Boal and Hoijberg (2000), these can be broken into two capacities. The first is an absorptive capacity. This refers to the potential to learn or reinforce existing action patterns within organizations. The second is a strong ability to change (adaptive capacity). (Gardner 1985)

Many of these attributes are confirmed in research by Kouzes and Posner (1992) who, after conducting extensive research on 2,600 managers, find that honesty (integrity, trustworthy), competency and forward-looking are the most prized attributes of leaders.

Strategic leaders have the ability to identify tacit knowledge, have a talent in developing capabilities in people and can align people with organizational tasks. In addition, strategic leaders have a certain restlessness with the present and a strong will to move on (Davies and Davies, 2004) which is founded upon the ability of these leaders to have a clear vision and the necessary determination to reach their targets. These attributes are summarized in Table 1:

**Table 1: Attributes of Strategic Leaders**

<p><u>Skills and abilities</u></p> <ul style="list-style-type: none"> <li>• See the bigger picture as well as daily business</li> <li>• Continuous learning</li> <li>• Continuous changing</li> <li>• Share information</li> <li>• Share responsibility</li> <li>• Develop workforce</li> <li>• Align people and task</li> <li>• Strong desire to move forward</li> </ul>	<p><u>Characteristics</u></p> <ul style="list-style-type: none"> <li>• Honesty</li> <li>• Forward-looking</li> <li>• Competency</li> <li>• Empathy</li> <li>• Motivating and inspiring</li> <li>• Energetic</li> <li>• Determined</li> <li>• Ambitious</li> </ul>
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### **Influence of strategic leadership on business success**

One of a firm's main goals is to pursue some form of SCA (Porter 1985), for which a combination of human and non-human resources is needed (Boxall and Purcell 2003). According to Barney (1991) most research about SCA has focused on either discovering a firm's strengths and weaknesses and isolating its opportunities and threats (SWOT) (Porter 1985) or analysing how these fit to choose strategies. The SWOT analysis specifies the objective of a project or business and identifies internal as well as external factors that are favourable or unfavourable to achieving the goal.

Porter's (1985) five forces model describes the attributes of an attractive market and tenders that when a market is attractive, opportunities will be greater than threats. Porter's model assumes that firms within an industry are identical in terms of the strategically relevant resources they control and the strategies they pursue (Barney 1991). The five forces model (Porter 1985) also assumes that a firm's resources are mobile and therefore heterogeneity in an industry will be short lived.

Opposing this, the resource-based approach (RBV) builds on different assumptions (Barney 1991). The fundamental principle of the RBV lies primarily in its application of the bundle of valuable resources. According to Boxall & Purcell (2003) the RBV-model proceeds from the assumption that firms are heterogeneous in nature, which means that there are differences among firms in the same line of business. Further, the model shows that the resources are not perfectly mobile across firms (Barney 1991). Research offers the view that firm-specific human capital (non-verbalized tacit knowledge) is particularly a) valuable - difficult to obtain, b) inimitable - hard to copy, c) rare - unique amongst the firm's current and potential competition, and d) non-substitutable - hard to neutralize with other resources which will meet the same ends, and rivals won't be able to put this human capital to the same firm specific use (Boxall and Purcell 2003). Attainment of these four criteria may provide the firm a sustainable competitive advantage.

While it is argued that the RBV-model points out a good alignment between organizational resources to achieve business success. The prescribed criteria may be insufficient in terms of achieving total business success. While they describe 'what' action should be taken, they ignore a critical element: that of 'when' action must be taken (Boal and Hooijberg 2000). Leavy (1996) credits those resources which are deeply layered under the surface as having highest strategic importance. For example culture including values, norms, beliefs etc. (Schein 1985). To achieve advantages in the market it is critical how these resources are managed. Through knowledge of these hidden dimensions, strategic leaders are skilled tacticians in the utilisation and management of resources which are leveraged in the creation of SCA and in the increase of profit and market share (Leavy 1996). Strategic leaders are able to contribute to organizational success by managing both the 'what' and the 'when'.

