

# **HOW TO DEVELOP STRATEGIC LEADERSHIP IN HIGHER EDUCATION INSTITUTION?**

**AN EMPIRICAL STUDY IN JAKARTA, INDONESIA**

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## **Abstract**

*In a turbulent environment and difficult to predict, effective strategic leadership is the foundation of success in a strategic management process. The aim of this research was to analyze the dimensions of strategic leadership and how the dimensions influence of the strategic leadership. The research method used was a survey. The sample comprised 67 respondents; Chairman of the Study Programs of graduate (Strata 1) and Postgraduate (Strata 2) of Economics and Management College in Jakarta. Data were analyzed using Partial Least Square (PLS). The result shows that from the three dimensions of strategic leadership, the dimension which gives the biggest contribution to strategic leadership is to be a strategic expert (strategist), then is as change agent, and the last is as a visionary leader. The implication of this results is to improve the effective strategic leadership, a leader have to be a strategic expert, then to be change agent and should be able to create clear and relevant visions and mission of the organization.*

*Keywords: strategic leadership, dimensions, change agent, visionary leaders, higher education*

## INTRODUCTION

The foundation of a strategic management process is a strategic leadership. If a strategic leader able to create a strategic vision for a firm by thinking of the future, he/she may energize the human resources of the firm and achieve positive *outcomes* (Hitt, Ireland, and Hoskisson, 2011: 352). Strategic leaders play a crucial role in moving organizations to the “edge of chaos” and aid in organizational learning and adaptation by influencing the tags that produce the structure of interactions. strategic leaders play a central role in the organization's capacity to learn from its past, adapt to its present, and create its future (Boal and Schultz, 2007: 41).

Strategic leadership is able to create visions and set of goals, then inspire the followers to achieve the visions (Robbins and Judge, 2013: 368). Strategic Leadership cover of ability to create visions and directing resources and energy to prepare for the achievement of this vision through a series of strategic management process, then structuring the organization in accordance with the chosen strategy, and build a conducive organizational culture in order to achieve organizational goals effectively and efficiently. So this strategic leadership combines the concept of Robbins and Judge (2013: 384-385), Hitt, Ireland, and Hoskisson (2011: 352) and Dess, Lumpkin, and Eisner (2008: 227- 279). Ussahawanitchakit, 2012 state that strategic leadership refers to an ability of firms to develop, focus, and enable their structure, human, social capital, and capabilities to meet real-time opportunities and threats.

Strategic leaders have a solid understanding of the environment, including the advancement of technology, how interconnected technological progress and its impact on their organizations. For example, a Chairman of the Program, in addition to ensuring that their lecturers do research and teach various topics, he must also understand how the internet and wireless technologies have influenced the field of college competition, pedagogic, customer needs, and organizational effectiveness. Strategic leaders also understand the impact of social change, political, and technological factors on the field of competition, the only unknown thing can put organizations at risk (Boal and Hooijberg, 2001).

### Strategic Leadership

Strategic leadership is expected characteristics possessed by the leader of the organization at the highest hierarchy or can also be found in all parts of the organization that fully utilize the competence of human resources and other resources, particularly technology. The characteristics of such traits, abilities, behaviors, and capacity that can be associated as transformational leadership as insight think long-term, detailed and critical, information seekers, interpersonal relationship builder, able to inspire, influence, provide stimulation, are also very aware of the internal and external context act as a good strategist. They make observations and

interpret the organizational environment of actual and potential, build structures, processes and relationships that will maximize the effectiveness of the current organization and the organization's ability to adapt in the future (Willcoxson). Strategic leadership can also be found in all parts of the higher education institutions, including in the study program that is able to take full advantage of the competence of human resources (teachers or lecturers and staff) and other resources, particularly technology.

Colleges require a leader who can facilitate a complex transformation process, not just the core activity of higher education that includes learning and teaching, research and utilization, but also how to operate the college, in its management, culture, structure and how to position themselves, support staff and students. Complex and comprehensive focus is more on the transformative of the adaptive control, includes a movement of a single discipline focus to an interdisciplinary focus in higher education institutions. This study shows that it takes a college is not only a leader for today, but for tomorrow - a person with a vision for the college that is able to overcome the challenges of the 21st century and to produce graduates with the capacity expected to be realized (Scott, et al. 2012: 9) . Visionary leadership capable of making the transformation and address the challenges facing today is the strategic leadership.

