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# The Role of Strategic Leader in Attaining Competitive Advantage: A Case of IIUI

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*Abstract* - This study gives an insight to how a leader can strategically gain competitive advantage in the targeted institute ie International Islamic University, Islamabad. After in depth interviews with the faculty members and other stakeholders along with observation, the situation seemed unpromising in terms of competitive uplift. The scenario explained is by the concept of the market of lemons where lemons don't permit plums to survive as they are endangered by their talent. Few plums who manage to reach the top are also unaware of the real plums present down inside due to imperfect information provided by majority of threatened lemons. Terminology used for lemons is skilled incompetence as their focus is more on political networking and not on performance. However, the role of a strategic leader can bring a change since competing institutes are in no better position. IIUI unlike others had a strategic theme line but deviation to a popular trend is where the problems initiated. Revising the focus has become mandatory for key position holders who hold the power to take decisions. Suggestions also indicate how the problem of job security can be resolved which promotes political grouping and few propositions are given of how a leader must initiate change in the organization.

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# The Role of Strategic Leader in Attaining Competitive Advantage: A Case of IIUI

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**Abstract** - This study gives an insight to how a leader can strategically gain competitive advantage in the targeted institute ie International Islamic University, Islamabad. After in depth interviews with the faculty members and other stakeholders along with observation, the situation seemed unpromising in terms of competitive uplift. The scenario explained is by the concept of the market of lemons where lemons don't permit plums to survive as they are endangered by their talent. Few plums who manage to reach the top are also unaware of the real plums present down inside due to imperfect information provided by majority of threatened lemons. Terminology used for lemons is skilled incompetence as their focus is more on political networking and not on performance. However, the role of a strategic leader can bring a change since competing institutes are in no better position. IIUI unlike others had a strategic theme line but deviation to a popular trend is where the problems initiated. Revising the focus has become mandatory for key position holders who hold the power to take decisions. Suggestions also indicate how the problem of job security can be resolved which promotes political grouping and few propositions are given of how a leader must initiate change in the organization.

## I. INTRODUCTION

Our study focuses on how a leader can strategically attain competitive advantage through influencing its members. Organization taken is International Islamic University.

Competitive advantage is an advantage over competitors by offering greater value. It has been observed that within a few years 10% of IIUI faculty will be PhD. This is a high ratio as compared to the neighbouring Universities such as FAST, NUST etc which also provide high quality education. International Islamic University has edge over other universities as it is a public University and also gets international grants. The concern begins here whether the opportunities are grabbed to the fullest or even the existing ones aren't availed.

Strategic leadership is defined as a person's ability to anticipate, envision, maintain flexibility, think strategically and work with others to initiate change that will create a viable future for the organization.

When competitive leadership is difficult for competitors to understand and hence to imitate the firm

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has created a competitive advantage. Duane & Hitt (1999).

It has been observed that competitive advantage in academia can be attained through discretionary behavior which can be done through interest and action alignment. Aligned actions are actions consistent with the University's overall objective where as interest alignment is the alignment of the interest of members with the overall objective which means rewards and performance goals should be designed that faculty members see a common line of sight between goals and organization.

Interviews, observations and other formal and informal means of data generation portrait an image of the organization which showed that action alignment is present as every faculty is well aware of the objectives and every individual is accountable for his/her actions that in anyway affects the work or the culture but the concept of interest alignment is blur. Action alignment is the capability and opportunity of doing things that help reach objectives. Interest alignment is alignment of personal interest to the interest of the overall organization. Capability exists and opportunities subsist but it has been examined that the factor of motivation in few cases is manipulated to attaining personal interest at the cost of the organization's interest. This can be explained by three scenarios inculcating all three major stakeholders of an institute i.e. faculty members, students and administration.

### *Scenario 1*

An associate professor of 'x' department is accountable to work for 9 credit hours, works for 6 credit hours and claims for 12 credit hours. Now why did this happen. Investigating it further we found two reasons. One is *modus Vivendi* when people group together and collectively agree to disagree. They are basically informal arrangements in political affairs, where one group member supports other on something that is legally unacceptable to protect vested interests. The other reason is job security. Maximum that can happen is a court case against a faculty member which may at the end result in his/her favour after years of investigation and manipulation.