According to Boal and Schultz (2007) strategic leaders provide access to new resources and opportunities through their use of story telling and their transformational communication of vision. Storytelling

enables employees to share their explicit knowledge as well as their implicit understandings which lead to innovation and the ability to better embrace change. These authors state that this ability of strategic leaders allows companies to move on and learn and is the essence of operating successfully in a complex and competitive environment. Hamel and Prahalad (1994) emphasise the critical connexion between leadership and resource utilisation. They state that leadership should be dynamic and 'stretched', and when coupled with creativity and persistence, leadership is able to exploit "every possible opportunity for resource leverage" (1994, 157). Hitt and Ireland (2002) indicate that human capital may be the most important and most unique resource in organizations and may be a determinant of economic growth for individual firms. In addition, knowledge, both explicit and tacit, is one of the factors which explains differences in business success among firms (Hitt and Ireland, 2002).

Strategic leaders increase human and social capital within their organizations to create value for the firm and to achieve sustainable competitive advantage. Therefore, strategic leadership is centrally linked with firm performance. Hitt and Ireland (2002) argue that to enhance firm performance consistent leadership among all of the firm's resources and innovative thinking are required.

### **Influence of culture on leadership**

The body of the literature on culture is large. A thorough discussion of this literature will not be attempted here. However, this paper will delve as far as exploring cultural definitions for the purpose of establishing cultural dimensions of strategic leadership. The paper will extend a cultural analysis of strategic leadership using what is arguably the most popular cultural framework available; that of Geert Hofstede (1980; 1988; 1991).

In order to advance a discussion on culture and with the aim to discovering how cultural differences may affect leadership styles it is important to define what culture actually is. The United Nations Educational, Scientific and Cultural Organization (UNESCO 2007) describe culture broadly as: "... the set of distinctive spiritual, material, intellectual and emotional features of society or a social group, and that it encompasses, in addition to art and literature, lifestyles, ways of living together, value systems, traditions and beliefs". According to Hofstede (1998) culture implies attitudes, values, beliefs and norms. An organization's culture also indicates how it, and the groups within it, learn and solve problems (Schein 1990). The components of culture are acquired from birth and are influenced through growth by many elements including family, friends, education, religion and workplace (Jones 2007).

The comparative study of work-related values by Hofstede (Hofstede 1980; Hofstede and Bond 1988; Hofstede 1991; Hofstede 1998) covers over fifty national cultures. The population used for Hofstede's studies comprised employees of different subsidiaries of the same multinational business. His research on culture is claimed to be the most widely cited in existence (Hofstede 1997; Bond 2002). As a result of his multinational study Hofstede discovered five cultural dimensions. These will be described briefly below (Hofstede and Bond 1984; Bochner and



Hesketh 1994; Newman 1996; Redpath 1997; Schneider and Barsoux 1997; Hofstede 1998; Smith 1998; Jones 2007):

Power Distance (PD): PD is the degree to which unequal distribution of power and wealth is tolerated. This can be determined by the level of hierarchy in workplaces and distance between social strata. Malaysia ranks low on Hofstede's scale showing that they hold large distances between ranks in an organisation. In Malaysia communication is likely to be through the command chain rather than direct, and positions are likely to be formal and hierarchical. Israel is at the other end of Hofstede's scale. Accordingly, Israeli's are egalitarian. A worker can freely approach her boss.

Individualism/Collectivism (IC): This is a measure of whether people prefer to work alone or in groups. It indicates the degree of social/community integration. Indigenous nations tend to be collective where their original culture has not become fractured. USA measures the lowest on this scale, that is, they prefer singular achievement. This comes from a cultural upbringing which expects people to be independent at a very early age. On the other hand is Guatemala, they rank the highest meaning that they work in groups and ascribe performance as a cooperative achievement. The lifestyle of a Guatemalan is likely to be based around close family ties with strong community support.

Masculinity/Femininity (MF): This scale does not refer, absolutely, to the dominance of gender. It depicts the degree to which masculine traits like authority, assertiveness, performance and success are preferred to female characteristics like personal relationships, quality of life, service and welfare. Japan ranks the lowest on Hofstede's scale showing that Japanese are highly male oriented. Masculine workplaces are likely to be autocratic and are likely to value competitiveness, assertiveness, ambition, and the accumulation of wealth and material possessions. At the other extreme Hofstede found Sweden and Norway. People in these countries are likely to show more empathy for their fellow workers. They are likely to spend time on relationships and personal ties, and are more likely to appreciate a quality of life.

Uncertainty Avoidance (UA): UA is the extent to which people feel threatened by a lack of structure or by uncertain events. It refers to the way in which people will deal with the future, whether they have inherent control, or whether events are beyond their control (fatalism). People with low UA will require structure and order with clear rules and guidelines. Hofstede found Greece to have the lowest UA score. Therefore, people in Greece will be reluctant to make rash decisions and they will require very structured work routines. These people are also more likely to remain longer with their present employer. Swedish people, on the other hand, can work well without structure and will have a high tolerance for ambiguity.