According to Ireland and Hitt (2005: 371), the six components of effective strategic leadership consists of: 1) Setting goals or vision of the company; 2) Exploit and maintaining core competencies; 3) Developing human assets; 4) Maintain an effective organizational culture; 5) Emphasizing ethical practices; and 6) establish a balanced organizational control.

College as an organization that organizes higher education must transform itself if it wants to help transform society for a more sustainable future be advanced society. Change does not just happen, but it should be led by people who are deft. The key to continued progress in college is to identify and build capabilities, capabilities, support systems and the path of leadership that can go on systematically (Scott, et al., 2012: 8). This statement describe the role of leader and leadership in making changes for the advancement of the institution as well as to help people achieve a better future. Effective leadership is one of the key advances higher education institutions are ongoing and systematic. To be able to make changes to the expected direction, leaders must identify and build capabilities, and support systems, as well as preparing the future leaders so that leadership can continue systematically. Leadership that is able to make a change and focus on a better future is transformational leadership or strategic leadership. Thus, one of the dimensions of strategic leadership is its role as an agent of change.

As a follow-up, to determine the success of the strategy after implementation is needed the evaluation and control. These steps are the basic elements of the process of strategic management as expressed by Wheleen and Hunger (2012: 15) which consists of Environmental

Scanning, Strategy Formulation, Strategy Implementation, and Evaluation and Control. The leadership ability in implementing the process of strategic management determines the success of an organization in the present and the future. Khelghat-Doost (2011: 110-111), stated that the leadership has an important and practical role in supporting the transition towards sustainable development by guiding the strategic planning phase of higher education institutions, manages the interaction between the main and leading institutions and external stakeholders. Leadership also has a symbolic role in influencing the views of staff and students on sustainable development. Therefore it is very important that leaders have the skills required to make decisions in accordance with the sustainable development agenda.

Through effective strategic leadership, organizations analyze of strengths, weaknesses, opportunities and threats. Effective leadership affect the quality and growth of the organization by bringing new techniques, reform the structure, training and workshops to provide knowledge and skills on time and to immediately correct the error, empowerment, customer service and minimize the risk to get competitive advantages. These competitive advantages can only be maintained with continuous quality management to keep customers satisfied and loyal (Abbasi, et al., 2012: 84).

It can be concluded that the strategic leadership is characterized by traits, abilities, behaviors, and expected capacity owned by the leader of the organization at the highest hierarchy or can also be found in all parts of the organization, as a strategist who take full advantage of the competence of human resources and other resources, especially technology as the internal strength to realize the use of the opportunities, overcome threats and improve weaknesses (combined from Robbins and Judge, 2013: 368, Ussahawanitchakit, 2012, Wheelen and Hunger, 2012: 383-384, Hitt, Ireland, Hoskisson, 2011: 371, Boal and Schultz, 2007: 412, Bass, 2007: 36, 42, Hinterhuber and Friedrich, 2002: 191, Boal and Hooijberg, 2001: 522). Sratejik leadership consists of three dimensions, namely its ability to create visions (as a visionary leader), run the strategic management process (as a strategic expert), and become agent of change (synthesized from Robbins and Judge, 2013: 368, Hitt, Ireland, and Hoskisson, 2011; 371, Scott, et al .: 8, 2012: 6-8, Wheelen and Hunger, 2012: 15). Thus the hypothesis can be formulated as follows:

$H_1$ : Strategic leadership affect the ability to create visions (visionary leadership).

$H_2$ : Strategic leadership affect the ability to carry out the strategic management process (as a strategist)

$H_3$ : Strategic leadership affect the ability as a change agent.

## METHODOLOGY

The method used in this study is a survey method with quantitative research approaches. The Sample are 67 chairman of Study Programs of graduate (Strata 1) and Postgraduate (Strata 2), College of Economics and Management in the Jakarta region or 59 percent of the 114 study program. Data analyzed by Partial Least Square, which is an alternative structural equation modeling with reflective type.

