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# CEO Perceptions Of Strategic Leadership

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By their nature strategic decisions deal with the long-term health and vitality of the total organization. They are the most important decisions that executives make and, therefore, normally fall within the purview of top management. Because of their overriding significance, strategic decisions tend to be closely linked to form a consistent pattern for unifying and directing the organization (Harrison, 1995). Strategic decisions constitute the essence of strategic leadership. By definition a strategic leader is one who makes strategic decisions that commit the total organization to a given course of action. The principal research question to be addressed in this study is whether the chief executive officer (CEO) should unilaterally exercise strategic leadership on behalf of the total organization or whether such leadership should be shared by one or more other groups in the hierarchy of management.

The attainment of the strategic objectives underlying strategic decisions is accomplished through the effective practice of strategic leadership (van der Merwe and van der Merwe, 1985). The perceptions of executives constitute an integral part of their cognitive limitations in making strategic choices (Anderson and Paine, 1975). In this context, perception is a psychological function which enables strategic leaders to receive and process information obtained from the external environment within the strategic management process (Tregoe and Tobia, 1990). In one sense, a strategy is a set of decisions or choices made by a leader that is filtered by his/her perceptions and limited by his/her cognitive capacity (Ibrahim and Kelly, 1986). In fact, executives vary greatly in their perceptions of effective leadership in making and successfully implementing strategic choices (Harrison, 1992). Such differences may be attributable to unavoidable cognitive biases below the executive's threshold of awareness or they may reflect a conscious preference for or a predisposition toward a particular outcome inherent in the decision (Waller et al., 1995). For purposes of this article, a successful strategic choice is one that results in the attainment of the objective that gave rise to the decision within the constraints that must be observed to bring about such attainment. In essence, strategic decision success signifies intended ends accomplished within designated means.

In spite of the axiomatic perceptual inaccuracies and cognitive limitations of strategic leaders, their impressions of the factors contributing to or detracting from successful outcomes of strategic choices are highly significant for the long-term viability of the organization (Harrison, 1992). This significance is reflected in numerous studies in which the perceptions of the strategic leaders constitute the central focus of the study (Shore et al., 1995). For example, in a classic study of strategy in three industries, Lawrence and Lorsch (1967) focused extensively on the perceptions of the top executives. The research of Anderson and Paine (1975) noted that numerous subjective factors influence the perceptions of strategic leaders and, subsequently, strategic choices. Hambrick and Mason (1984) highlighted the importance of the perceptions of upper managerial echelons in making and implementing strategic decisions. And, finally, the comprehensive survey by MacCrimmon and Wehrung (1986) of 509 high-level executives in the United States and Canada revealed a plethora of variances in perceptions involved in strategic decision making at the highest levels of the corporation.

The study underlying this article was directed toward ascertaining the truly significant leadership factors that contribute to the success of implemented strategic decisions as seen through the eyes of the chief executive officer (CEO). The specific focus is on strategic leadership at the level of the CEO. In-depth studies confined exclusively to CEOs are not as common in the literature of strategic management as one might suppose. No doubt the limitations on access to the CEO and the understandable reluctance of the chief executive to expend valuable time and energy in academic research contributes to the paucity of knowledge from the top of the organization. There are, however, some notable exceptions in this regard. For example, Steiner's (1983) selective, in-depth interviews of 25 CEOs revealed their increasing involvement in strategic decision making. Norburn's (1989) study of 108 British chief executives revealed that the CEO has discernibly different characteristics from other members of the top management team. Song's (1982) study of 53 CEOs in major U.S. firms showed that the background and prior experience of the incumbent CEO is significantly associated with the diversification strategy of a given firm. Dess' (1987) study of 24 CEOs focused on consensus within the top management team in making and implementing strategic decisions. The study of 50 south African chief executives by van der Merwe and van der Merwe (1985) concentrated on the attributes of strategic leadership required for effective performance at the top of the organization. The study by Ibrahim and Kelly (1986) of 12 Canadian CEOs dealt with their strategic leadership style. In a series of interviews with 20 CEOs in a cross-section of profit and nonprofit organizations, Hambrick (1981b) concluded that strategic awareness is positively related to hierarchical level. In still another study of 24 CEOs in Canada, Miller et al., (1982) found a direct and significant relationship between the nature of corporate strategy and the personality and strategy-making behavior of the CEO. And Kylen's (1985) study of 25 CEOs in large Swedish firms focused on the concept of strategic surprise. There are other studies that are concerned with the CEO as a strategic leader. But, for the most part, these are not studies in which the CEO is the exclusive participant. This article is based on a study of strategic leadership at the CEO level as perceived by the incumbent chief executives with a view toward determining whether successful strategic decisions should be made unilaterally or jointly at the highest levels of the corporation.