Orientation: This dimension was found last by Hofstede and describes the importance attached to the future versus the past and present of a culture. Long term orientated groups believe in investment and an aspiration for the future. In these societies pragmatism, thrift and perseverance are valued. China, Taiwan, Japan, and India are countries with a long term orientation. Short term orientated cultures are conscientious about stability, value normative statements and have a

respect for tradition. Among these countries are the Philippines, Germany, and Australia.

Cultural differences have an impact on leader power as well as on personal characteristics. Strategic leaders in various cultures are likely to act differently, even when situations are similar. Culture derives from personal values and influences the role of effective leadership as well as organizational performance. This paper argues that power distance (PD) and individualism/collectivism (IC) are the key dimensions of Hofstede's theory regarding leadership. These two dimensions will be evaluated in greater depth later.

The preceding discussion leads to a model of strategic leadership. This model is related below in Figure 1. This model proposes that the success of a business, particularly its sustainable competitive advantage, is assisted by the skills and character of the strategic leader. These abilities of the strategic leader are a function of three antecedent factors. These factors are: (1) Leader skills & characteristics. A strategic leader will inherently have certain characteristics that will enable greater leadership. Through the use of these characteristics the strategic leader will be able to commute situational factors into natural advantages. (2) Business strategy. Strategic leaders are skilled tacticians capable of leveraging resources to maximise potential and meet opportunities in a timely and sustainable manner. (3) Culture. Certain cultural characteristics provide more of a strategic ideal for leaders than others. Cultures which have a stronger position in regard to PD and IC will have greater potential for sustainable competitive advantage.

**Figure 1: A Model of Strategic Leadership**



## Methodology

The main aim of this study is to examine the skills and characteristics a leader needs to be considered a strategic leader. The research conducted will present findings on how business strategy affects or is affected by strategic leadership. The research examines skills, characteristics and cultural variables in an effort to discover the relationship of these variables to business success.

This research utilises data obtained through four in-depth interviews from participants in two leading companies in the recruitment and selection industry. Two interviews were conducted in Sydney (Australia). One with the company's co-founder and COO, and the other was with the managing director. Two other interviews were undertaken with a similar organization in Zurich (Switzerland). One with the founder and CEO, and another with one of the executive partners of this company. The participants and their relation to the research are illustrated in the Participant Table (Table 2) below.

**Table 2: Participant Table**

Participant 1 - P1	Sydney, Australia - COO
Participant 2 - P2	Sydney, Australia - MD
Participant 3 - P3	Zurich, Switzerland - CEO
Participant 4 - P4	Zurich, Switzerland - Executive Partner

Results of analysis will be expressed in a narrative form as well as presented in a summarised tabular form for easy comparison. This style of tabular comparison will be based on the format presented in Table 3.

**Table 3: Format for Participant Comparison**

	Sydney, Australia	Zurich, Switzerland
CEO/MD	P2	P3
Executive	P1	P4

Participants were selected with the aim of discovering what they thought about their abilities as strategic leaders and about their role in the strategic development and operation of their business. As culture is an important influence in strategic leadership, these companies were of particular value due to their geographical polarity.

### **Case study research**

Among the many different methods of qualitative analysis, case study method has been selected here because it allows the researcher to explain the links between theories of strategic leadership and real life examples. Case studies provide an in-depth approach enabling the development of frameworks and theories (Bamford and Forrester 2003). This method is especially suitable when social processes in organizations are investigated (Hartley 1994). According to Yin (1989, pp27) a case study is an empirical inquiry that: "Investigates a

contemporary phenomenon within its real-life context; when the boundaries between phenomenon and context are clearly not evident; and in which multiple sources of evidence are used."

As a research methodology, case study has a number of proponents in the management research community including Yin (1984) and Eisenhardt (1989). In particular Yin (1981; 1984; 1989) has described the design of case study research as a research strategy. Eisenhardt (1989) states that Yin's approach has enhanced the method and brought in the concerns of validity and reliability in experimental research design to the design of case study research (Yin 1981). Case studies provide thick description and provide a basis for analytic generalisation, and as such provide additional benefits (Yin 1993).