Table 1. Variable concept, Dimensions, Indicators, and Questions for Strategic Leadership

Variable concept	Dimensions	Indicators	Questions
1	2	3	4
Strategic leadership is characteristics expected from college of economic and management leaders including chairman of the study program as a team of strategists who utilize fully competency of human resources and other resources, particularly technology as the internal strength to realize the use of the opportunities, overcome the threats and improve weaknesses	Create Visions as vision leader	clarity of visions	1 (x1)
		accuracy mission statements	2 (x2)
		relevance of the visions and missions	3 (x3)
		the ability to realize the visions and missions	4 (x4)
	Moving the strategic management process as strategist	ability to respond the changing of internal and external environment	5 (x5)
		accuracy of strategy formulations	6 (x6), 7 (x7)
		ability to implement the chosen strategy	8 (x8), 9 (x9), 10 (x10) 11 (x11), 12 (x12)
		ability to evaluate and control	13 (x13) 14 (x14)
	Agent of change	Ability to internalize goals	15 (x15)
		ability to set targets	16 (X16)
		ability to motivate followers	17 (x17)
		ability to facilitate followers	18 (x18)
		ability to empower followers	19 (x19)
		confidence in followers	20 (x20)
ability to evaluate and provide good feedback		21 (x21) 22 (x22)	

The scale used to measure the indicators in Table 1 above is an interval scale (refer to Sekaran, 2003: 191)

To measure the strategic leadership, this study used second order confirmatory factor analysis, previously performed first-order confirmatory factor analysis. To analyzing the second order confirmatory factor used a repeated indicator also known as hierarchical component models. Second order latent constructs of strategic leadership was measured by first-order component of the dimension of the variable. Further the component of the dimensions measured by indicators of the dimensions. With repeated indicator approach, the size of the indicators used twice, first to measure the first-order component, both for measuring second

order latent constructs were simultaneously measured also by the first-order component. Although this approach repeat number of manifest variables or indicators, but this approach has the advantage that this model can be estimated with a standard algorithm of Partial Least Square (Chine at. Al. 1996 in Ghozali, 2011: 83 -84). In the second order latent construct, dimensions act as an indicator of latent variables or in other words the first order factors act as an indicator of a second order factor (Hair, at. Al., 2010: 754-755). This latent variable indicator is also used to test the construct validity and reliability.

Test results of Validity and Reliability of the instrument can be seen in Table 2, which shows the value of Average Variance Extracted (AVE) of each construct. Strategic leadership, as latent variables and create a vision (visionary), moving the strategic management process (strategist), and an agent of change as a dimension of all above 0.50, mean that all construct of variable and dimensions are valid (Ghozali, 2011: 116).

All Cronbach Alpha values are above 0.70 indicate the reliability of the construct qualify (Ghozali, 2011: 115). Composite Reliability of the strategic leadership as latent variables and create a vision, drive the strategic management process, and agents of change as the dimensions are all above 0.80 indicate excellent reliability (Ghozali, 2011: 115).

R Square show the percentage of variability dimension of creating a vision, moving strategy management process dimensions, and dimensions of agents of change can be explained by the strategic leadership variable (refer to Ghozali, 2011: 76).

Table 2. Validity, Reliability and *R Square* for Strategic leadership

	<b>AVE</b>	<b>Composite Reliability</b>	<b>R Square</b>	<b>Cronbachs Alpha</b>
A Strategist Expert	0.593576	0.929052	0.911368	0.913736
An Agent of Change	0.636520	0.933272	0.805404	0.918089
Strategic Leadership	0.519389	0.959480		0.955585
Visioner Leader	0.748200	0.936659	0.663019	0.914302

## RESULT AND DISCUSSION

Table 3 shows the results of calculations hypothesis testing results by bootstrapping, the path coefficient > 0.05 and t statistic > 1.96, with a probability of 0.05, prove that:

H1: strategic leadership has significant effect on the ability to create a vision (visionary leadership).

H2: strategic leadership has significant effect on the ability to drive the strategic management process (as an expert strategist)

H3: strategic leadership has significant effect on the ability of a change agent.

The influence of strategic leadership to its dimensions, first on the ability to drive the strategic management process as a strategic expert, second on its ability as an agent of change (change agents), and the last on the ability to create a vision that is clear, relevant and realistic.