## CEO STRATEGIC LEADERSHIP ORIENTATIONS

Whether viewed directly by the CEO, a member of the top management team or any knowledgeable observer, there are numerous orientations toward the role of the CEO in exercising strategic leadership in a given organization. Figure I reflects a suggested nomenclature for the orientations toward strategic leadership presented in this article. As shown in Figure I, there are two primary perspectives on the role of the CEO in exercising strategic leadership. Each perspective has multiple variations which provide a more detailed orientation regarding the role of the CEO. For example, the branches stemming from variation 2 of perspective 1 indicate that Figure I is not intended as an exhaustive nomenclature of CEO strategic leadership orientations. Presumably there are an infinite number of permutations in the role of the CEO in exercising strategic leadership. As the discussion to follow will show, however, the orientations set forth in Figure I are representative of much of the current literature on strategic leadership. Following this discussion a recent survey of 61 CEOs will focus on their perceptions of the significant factors that contribute to successfully implemented strategic choices made within their respective organizations. Finally, the perceptions of the respondent CEOs will be used to categorize their personal strategic leadership orientation in the context of Figure I.

### Perspective No. 1

This perspective tends to diminish the importance of strategic leadership at the CEO level. As shown in Figure I, it has three principal variations each of which merits a brief presentation.

*Variation No. 1.* This variation asserts that strategic leadership is unimportant at any level in the organization. The study of 167 corporations by Lieberson and O'Connor (1972) concluded that strategic leadership does not make a significant difference in organizational performance. According to them variations in performance are primarily attributable to environmental factors rather than top leadership. Rothschild (1993) holds that leadership can and should change to fit the strategy at hand. According to this view strategic leadership is diminished as simply another variable in a given strategic calculus. Coulson-Thomas (1992) downplays the significance of strategic leadership by asserting that the board is the genuine source of strategic vision and the CEO functions mainly as a facili-