However the solution to this exists too i.e. to shift the concept of basic pay scale to contractual pay scale as it has been seen that many faculty members

has been fired but they all were the ones who were at contractual pay scale as almost no legal processes has to be carried out to fire them. Every employee's if shifted to that would know that they will be fired if seen practicing unethical behaviors. This solution applies to the second scenario as well.

#### *Scenario 2*

This scenario gives an insight of administrative staff that spends half their time in unproductive work due to modus Vivendi and interestingly this university has the greatest number of administrative staff if compared to the number of students they are supposed to facilitate. However, their actions depict a complete opposite picture for what they are hired for. Buses timings, lab timings, procedures are not practiced according to the rules but are practiced according to staff's convenience.

#### *Scenario 3*

Students when faced with such treatment get frustrated and take out their frustration in damaging university's property. This culture is continually promoted by many similar actions.

## II. HYPOTHETICAL EXAMPLE

The harm of job security can be explained by a hypothetical example. An employee e.g. a coordinator in faculty of management sciences is creating problem for the department due to continuous complain the chairperson writes to the rector or vice president to get him/her transferred to another faculty. The application gets approved and then the employee gets transferred to another department e.g. faculty of Islamic law and banking. After 3 years of observation the chairperson of that department finds problem in the employee's working, follows the same procedure and gets the employee transferred to another faculty, same happens again and finally the employee get transferred back to faculty of management sciences. So it gets pointless transferring one problematic employee in the same organization to different departments.

## III. MACRO & MICRO LEVEL

Leader of IIUI has to work on two levels: macro level and the micro level. Macro level here is taken as aligning all faculties to one common purpose as from years it has been seen that many faculties have very contradictory objectives that lead them to two totally opposite direction. One is Faculty of management sciences that believes in western modernism the other is Usuluddin that is an extreme on the other end of an extent.

Micro level is alignment within a department. Where did the problem start from? It initiated from the theme line made prior to the development and later

deviating from the theme created more confusion. The theme was to merge the Islamic and modern studies but what actually happened was one faculty adopted one point of the theme i.e. modernism and the other completely stuck to the Islamic. The idea began with the strategic decision that was based on differentiation. However instead of focusing to the differentiated strategy that no other university had or still has in the market, IIUI followed the popular decision. Popular decision or actions refers to excessively followed trend.

To create alignment within the faculty it is necessary to create interest alignment along with action alignment and for the right reason/purpose.

It is the role of a leader to create a link by lining up action and interest and also following the strategic theme line for the future. This can only be done by reviewing past mistakes and avoiding them in future.

It is possible and fruitful to identify major events that have already happened, irrevocably and that will have predictable affects in the next decade and two, It is possible, in other words to identify and prepare for the future that has already happened. Peter Drucker (1997)

Keeping a link between past and present may help working better for future. This is mandatory if a leader looks forward to value addition and achieving an edge, In difficult times, a credible leader thinks into the future, while working effectively in the present (Quist, 2009).

Strategic leadership may prove to be one of the most critical issues facing organizations. Without effective strategic leadership the probability that a firm can achieve superior or even satisfactory performance is questionable.

Strategic leadership theorists (Hambrick and Mason, 1984) assert that top management is crucial to firm outcomes because of the decisions they are empowered to make and because ultimately they account for what happens to the organization (Hambrick 1989)

Another dilemma that exists in this organization is the lack of trust, where the concept of in-group and out-group greatly prevails. It is believed that only the members of in-group would be benefited or only those members have the ability to shape the decisions (in-group members of the authorities). Therefore leader has to be democratic when it comes to taking a decision on a broader forum which affects almost the entire faculty. So such misconceptions which are deeply rooted could be taken out and also there would be less motivational elements that should encourage being a part of in-group. The role/responsibilities of a strategic leader is very high in as the entire organization rests on his/her decisions.

Boal & Hooijberg (2001) argue that the essence of strategic leadership involves the capacity to learn, the capacity to change, and managerial wisdom.