According to Yin (1984) there are four different types of case studies. These can involve embedded or holistic analysis and single or multiple cases. Figure 2 illustrates these four types. If a case study employs an embedded design it analysis multiple levels within one single study (Yin 1984). A holistic analysis is the opposite of the embedded analysis, where just the global environment is analysed (Eisenhardt 1989). The single case study uses just one case to explain or support a theory while a multiple case study design has a series of replications of the pilot study (Yin 1989; Yin 2003). It is this, the single-case holistic design that is the type adopted in this research which will interview four managers from two different organizations in order to examine strategic leadership.

**Figure 2: Basic Types of Designs for Case Studies (Yin 1989, 46)**

	Single-Case Designs	Multiple-Case Designs
Holistic (single unit of analysis)	<b>Type 1</b>	<b>Type 2</b>
Embedded (multiple units of analysis)	<b>Type 2</b>	<b>Type 4</b>

## Analysis

Data collection and analysis centre on six related themes. These are introduced and discussed below.

### ***What is strategic leadership?***

This question proved difficult to analyse due to its specific grounding in English terminology. It was not easy to clearly translate the term for the ease of people who use English as a second language. However, results show that all participants understood the term as being present/future orientated. They were able to identify trends and each

agreed on the importance of seeing the big picture. Strategic leadership is defined by these participants as:

"Strategic Leadership is above the operational aspects of leadership, it is about making decisions that will impact your company in the next 12 months ... it is about seeing the big picture as well as the daily business" Participant 1 (P1).

"...to understand the market, understanding of trends, being aware of one's own weaknesses and strengths" Participant 2 (P2).

"...is about the qualitative aspect, how to approach things, how to plan processes and relationships" Participant 3 (P3).

#### **How does business strategy affect leadership style?**

There was some confusion among the respondents about the causality of leadership in this context. Does business strategy affect leadership or it is the other way around? This discordance is illustrated below:

"Leadership style does change in every organization... this company is very consensus driven, there are a lot of discussions about where to go... it is a group of professionals discussing where to go... this demands a situational leadership style" P2.

"It is the other way round: Leadership affects business strategy. The attitudes and the approach of the leaders to work highly focused towards goals, the positive attitude and the commitment to act as a role model - leading by example - affects the business strategy" P4.

Another participant stated that "leadership is about doing the right things... it does not matter what the business strategy is, what the services or the products are... the influences of the business strategy are negligible, small in a long term perspective..." P3.

"Business strategy affects the ability to recruit and to execute but it is always about selling the vision and ideas ... everybody in the leading team has different styles but works towards the same business goals" P1.

**Table 4: Participant Comparison - How does business strategy affect leadership style?**

	Sydney, Australia	Zurich, Switzerland
CEO/MD	Flexible & consensus driven. Situational leadership style.	Strategy plays a small part in leadership. Leadership is about doing the right things.
Executive	Business strategy is pluralistic. It is always about selling the vision and ideas.	Leadership (by example) affects business strategy.

***What characteristics and skills are needed to be a strategic leader?***

There is evidence that all four strategic leaders share the ability to think "outside the box", the skill to focus on the big picture amongst the regularity of daily business. All seem to have the determination and conviction to achieve set goals, and all participants agreed that the key assumption to acting as a strategic leader is to understand the market within which they operate, and its trends and variations.

The ability to motivate and inspire was also a key characteristic:

"...the ability to sell ideas with enthusiasm, to motivate people and the knowledge how to reach long term goals using small steps..." P3.

"Motivation, empathy, energy, a positive attitude, optimism and the certainty to achieve aims". P4

***What is the affect of national and organizational culture on performance?***

Data were relatively rich on this topic. Among the answers were the expected differences concerning the description of national cultures and organizational cultures. Comments by the Australian respondents indicated national culture is "...open, transparent, honest, straight forward, little politics..." P1 and "relaxed and informal" P2. Participant 2 also commented that Australian culture is "...conservative and difficult to change but at the same time innovative" P2.

The participants in Switzerland were clear in saying that their national culture is based on "...honesty (one can rely on people), loyalty, continuous improvement and learning... and it's about winning and not just participating" P3. The other respondent mentioned that "the culture is multicultural but individual and a lot of people are focused on themselves but helpful, hospitable and conservative" P4.

There is evidence that the participants, although from different national cultures, are sharing a similar organizational culture with values such as:

"We have the aim to retain employees who have potential and we try to promote them. Furthermore, we give space for social relationships within the company and create a safe environment ..." P3. "Open and safe environment" P2 and "open and honest culture" P1.