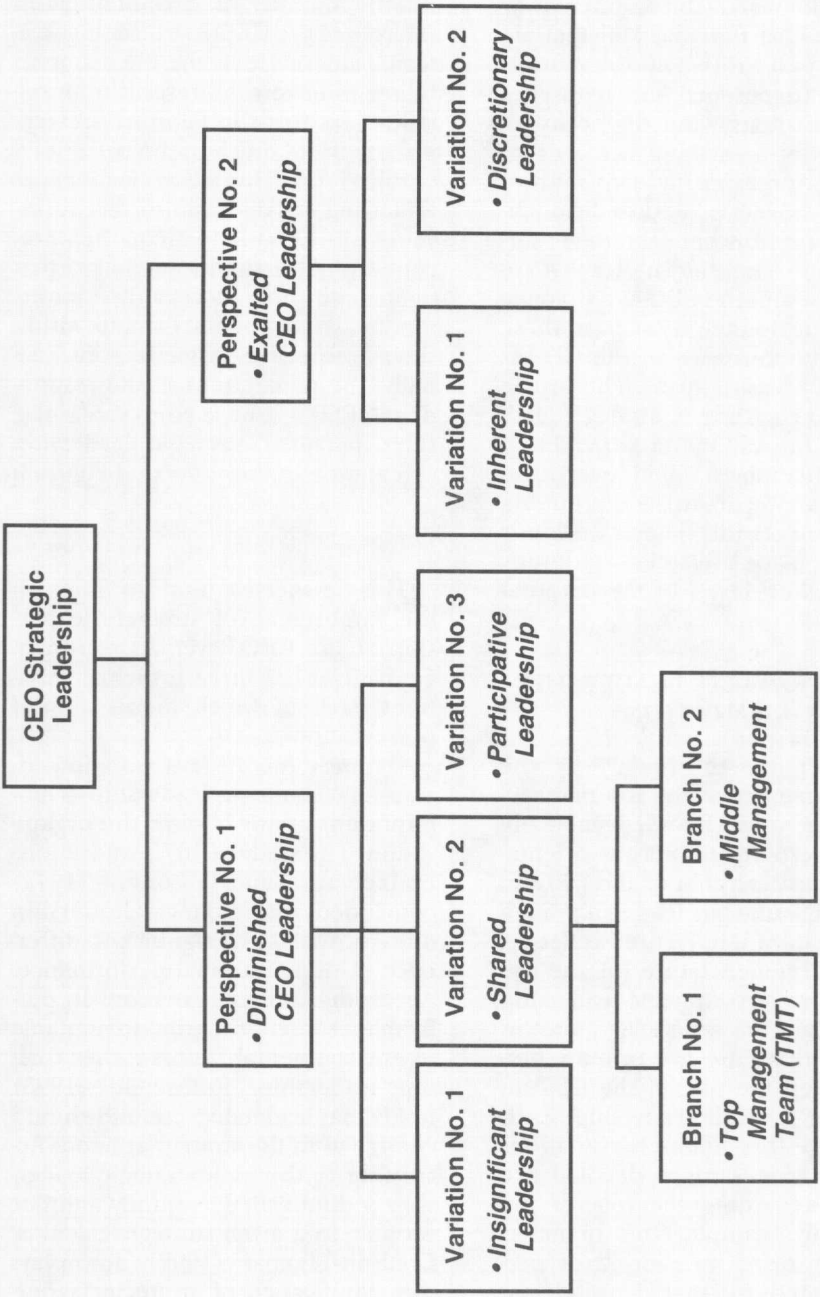


Figure I
CEO Strategic Leadership Orientations

tator of the board's vision. Some researchers insist that strategic leadership is much less significant than either environmental or organizational constraints. Carried to its extreme, this view suggests that organizations tend to run themselves, and strategic leadership exercised by the CEO is of little moment (Cyert and March, 1963; Hall, 1977).

*Variation No. 2.* The second variation diminishes the unilateral role of the CEO in exercising strategic leadership by extolling the merits of shared strategic leadership. One branch of this variation advances the importance of strategic leadership exercised by a top management team usually defined to include the CEO and senior executives reporting to that position (Hambrick, 1987; Amason, 1996). A top management team approach is regarded as particularly effective for multinational corporations (Kim and Marborgne, 1993). A team approach to strategic leadership can contribute to the strategic health of the organization (Tregoe and Tobia, 1990). A second branch of this variation extends strategic leadership to include middle management (Guth and MacMillan, 1986; Schilit, 1977). In particular, the commitment of middle managers is essential to ensure that the results of strategy correspond with its objectives. Middle management provides the critical link between the strategic decisions made at the top of the organization and the implementation of such decisions in the operational areas. As such, the commitment of middle management to a given strategic choice is essential for a successful outcome.

*Variation No. 3.* The third variation of perspective 1 advocates a participative style of strategic leadership. It is essentially a bottom-to-top phenomenon with ample opportunity for participation from employees and managers alike at all levels in the organization (Bower, 1974; Locke et al., 1986). This is the approach advanced by Likert (1967) in his system 4 leadership style. According to this variation, "vision is useless unless it can be channeled in a way to empower your employees, consumers, and suppliers" (Schmincke, 1990: 18). Moreover, "participation does not stop with the top management team. Middle managers, key individual contributors and line employees can and should contribute to the organization's vision" (Tregoe and Tobia, 1990: 14). This approach to strategic leadership basically relegates the CEO to a role as the first among equals, although "the CEO must maintain ultimate responsibility for the formulation and implementation of strategy" (Tregoe and Tobia, 1990: 14).

**Perspective No. 2**

This perspective tends to exalt the role of the incumbent CEO as the strategic leader for the entire organization. As shown in Figure I, it has two principal variations each of which deserves special mention.