This is crucial in academia as researchers and leaders whether it comes to leading the faculty or students where capacity to learn focuses on not only the ability to perform and produce but also the willingness to further invest in one in terms of adding knowledge. Managerial wisdom however has more to do with leadership than management as wisdom have more to do with experiences than managing. Also learning brings change. Keeping one flexible, to absorb new objects means that one has the capacity to change since change cannot be brought through lecturing. There is an implicit assumption that strategic leaders are the guiding force behind organizational learning. Lahteenmaki, Toivonen & Matilla, 2001)

There is an opposing view as well given by Boal and Schultz (2007) They argue that the behavior and structure of an organization emerges out of the interaction of a collection of organizational agents. Seemingly, there is no role for strategic leadership because the system self-organizes. To be realistic or maybe blunt at this point the concept of self management comes later or again comes from the efforts once practiced by the leader. However this organization at present is in strong need of a leader who understands what is happening at the micro level. This can be done when he/she is transparent i.e. accessible to everyone, to all stake holders not just to the departmental heads, deans or chair persons of different departments. Seeing one side of a picture would put the organization into further troubles.

Through dialogue and storytelling, strategic leaders shape the evolution of agent interactions and construct the shared meanings that provide the rationale by which the past, the present, and the future of the organization coalesce Boal and Schultz (2007). It has been observed by many authors that leaders cannot only rely on their ability but also value people and believe that they have something valuable to contribute. Even if a leader has the knowledge and skills to deal successfully with turbulence and the ability and commitment to learn but does not value people, there is no purpose in the effort (Quist, 2009). For this the leader through both direct and indirect communication convey this to employees that he/she is willing to take their ideas and is always there to listen to them. The employees feel leadership wants their ideas if a leader does open discussion, and provides some means for all the employees to be able to communicate their concerns to leadership (Quist, 2009). Also the problem with focusing on this can be as described by Casabeer & Mark (2009) When assessing leaders against competencies there is a tendency to interpret behavior according to these predefined categories. Thus, in effect, the framework becomes a self-fulfilling prophecy whereby individuals redefine themselves in terms of the corporate language.

What is important is to engage the person in dialogue to reveal and clarify his/her purpose at work rather than presenting him/her with a pre-defined set of competencies to acquire. By ensuring clarity of purpose, it is argued the appropriate competencies will emerge naturally within a given situation. This research would thus imply that 'competence' is a socially constructed set of meanings rather than a definable list of attributes and/or behaviours to acquire. Casabeer & Mark (2009).

However IIUI at this very point in time strongly needs a leader that can keep a check in its own strategic ways as already mentioned that this is a public university which means that the jobs of the staff are secure. This as observed in Pakistan's context that job security moves the focus away from performance to political relations. As career development paths are ambiguous.

#### a) *The market for lemons*

The internal functioning of organizations particularly public sector organizations in Pakistan can be related to the concept of market of lemons presented by Akerlof. However we are going to present it in a different way. These organizations have lemons almost at every position. However by any chances if a plum is recruited who is more competent, educated, better experienced than lemons then what happens is that lemons start taking the plum as threat, specially the lemons present in key positions that are further motivated by their in-group to network with the key positioned lemons. In other words the in-group full of skilled incompetence aims to secure their positions and the one way to secure is through clearing their paths by removing plums. Therefore the mere presence of lemons destroys the market for quality goods (plums). However even if a plum manages to reach to the top positions even then he/she can't help other plums grow due to imperfect information available and communication from limited sources such as from major position holders. Therefore plum managers need to look for a way in which they can signal other plums present.

#### b) *Hope to excel*

When a quick look is given to one organization the scenario seems pretty unpromising. However still it can manage to get a competitive position. How? Because organizations with which IIUI is competing is in no better position than IIUI as explained in the game theory. However this is not where an organization is relieved. This is where an organization needs to take a step to step ahead. Here is where the need for a strategic leader begins. In such scenarios it is the easiest to gain an edge. It isn't as simple as it seems but it isn't impossible when it comes to serious implementation.

*Proposition 1*

*Positive alignment and similarity between attitudes of leader and followers enhance employee performance.*

An attitude is a hypothetical construct that represents an individual's degree of like or dislike for something. Attitudes are generally positive or negative views of a person towards some, place, thing, or event—this is often referred to as the attitude object.