All participants also agree they share an organizational culture that is highly market orientated. However, there is evidence that the organizational culture of the Swiss company is more developed, more consistent and demanding:

"Our organizational culture is very professional, a climate of entrepreneurship and continuous innovation ... fast changing, open for critics as well as sophisticated and mature ... fast moving and adaptable with a strong aim to sustainable growth" P3.

"We track down the long term goals to individual goals, so the employees can see what they achieve and how they help to achieve the longer term business goals ... We have a clear idea of quality and what we want to achieve and we will go down this path without any compromises" P4.

"Our organizational culture is not yet there where it should be. We talk a lot before doing things ... our corporate memory is not good but we are very critical about ourselves" P2.

"We are delivering value to the customers and have a long-term perspective - start ups are hard... there is still a lot to build up" P1.

**Table 5: Participant Comparison - What is the affect of national and organizational culture on performance?**

	Sydney, Australia	Zurich, Switzerland
CEO/MD	<u>Culture is:</u> Relaxed, informal, Open and safe, conservative, difficult to change, innovative. <u>Its affect:</u> Still not fully developed.	<u>Culture is about:</u> Honesty, loyalty, continuous improvement, learning, winning. <u>Its affect:</u> Promotion and retention of staff. Create a safe environment through social relationships.
Executive	<u>Culture is:</u> Open, honest, straight forward. <u>Its affect:</u> delivering customer value with a long-term perspective.	<u>Culture is:</u> Multicultural but individual, helpful, hospitable and conservative. <u>Its affect:</u> Focuses on quality and long term goals through feedback and potential.

***Vision and sustainable competitive advantage:***

All participants clearly communicated their company vision. All presented a future orientation regarding goals and objectives. The two Australian's were concerned about aspects of continuous innovation, while the Swiss participants expressed concerns over specialization in their market segments. This difference might be due to the different life cycle the two companies are in. The Australian company was founded three years ago and is in a rapid growth phase while the organization in Switzerland was established over twenty years ago and while continuously growing is mature.

***Is strategic leadership related to business success?***

Analysis finds that there is absolutely no question about the fact that strategic leadership is positively correlated with business success:

"...organizations without strategic leadership are aimless" P3.

"Copying other ideas is not good enough, every business has to have strategic leadership..." P1.

"Strategic leading of the employees and the clients is absolutely crucial and determines sustainable success in the marketplace" P4.

However, one respondent expressed the view that "...correlation is high but not a 100%. I experienced great leaders failing in their business and I also saw extremely bad leaders having great business success" P2.

**Table 6: Participant Comparison - Is strategic leadership related to business success?**

	Sydney, Australia	Zurich, Switzerland
CEO/MD	Correlation is high but not a 100%.	Organizations without strategic leadership are aimless.
Executive	Every business has to have strategic leadership.	Strategic leadership is absolutely crucial and determines sustainable success.

## Discussion

The participants agree that a key to successful strategic leadership is having a strong future orientated perspective which to them takes precedence over operational management. The interviewees also mention that strategic leadership is a process that combines three states of knowledge and action. A strategic leader will learn from knowledge and experience gained from past endeavours and will execute these as actions in the present with an understanding of, and accommodation for, future needs. This arrangement is particularly apparent with regard to future market trends. Strategic leaders are able to think 'outside the box'. They are able to see the big picture and have the skills to articulate this vision into daily business activities and functional goal setting.

Results from this research find a number of skills and characteristics which are deemed important to strategic leadership: Motivation: Utilising skills and attributes like enthusiasm, optimism, conviction and determination these strategic leaders are able to motivate their workforce. Alignment: Through their leverage of a positive attitude, these strategic leaders are able to develop their human resources and are able to align people with their tasks for maximum effectiveness.

Honesty which is accorded top ranking by Kouzes & Posner (1992) was not regarded by participants of this research. However, when asked about organizational and national culture, the respondents all named 'honesty' as a very important condition.

Research outcomes regarding the important question of whether business strategy affects strategic leadership and leadership style diverged. All participants had different opinions. One respondent expressed the view that business strategy is affecting leadership strongly whereas another participant disagreed and stated that it is the other way round, and leadership affects business strategy. Another interviewee mentioned that business strategy and leadership do not influence each other, due to the fact that leadership is about doing the right things



and deals with individuals no matter what the business strategy is. One of the participants from the Australian company stated that business strategy is strongly interrelated with leadership and that his personal leadership style changed in every organization (situational leadership) due to different business strategies. In concluding this question, it can be stated that business strategy may influence strategic leadership in some situations. However, more research in different industries, markets and nations is needed to provide more conclusive results.