*Variation No. 1.* This variation asserts that strategic leadership by the incumbent CEO is inherent in the position. There is a large literature that espouses this approach to strategic leadership. It is essentially a top-to-bottom variation that recognizes the pervasive influence of the CEO throughout the organization. Andrews (1980), for example, avers that the CEO is the architect of corporate purpose. Norburn (1989) asserts that, as a focus for corporate accountability, the CEO is the corporate leader. The CEO is, according to this view, the chief strategist for the corporation (Holmberg and Baker, 1982). Strategy emanates from the top of the organization, and it is more effective when strategic leadership is exercised by the CEO (Hambrick, 1987; Daft et al., 1988). This variation avers that the chief executive exerts more influence on strategic decisions than any other executive (Hegarty and Hoffman, 1987). Several surveys of CEOs reveal that they perceive themselves as the strategic leader for the corporation, (e.g., van der Merwe and van der Merwe, 1985; Leontiades and Tezel, 1988). More recent studies tend to reinforce the idea that strategic leadership is inherent in the position of the CEO. Most of these studies consider the CEO to be the key to the formulation and implementation of strategy with a hands-on involvement at all critical stages in the strategic planning process (e.g., Nahavandi and Malekzadeh, 1993; Daniel, 1992).

*Variation No. 2.* This variation asserts that CEOs vary in terms of their discretion in exercising strategic leadership. The chief executive is still exalted in a hierarchical sense, but the degree of exaltation ranges from absolute to moderate. The primary determinants of discretionary leadership are the external environment, the internal organization, and the CEO's level of competence and personal attributes (Hambrick and Finklestein, 1987). In this variation, the domain of strategic leadership is bounded by the setting in which it takes place. Strategic leadership is exercised by the CEO through the influence of that office along with the capabilities of the incumbent. In the presence of numerous attractive external opportunities amenable to exploitation through organizational strengths, the influence of strategic leadership by a very capable CEO can be considerable. Conversely, in the presence of organizational weaknesses inhibiting the realization of external opportunities, a less capable CEO may have a lesser influence on strategic leadership. A discretionary approach to strategic leadership by an incumbent CEO may be accomplished by a quest for consensus or simply orchestrating the formulation and implementation of strategy. But this variation does not result in a diminution of the position of the CEO which simply acknowledges and accepts the situational constraints that preclude unilateral action by the incumbent (Brooker, 1991; Priem, 1990). The strategic decisions of the CEO are bounded only by the need to exercise discretion within a framework of the environment and the organization (Hambrick, 1989).

## STUDY METHOD

As mentioned previously, studies of strategic leadership involving only the CEO are fairly uncommon. It is even more uncommon to attempt to ascertain the perceptions of incumbent CEOs with regard to the factors that they believe are most important in contributing to successfully implemented strategic decisions. The profile of responses from the CEOs participating in this study will be used to evaluate their strategic leadership orientation in the context of Figure I.

The instrument used to obtain information from the CEOs was a questionnaire consisting of selected Likert-scaled questions related to successfully implemented strategic decisions. The respondent organizations consisted of medium-size and large manufacturing and service corporations. Twenty-one companies had less than 500 employees, while seven corporations had more than 25,000 employees. In terms of annual sales, six companies reported less than $5 million and twenty declared more than $500 million. The average company approximated 5,000 employees with annual sales of $500 million. The respondent organizations were selected randomly from the membership roster of the San Francisco Chamber of Commerce. Of the 108 corporations surveyed, responses were received from 61 CEOs which is 56 percent of the surveyed population. In most cases, responses from CEOs were obtained with the help of their administrative assistants.

The statistical input of the study was processed and analyzed using standard statistical techniques (SPSS). The statistical test utilized included standard descriptive statistics along with analysis of variance and Pearson correlation coefficient analysis. This study focuses on measures of central tendency for selected factors of strategic leadership which are subsequently correlated to ascertain significant statistical relationships.