In leadership research, similarity between leaders and followers attitudes has predominantly been analyzed as a predictor of leader-member exchange (e.g., Deluga, 1998; Dose, 1999). Similarity has also been examined in terms of value congruence as a mediator of transformational leadership (e.g., Jung & Avolio, 2000). When discussing similarity, the following distinctions have to be made. First, one should distinguish between surface-level and deep-level similarity (Hiller & Day, 2003). Surface-level similarity refers to demographic characteristics such as gender, age, and ethnic background (social category diversity; Jehn, Northcraft, & Neale, 1999). Deep-level similarity is based on more psychological characteristics such as values, personality, and attitudes (Harrison, Price, & Bell, 1998). Whereas, indicators of surface-level similarity are salient and, consequently, likely to be perceived very quickly, indicators of deep-level similarity have to be derived from observed behaviors and/or interaction and communication. Positive deep level similarity can enhance performance. If the focus of both the leader and the member is to contribute in terms of efforts then deep level similarity can help an organization to be more emotionally integrated. When there is emotional alignment among the people of an organization it results in an emotional integration of the whole organization. This further can help people understand each other's capabilities and only then their best utilization is possible. In a broader perspective, linked with the same identity, gives individuals a sense of belonging that emotionally connects every employee to the ethos of their work place (Samantra & Goshal, 2002). Employees working collectively through shared knowledge with common objectives, integrates the organization in a more intellectual and social emotional, intellectual, way.

If the employees are emotionally connected, it makes them feel special, as if they fit, and that their future seems bright. It is really necessary for the leader to change employees' attitudes from negative to positive, create attitudinal alignment and enhance employees as well as organizational success. It is the role of a leader to not let politics come into play. The factors that influence positively to attitudinal alignment and increase worker performance require that leaders must understand some of the underlying elements that may create behaviorally distant workers. The leader

should have a distinctive ability to distinguish between real soldiers and actors. As employees who focuses solely on impression management and in result gets compensated destroys the entire climate of the organization. It is important to discuss that only positive attitudinal match can contribute to performance. Therefore, some elements leaders should consider like identifying and communicating priorities. Leaders can start changing employees' attitudes to a positive mindset by identifying and communicating priorities. Setting priorities with employees helps them to focus on important tasks. The emotional aspects include the unique culture that differentiates each business as well as the emotional connectivity that makes people tick—the often untold story of why your employees show up each day. If the leader succeeds in doing this then a deep collaborative culture.

Collaboration depends on mutual trust and friendship. Employees with complementary traits or with a personality match can develop trust and friendship quickly. These two factors help in the execution of shared knowledge and create value. These aspects are the key factors towards building a more collaborative and transparent culture. Such a culture of the organization is clearly connected to its business purpose. The people it employs are more aligned right from the outset, as the culture of any organization plays a role in attracting talent.

If the leader do well in creating a collaborative environment, discourages solely impression management acts and communicate priorities clearly such as work is to be rewarded not political bonding then employees willingness to develop and grow can has a positive impact on employee leader relationship.

*Proposition 2*

*Employee's willingness to develop and grow has a positive impact on employee-leader relationship, and ultimately motivates the employee to perform better.*

Employer wants employee performance and employee can perform best only when he is willing to develop both personally and professionally. Growth need strength is a personal attribute that concerns a person's desire to grow and develop as an individual. As an explanatory construct, growth need strength is a central concept in understanding the influence of job characteristics (Kulik & Oldham, 1988).

Graen and Scandura (1987) contended that having some work group members with job-growth potential (ability) and the motivation to accept challenges beyond their job descriptions contributes to the success of leader-follower exchanges.

Phillips & Bedeian in 1994 find a positive relation of the attribute of growth need strength with the exchange quality that ultimately motivates employee to outperform.

Employee willingness to grow can foster through making processes transparent. In the case of IIUI employees are not aware of how their ACR's are being evaluated. Therefore they feel threatened and forces themselves to engage in developing relationships with their boss which mostly includes the element of impression management. Therefore Their ACR's should be explicitly discussed specially about the areas where they are poorly ranked so employees are clear about their path.