This happens because the chairman of the study program in creating a vision of the existing benchmark of institutional vision, should not deviate from the vision of the institution, so that the value dimension is the ability to create a vision in the third (final). The first order is the ability to carry out the process of strategic management as a strategic expert, because ahead of the competition and be able to achieve the right strategy required high performance. Second, as an agent of change that is needed to support the implementation of the strategy chosen, in order to effectively and efficiently. As an agent of change consists of the ability to internalize goals, the ability to set targets, the ability to motivate followers, the ability to facilitate the followers, the ability to empower followers, and give confidence to his followers.

If one component of strategic leadership value is low, the strength and effectiveness of strategic leadership will also decline. This occurs because the components consisting of dimensions and indicators reflect the overall strategic leadership shown by the results of the second measurement order latent constructs that strategic leadership is measured by first-order component, namely the dimension of strategic leadership. Further component dimensions measured by the indicators of each dimension.

Table 3. Path *Coefficients (Mean, STDEV, T-Values)* Strategic leadership

<b>The Influences</b>	<b>Original Sample (O)</b>	<b>Sample Mean (M)</b>	<b>Standard Deviation (STDEV)</b>	<b>Standard Error (STERR)</b>	<b>T Statistics ( O/STERR )</b>
Strategic Leadership -> A Strategist Expert	0.954656	0.955166	0.009746	0.009746	97.954569
Strategic Leadership -> An Agent of Change	0.897443	0.897573	0.029323	0.029323	30.605093
Strategic Leadership -> Visioner Leader	0.814260	0.818760	0.042460	0.042460	19.176995

Strategic leadership are held at all levels, especially the level of study program, chairman of the study program as strategists move the strategic management process by analyzing the internal and external environment, formulate accurate strategies according to their power to achieve a wide range of opportunities from the external environment and risk manage or anticipating threats and continue to improve weaknesses. Implementation of the strategy chosen requires a change, as change agents chairman of study program and followers need to prepare

themselves to make changes as appropriate to the chosen strategy in achieving the vision and mission of the study program.

Table 4 shows the outer model that indicate very good discriminan validity values of the strategic leadership, because all values above 0.5 (original sample) and the t statistic all above the t table (1.96). The score of loading factors can be use to determine the priority actions to be taken to make improvements related to its dimensions. In visionary leader dimension, to be effective, the thing should be done is to create a vision in exact time when it will be achieved, with clear objectives and realistic, and relevant to the expectations of stakeholders (see table 4 and 5).

For strategist dimension, there are four indicators, as follows: ability to respond the changing of internal and external environment, accuracy of strategy formulations, ability to implement the chosen strategy, and ability to evaluate and control. In this case, make periodic reports about implementing activities to the leader to be evaluated gets the biggest score, because the leader of study program is managers and executive education programs in higher education. However, the chairman of the program should make the process of strategic management in accordance with the level. Strategic planning should be based on the analysis of internal and external environment. The work program is based on operational planning which refers to strategic planning. Evaluation results serve as feedback to control the effectiveness and efficiency in achieving the goals. Operational plans designed to achieve the goal in one year in accordance with the stages in the strategic planning. Organizational structure adapted to facilitate the strategic planning to achieve long-term goals. Organizational culture is built to achieve the organization's performance in achieving the vision and mission of the institution. The procedure should be carefully placed to facilitate the implementation of activities with a set budget. The annual budget prepared in accordance with the work program that has been set (see table 3 and table 4). All employees are given adequate facilities to be able to perform the task well.

Strategic leadership as agent of change should do thing as follows : 1) motivate employees to complete the work on time, 2) Immediate supervisor evaluates the work of his subordinates and provide feedback, 3) Every employee should perform the work in accordance with the targets set, 4) All employees should be given adequate facilities to be able to perform the task well, 5) All employees should make an important contribution to the achievement of institutional goals, 6) Each employee was given the confidence to make decisions related to their work, 7) Each employee was given the confidence to make decisions related to their work, and 8) Obeying the rules has become a habit in performing duties.