## DETERMINANTS OF STRATEGIC LEADERSHIP

The determinants of strategic leadership constitute those factors which, in the view of the incumbent CEO, contribute significantly to successfully implemented strategic decisions. Presumably these factors will be used by the CEO in the right time, place and way if a given strategic choice is most likely to yield positive results. At this juncture, it is important to emphasize the significance of the CEO's perception of what is essential for effective strategic leadership. In one sense, given the paucity of empirical studies on strategic leadership at the CEO level, there are few relevant references for those whose leadership experience encompasses the total enterprise. In another sense, given the obvious and well documented significance of the CEO in strategic leadership actions, it seems somewhat superfluous to attempt to affirm or disclaim the perceptions of those who must stand accountable for the strategic performance of the total enterprise (Romanelli and Tushman, 1988). There are, however, some general references that will be used selectively to justify the inclusion of individual factors. Table 1 presents an array of strategic leadership determinants at the CEO level as documented by the respondent chief executives.

### Well Defined Objectives

Harvey states the case for well defined objectives in strategic management:

> The strategic management process involves the formulation of a set of . . . objectives for organizational performance. Strategic management is based on results so [objectives] initiate the strategy formulation process. This is true because it is difficult to develop strategy if the manager does not know what results he [or she] is seeking to achieve (1982: 64-65).

The essentiality of objectives as the foundation for managerial actions and the managerial functions of planning, organizing and controlling is well established (Harrison, 1978). Numerous studies of the CEO place the setting of well defined objectives at the top of the list of chief executive responsibilities (Noel, 1989; van der Merwe and van der Merwe, 1985). As

**Table 1**
**An Array of Leadership Determinants at the CEO Level[a]**

| Leadership Determinants | Mean | Median | Mode | Standard Error | Standard Deviation | Range |
|---|---|---|---|---|---|---|
| Well defined objectives[b] | 2.082 | 2.061 | 2.000 | .091 | .714 | 3.000 |
| Opportunity for participation[b] | 2.197 | 2.121 | 2.000 | .101 | .792 | 3.000 |
| Delegation of authority[c] | 1.967 | 1.979 | 2.000 | .062 | .482 | 2.000 |
| Locus of accountability[c] | 1.869 | 1.828 | 2.000 | .100 | .785 | 3.000 |
| Formal task assignments[c] | 1.967 | 1.949 | 2.000 | .087 | .682 | 3.000 |
| Objectives-oriented budgetary allocations[c] | 2.082 | 2.000 | 2.000 | .103 | .802 | 4.000 |

[a]n for total respondent population = 61.
[b]1 = very high; 2 = high; 3 = neither high nor low; 4 = low; 5 = very low.
[c]1 = always; 2 = frequently; 3 = occasionally; 4 = seldom; 5 = never.

shown in Table 1, the 61 CEO respondents in this study accorded considerable importance to well defined objectives in implementing successful strategic decisions within their respective organizations. They agreed that objectives define the tasks that are essential for strategic decision success. In turn, explicit task definitions are more likely to produce positive results (Hosmer, 1982).

### Opportunity for Participation

The data in Table 1 also show that the respondent CEOs in the study placed a high value on the opportunity for participation in strategic decision making. Given the intrinsic nature of strategic decisions, it seems somewhat unusual to find such a positive acceptance of this approach among the respondent CEOs (Dickson, 1982). It appears that they regarded participative decision making as conducive to strategic decision success. There is some research to support this view (Stagner, 1969).

### Structural Determinants

The structural determinants in Table 1 are: (1) delegation of authority, (2) locus of accountability, and (3) formal task assignments. At the level of the total organization, it is an established principle that structure tends to follow strategy (Chandler, 1966). Drucker asserts the primacy and sequence of structure in relation to strategy as follows:

> Structure to be effective and sound must follow strategy. Any work on structure must . . . start with objectives and strategy. Strategy determines the purpose of structure (1973: 523).

The organization's structure is a critical variable in the successful implementation of strategic decisions (Mazzolini, 1981). Top management determines the shape of the organizational structure, and strategic leadership for the total organization is accomplished through this structure (Hambrick, 1989; Hosmer, 1982). However, the CEO does not operate in isolation to implement a chosen strategy. In the usual case, the CEO pursues strategic success through interaction with his/her subordinates on the top management team. This interaction is accomplished through the process of delegation. "The size and scope of the chief executive's job responsibility rests, to a large extent, on delegation ability" (van der Merwe and van der Merwe, 1985: 107).