#### *Proposition 3*

*We feeling/sharing similar mind sets is difficult to establish, impossible to imitate and extremely crucial to foster an environment which encourages improved performance.*

Having similar mindsets would not only give direction to what to do but also *when to do* that it would best serve the organization. This is what is referred to as action alignment.

To achieve action alignment it is necessary to have both a shared mind set between employee and the organization and the resulting behavioral outputs from employees leading to attainment of strategic goals of the organization (Colvin,2007).

In "Corporate Culture and Performance," Kotter and Heskett show that companies with strong adaptive cultures based on shared values and mindset outperformed other companies by a significant margin. Over an eleven-year period, companies that emphasized all stakeholders – employees, customers and stockholders, and focused on leadership development, grew four times faster than companies that did not. They also found that these companies had job creation rates seven times higher, had stock prices that grew twelve time faster and profit performance that was 750 times higher than companies that did not have shared values and adaptive cultures.

Sharing a WE feeling between leader/member is extremely important only then the members would be willing to go an extra when they recognize the fact that benefit and loss are mutually shared at all levels. Herbert Simon (1991) observed that doing the job well is not mainly a matter of responding to commands, but it is much more a matter of taking initiatives to advance organizational objectives.

However organization effectiveness is best achieved when the focus is not only on action alignment but also when it works for achieving interest alignment. Interest alignment is when individual interests are aligned with organizational interest.

We feeling can more easily be created when everyone takes the same meaning of terminologies which are frequently used e.g. flexible working hours – not coming isn't flexibility in academia also the term due favours refers to favours that are allowed and aren't given at an expense of someone's else's right. In such

organizations we have seen that terminologies are misinterpreted intentionally and unintentionally. Therefore certain factors needs to be explicitly expressed.

#### *Proposition 4*

*Congruence of individual goal to organizational goal can bring competitive advantage by encouraging discretionary behaviors.*

This propositions talks about interest alignment along with action alignment. Where discretionary behavior, behaviors that cannot be specified in advance and also that contribute positively to organization becomes a source of competitive advantage since they cannot be imitated.

Value creation is derived from unspecifiable employee action Colvin & Boswell (2007).

Routine behaviors are behaviors that are explicitly mentioned in job descriptions and definitely due to this very reason they can be easily imitated.

Barney (1991) Routine job behaviors are likely to reap only average returns given that they are readily imitated.

By acknowledging that management cannot foresee every situation, employee make judgments and use discretion to do the right things Colvin & Boswell (2007)

For the organizations to do well, it is not enough for employees to accept commands literally, what is required is that employee take initiatives and apply all their knowledge and skills to advance the achievement of organizational objectives.

Discretionary employee behavior that are difficult to specify in advance are particularly valuable to organizations because, unlike routine job performance, they are difficult for competitors to replicate (Lawler,1994).

There has been periodic recognition that it is ultimately employee behaviors, rather than the human resource practices themselves, that are the source of value creation for the organization (e.g. MacDuffie, 1995; Schuler & Jackson, 1987; Wright & Snell, 1998)

## IV. CONCLUSIVE REMARKS

If overall system is reviewed and the above factors incorporated then genuine behaviours can easily be distinguished from political or impression management acts. This change is time consuming and requires complete renovation of the entire structure. IIUI has its core competency as it provides quality education to both the segregated units of male and female campuses. However to continually upgrade the quality education the faculty needs to be satisfied and competent plums needs to be given a chance to excel whereas lemons need to not only respect plums but also work with them to upgrade their KSA's. Creating an environment of mutual trust and friendship can

emotionally integrate the entire work force to create a culture which helps everyone to contribute their maximum and in return rewarded fairly. For this it is important to shift every employee from basic pay scale to contractual pay scale which gives less job security and only performance would be the ultimate reason for existence, not relying on *modus Vivendi*. Politics in organization is simply a fact of life and cannot be avoided completely. But due to excessive politics in the organization politics have become a state of mind by which every genuine act is misinterpreted as impression management that greatly discourages loyalty, Porter (1976) argued that perceptions are important to study and to understand even if they are misperceptions of actual events, with particular reference to organizational politics.

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