Table 4. Dimensions, Indicators, Outer Loadings Statements, Loading Values and T-Values)

Dimensions	Indicators	Outer Loading Statements	Outer Loading Values	T Statistics ( O/STERR )
A Vision Leader	clarity of visions	x1 <- Visioner Leader	0.919873	45.468633
	accuracy mission statements	x2 <- Visioner Leader	0.916032	45.544322
	the ability to realize the visions and missions	x3 <- Visioner Leader	0.891717	37.822379
	relevance of the visions and missions	x4 <- Visioner Leader	0.816192	18.751565
A Strategist	ability to respond the changing of internal and external environment	x5 <- A Strategist	0.770969	17.016663
	accuracy of strategy formulations	x6 <- A Strategist	0.818046	18.260259
		x7 <- A Strategist	0.768045	14.952554
	ability to implement the chosen strategy	x8 <- A Strategist	0.744997	12.849143
		x9 <- A Strategist	0.740922	13.023781
		x10 <- A Strategist	0.814730	20.460270
		x11 <- A Strategist	0.677800	10.059033
	ability to evaluate and control	x12 <- A Strategist	0.729894	11.045110
x13 <- A Strategist		0.829697	19.606720	
An Agent of Change	Ability to internalize goals	x14 <- A Strategist	0.796723	11.785360
		x15 <- An Agent of Change	0.775539	9.766607
	ability to set targets	x16 <- An Agent of Change	0.760263	10.842735
	ability to motivate followers	x17 <- An Agent of Change	0.811441	19.732218
	ability to facilitate followers	x18 <- An Agent of Change	0.855076	20.494573
	ability to empower followers	x19 <- An Agent of Change	0.786265	11.848323
	confidence in followers	x20 <- An Agent of Change	0.773049	11.136216
	ability to evaluate and provide good feedback	x21 <- An Agent of Change	0.774905	10.571910
		x22 <- An Agent of Change	0.840720	16.386850

Table 5. Factors and Statement in the questioner

Dimensions	Factors	Statements in the questioner
A Vision Leader	x1	Vision of the institution clearly accompanied by a period when it will be achieved.
	x2	Mission arranged to achieve the vision formulated with clear goals and objectives
	x3	The vision and mission of the institution can be realized within a predetermined time.
	x4	The vision and mission of the institution is highly relevant to stakeholder expectations
A Strategist	x5	Institutional quickly respond when there are changes in the environment by analyzing the internal and external environment
	x6	Strategic planning is based on the analysis of internal and external environment
	x7	Operational plans designed to achieve the goal in one year in accordance with the stages in the strategic planning.
	x8	Organizational structure adapted to facilitate the strategic planning to achieve long-term goals.
	x9	Organizational culture is built to achieve the organization's performance in achieving the vision and mission of the institution.
	x10	The work program is based on operational planning which refers to strategic planning.
	x11	The annual budget prepared in accordance with the work program that has been set.
	x12	The procedure has been carefully placed to facilitate the implementation of activities with a set budget.
	x13	Make periodic reports about implementing activities to the leader to be evaluated
	x14	Evaluation results serve as feedback to control the effectiveness and efficiency in achieving the goals.
An Agent of Change	x15	All employees make an important contribution to the achievement of institutional goals.
	x16	Obedying the rules has become a habit in performing duties
	x17	Every employee perform the work in accordance with the targets set
	x18	Leaders have successfully motivate employees to complete the work on time
	x19	All employees are given adequate facilities to be able to perform the task well.
	x20	Each employee was given the confidence to make decisions related to their work.
	x21	Each employee was given the confidence to make decisions related to their work.
	x22	Immediate supervisor evaluates the work of his subordinates and provide feedback.

## CONCLUSION

Strategic leadership is very important to able to achieving high performance study program. Dimensions of strategic leadership consist of driving the strategic management process as a strategist, as agents of change and the ability to create a vision as a visionary leader. The dimensions as component of strategic leadership interlinked to form a variable construct of strategic leadership. The Chairman of Study Program as manager and executive education

program in higher education should be a strategist, then to be an agent of change, and also as a visionary leader. Vision and Mission Studies Program refers to the vision and mission of the institution. The size of the loading factors in outer models can also be used to establish priorities in improving and increasing the strength and effectiveness of strategic leadership.

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