The respondent CEOs in the study tended to confirm the primacy of structure in successfully implementing strategic decisions. As shown by the measures of central tendency in Table 1, it seems reasonable to infer that: (1) the delegation of authority is usually commensurate with the responsibility of task assignments, (2) the locus of accountability for results is generally identified in ways that are clear and unequivocal, and (3) task assignments are routinely made through the organization structure. The respondent CEOs obviously have a definite perception that at the top of the organization structure is the vehicle through which strategic leadership is exercised.

### Objectives-Oriented Budgetary Allocations

The budget is an integrating mechanism for the allocation of resources to implement strategic choices. Budgets transform allocated resources to quantitative measures thereby connecting all organizational elements to the implemented strategy. In this way budgets facilitate evaluation and control for successful outcomes (Harrison, 1986). The respondent CEOs are well aware of the primacy of this relationship. As shown in Table 1, they indicated that they generally allocate resources in accordance with the objectives underlying the strategy for the total organization.

## OUTCOMES OF STRATEGIC LEADERSHIP

The outcomes of strategic leadership constitute those conditions which, in the view of the incumbent CEO, result from successfully implemented strategic decisions. These outcomes are generic in that they generally apply to all strategic decisions regardless of their underlying objectives. For example, it is reasonable to expect that almost any successful strategic choice will have a positive effect on the stakeholders of the organization as well as the power structure within the organization. Moreover, if the employees don't "buy in" on the strategic decisions made by top management, the probability of strategic success is lessened considerably. The discussion in this section will focus on the significance of the strategic outcomes reflected in Table 2. The next section will correlate and evaluate the relationship of the factors of strategic leadership presented in Tables 1 and 2.

### Effect on Stakeholders

The term "stakeholder" is well established in the literature of strategic management (Donaldson and Preston, 1995). By common definition, stakeholders include those entities that have a tangible claim on the organization. In other words, stakeholders have a vested interest in the outcome of strategic decisions made within a given organization. Ansoff (1965) includes managers, workers, stockholders, suppliers, and vendors in his list of stakeholders. Rhenman (1968) uses the term stakeholders to designate the individuals or groups which depend on the organization for the realization of their personal goals and on whom the organization is dependent. King and Cleland (1978) define stakeholders as individuals, groups, or institutions who have an explicit or implied claim on the organization. Their list of stakeholders is very broad and includes stockholders, creditors, employees, suppliers, governments, unions, competitors, local communities, and the general public. And, finally, Freeman (1983) advances and delineates the role of the CEO in exercising strategic leadership through effective interaction with stakeholders at the corporate level. As such, he establishes the chief executive focus that is of primary concern in this study.

As shown in Table 2, the respondent CEOs accorded a high degree of importance to a positive effect on stakeholders as a significant factor in successfully implementing strategic decisions within their respective organizations. Obviously the CEOs are well aware of the necessity for acceptance and support from stakeholders in transforming well crafted strategic choices into beneficial strategic outcomes. In this study, therefore, theory is confirmed by practice at the CEO level.

### Effect on Power Structure

For purposes of this study, the power structure within a given organ-

## Table 2
## An Array of Leadership Outcomes at the CEO Level[a]

| Leadership Outcomes | Mean | Median | Mode | Standard Error | Standard Deviation | Range |
|---|---|---|---|---|---|---|
| Effect on stakeholders[b] | 1.885 | 1.912 | 2.000 | .074 | .580 | 2.000 |
| Effect on power structure[b] | 2.115 | 2.083 | 2.000 | .071 | .551 | 3.000 |
| Accommodation of employee concerns[c] | 2.148 | 2.097 | 2.000 | .090 | .703 | 3.000 |
| Elicitation of employee commitment[c] | 1.951 | 1.931 | 2.000 | .092 | .717 | 3.000 |
| Employee-assumed obligation[c] | 1.705 | 1.690 | 2.000 | .085 | .667 | 2.000 |

[a] n for total respondent population = 61.
[b] 1 = very positive; 2 = positive; 3 = neither positive nor negative; 4 = negative; 5 = very negative.
[c] 1 = always; 2 = frequently; 3 = occasionally; 4 = seldom; 5 = never.

ization consists of those individuals and entities whose influence is most significant and pervasive in successfully implementing a given strategic choice at the corporate level. Obviously the CEO is the nucleus of the internal power structure. Other organizational entities share in this membership.

