**Session 12 BUSA 7800 - Strategic Management Chapter 11**

Learning Outcomes

At the end of this session you should be able to:

1. Explain the three interdependent activities of leadership.
2. Differentiate between the three elements of effective leadership: integrative thinking, overcoming barriers to change and the effective use of power.
3. Describe the crucial role of emotional intelligence (EI) in successful leadership.
4. Explain the value of creating and maintaining a learning organization in today’s global marketplace.
5. Relate the importance of ethics in organizations and the leader’s role in establishing an ethical organization.
6. Explain why corporate social responsibility ought to influence managers’ strategic decisions.

Chapter 11 - Strategic Leadership

**I. Leadership: Three Interdependent Activities**

How is leadership defined?

What does a leader need to communicate to his/her followers?

What do leadership and strategic management have in common?

What are the three interdependent activities of leadership? (Exhibit 11.1)

1. *Setting a direction,*
2. *Designing the organization, and*
3. *Nurturing a culture dedicated to excellence and ethical behaviour*

1. **Setting a Direction**

What must be incorporated into the vision?

What are some benefits of having a strategic vision?

**B. Designing the Organization**

Why is designing the organization so important to implementing the leader's vision and strategy?

1. **Nurturing an Excellent and Ethical Culture**

What is the most effective way for a leader to maintain an ethical culture?

How did long time Southwest CEO Herb Kelleher help promote an ethical culture?

**II. Elements of Effective Leadership**

Three capabilities that are marks of successful leadership:

1. Integrative thinking.
2. Overcoming barriers to change, and
3. The effective use of power (also related is the role of emotional intelligence (EI))

1. **Integrative Thinking**

How does the integrative thinking approach enable decision makers?

What is the key to integrative thinking?

1. **Overcoming Barriers to Change**

What tends to be one of the largest barrier to change?

How can integrative thinking help overcome barriers to change?

1. **The Effective Use of Power**

How is power defined?

There are two sources of power:

1. Organizational, and
2. Personal.

How is legitimate power derived?

How is reward power different from coercive power?

How does information power arise?

How is referent power different from expert power?

**D. Emotional Intelligence (EI)**

What is emotional intelligence (EI)?

Why is EI such an important concept?

The five components of EI are: (1) self-awareness, (2) self-regulation, (3) motivation, (4) empathy, and (5) social skill.

1. *Self-Awareness*

How would a manager with high self-awareness deliver bad news to her employees if she was already angry?

1. *Self-Regulation*

How can self-regulation of emotions help a manager?

1. *Motivation*

What type of motivation is important for an emotionally intelligent (EI) manager?

1. *Empathy*

How does empathy help in a team situation?

How does empathy help with cross cultural business decisions?

*5. Social Skill*

How can social skill be viewed?

How do we describe socially skilled people?

1. **Emotional Intelligence: Some Cautionary Notes**

What is the dark side to EI?

**III. Developing a Learning Organization**

What is a learning organization?

**A. Inspiring and Motivating People with a Mission or Purpose**

What is a critical requirement of all learning organizations?

1. **Empowering Employees at All Levels**

How do we empower employees?

What must managers do first before they empower employees?

**C. Accumulating and Sharing Internal Knowledge**

Why do most senior managers acknowledge that a manager's ability to listen is a key skill?

What are some methods of sharing internal knowledge?

**D. Gathering and Integrating External Information**

How does benchmarking work?

How is competitive benchmarking different from functional benchmarking?

How does 3M's salesforce gather external information?

**E. Challenging the Status Quo and Enabling Creativity**

How did Tom Kasten (former VP of Levi Strauss) create a sense of urgency to challenge the status quo?

How does the culture of dissent work?

How can a firm foster a culture that encourages risk taking?

**IV. Creating an Ethical and Socially Responsible Organization**

How do we define ethics?

What are a few of the sources of an individual's ethics?

**A. Individual Ethics versus Organizational Ethics**

Why do unethical business practices typically involve the co-operation of others?

What is the most effective way to promote ethical behaviour in a firm?

**B. Integrity-Based Versus Compliance-Based Organizational Ethics**

How does the compliance-based approach to organizational ethics work?

How does the integrity-based approach work?

What are the four key elements that contribute to an ethical organization?

* (1) role models; (2) corporate credos and codes of conduct; (3) reward and evaluation systems; and, (4) policies and procedures

1. *Role Models*

Why must leaders "walk the talk"?

1. *Corporate Credos and Codes of Conduct*

What are corporate credos and codes of conduct?

How do corporate credos and codes of conduct benefit employees?

1. *Reward and Evaluation System*

How can a reward structure cause employees to act unethically?

What do socially responsible firms recognize about their community?

How do socially responsible organizations put together their reward and evaluation systems?

1. *Policies and Procedures*

How are ethical and socially responsible policies reinforced?

**Next Session:**

Chapter 12 – Managing Innovation and Fostering Entrepreneurship