The interviewees all agreed that national as well as organizational culture strongly influences strategic leadership. The research showed the expected differences among the two nations as well as between the two organizations. However, it is interesting to see that the expressed views of the respondents working in the same environment were very consistent. From a national perspective, the culture in Australia was described as open, transparent, and honest. It was also declared conservative and while innovative, difficult to change. In comparison, the Swiss national culture was characterized as multicultural, individual, helpful, hospitable and loyal. These Swiss leaders describe their culture as being about winning, not just participating. This leads to an organizational culture in the Swiss company that was described as fast moving, high performing and efficient, on the assumption that employees need to have a strong want to learn as well as to continuously innovate. The culture in the Australian organization was described as open and safe, but lacking commercial focus with more emphasis on talking rather than doing. The Australian participants expressed the view that their organizational culture is totally customer orientated and fast moving but needs to be further developed.

As discussed, the resource-based view approach is a dominant theoretical approach in the field of strategic management (Barney, 1991; Hitt & Ireland, 2002) which sees companies focus on their resources toward a commitment to continuous development to gain market advantage. This research supports this view that to reach (SCA) in the market it is absolutely crucial to continuously change, learn, innovate and adapt. The aim and the intention of the two companies to perform better than their competitors was similar but their execution was slightly different. The participants in the Swiss company focused on their segments and their specialization. Their aim is to constantly refine their unique selling proposition (USP) by permanent innovation. The strategic leaders of the Australian company are more concerned about innovation on every front, all the time. They are convinced of their market leadership due to the fact that they have a very experienced and highly competent leadership team. The Australian participants argued that the recruitment and selection industry in Australia is insufficiently developed and needs substantial improvement. The more developed and more competitive recruitment and selection industry in Switzerland is therefore quite a contrast. It is the view of this paper that the development and competitiveness of the markets have a significant impact on the business strategy and may influence strategic leadership as well.

There was relative consistency in the research findings regarding the link between strategic leadership and business success. All participants expressed the view that strategic leadership is of utmost importance in today's fast changing environment. One of the leaders of the Swiss company made it clear that organizations

without strategic leaders are aimless and will not survive in the longer term.

## Conclusion

The empirical results of this research support the current related field of literature. While nothing of substance was found which differentiated these research findings from scholarly writings, the research showed some interesting new outcomes regarding the relationship of strategic leadership and business success. The research supported the view that strategic leadership is above the operational level of management and is about managing from the triple perspective of the past, the present and most importantly the future.

Strategic leaders understand their market and their resources, and have a clear vision as well as highly defined business goals. Hitt & Ireland (2002) agree and state that these leaders think strategically, maintain flexibility, and are open to change. They envision others and work along with them in order to create a viable future for the company. The findings of the interviews support this ability of strategic leaders to think into the future. The results also show that strategic leadership is influenced by many sources. The leader's background and experiences, and their resulting characteristics and skills play a dominant role in their ability to lead strategically.

There is evidence that strategic leadership is too complex and too broad for one person to manage exclusively. It can therefore be concluded, that strategic leadership combines several leaders in a leadership team with complementary backgrounds, skills and characteristics as well as cultures to achieve the best possible results in the market. Hitt & Ireland (2002) support this, pointing out the importance of alliances with both internal and external partners.

The aim of this research was to discover the affect of strategic leadership on business success. The research showed consistent results among the participants. They agreed that these two factors are interrelated. The research found that organizations without strategic leadership may have concerns over long term market success due to their lack of clear visions, goals and strategic know-how. It can therefore be concluded that strategic leadership can lead to a sustained competitive advantage in the market place. Hitt & Ireland (2002) agree and state that the aim of strategic leadership is to make human and social capital effective for the company. This statement links strategic leadership to business success by arguing that strategic leaders enhance and develop a company's resources to create value for the organization (Hitt & Ireland, 2002).

We conclude this work with a call for scholars and practitioners to re-examine the relationship of strategic leadership to business success. This research has found a central link between strategic leadership and performance. Additional research utilizing different leaders in different industries and markets, and in different cultures needs to be done in order to get universal propositions about what influences strategic leadership and how it influences the performance of the firm in the marketplace.

## Researcher Notes

The interviews were conducted in two different languages, but relied on the use of English for some of the keywords. As a result, data collection and analysis may have been skewed to some degree as a result of differences in interpretation.

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