Some entities have disproportionate amounts of power because they are vital links in the organization's strategy (Hickson et al., 1971). Other individuals or entities possess power because their skills or outputs are scarce and highly valued (Crozier, 1964). Still others exert influence because they possess important information or because their leader has exceptional influence (Bower, 1974). Hambrick (1981a) attributed power to those members of the top management team who are able to effectively cope with contingencies originating in the external environment that directly affect the corporate strategy. And Pfeffer (1981) has identified numerous sources of power that qualify individuals and entities for membership in the internal power structure. The ability to control strategy-based information because of an important position in the organization's communication network would normally qualify one for membership in the internal power structure. Headship of a department or unit noted for its ability to bring in scarce resources or cope with contingencies confers a high degree of power on the incumbent. The level at which one reports as well as the number of people one supervises are indicators of possible power in the organization. For purposes of this study, the internal power structure is defined as the CEO and the other members of the top management team (Hambrick, 1987).

As shown in Table 2, the respondent CEOs in this study placed a high value on positive effects on the internal power structure as an outcome of successfully implemented strategic decisions. Along with the stakeholders, the internal power structure was deemed crucial to strategic success by the respondent CEOs. Their perceptions reinforced prevailing theory on this subject.

**Behavioral Outcomes**

The behavioral outcomes in Table 2 are: (1) accommodation of employee concerns, (2) elicitation of employee commitment, and (3) employee-assumed obligation. One of the findings of this study was the high level of importance ascribed by the respondent CEOs to these behavioral outcomes. As shown previously in Table 1, the CEOs ascribed a high level of importance to employee participation as a determinant of successful strategic leadership. In Table 2, the respondent CEOs ascribed even higher levels of importance to the aforesaid behavioral outcomes. Many strategic decisions directly or indirectly involve some degree of change within the organization that affects the work or relationships of individuals or groups of employees. These changes often create specters of disadvantage and deprivation which can easily escalate to manifest levels of resistance and conflict (Freeman, 1983). The recognition of this phenomenon by the respondent CEOs and their manifest willingness to accommodate employee concerns in quest of employee commitment and obligation is strongly suggestive of enlightened and progressive strategic leadership.

## CORRELATES OF STRATEGIC LEADERSHIP

Table 3 reflects a matrix of correlations between the determinants (Table 1) and outcomes (Table 2) of strategic leadership. These determinants are the factors most likely to influence the direction of the outcomes through which to ascertain the success of decisions made by the organization's strategic leadership. Of the thirty statistical possibilities in Table 3, there are twenty statistically significant relationships. The individual strategic leadership outcomes correlate with from three to five of the six strategic leadership determinants. The implications of these positive statistical relationships are discussed in terms of strategic leadership outcomes in the subsections to follow.

### Positive Stakeholder Effects

The perceptions of the respondent CEOs with regard to what is necessary to exert a favorable influence on the organization's stakeholders seems well founded (Freeman, 1983). Four of the six determinants of strategic leadership are statistically significant in terms of a positive effect on stakeholders. The two factors that are not statistically significant are easy to understand. For the most part, stakeholders do not constitute a locus of accountability for strategic decisions and they do not normally receive task assignments. However, stakeholders are not averse to assisting management in defining objectives and usually welcome the opportunity for even broader participation in formulating corporate strategy (King and Cleland, 1978). The delegation of authority and the objectives-oriented budgetary allocations most likely reflect the respondent CEOs' beliefs about what should be important to stakeholders.

### Positive Power Structure Effects

As shown in Table 3, the respondent CEOs accorded a high level of importance to well defined objectives, delegation of authority, and formal task assignments for the members of the internal power structure. Given the adopted definition of the power structure to include the CEO and the other members of the top management team, the perceptions of the respondent CEOs seem completely justified. The less-than-statistically significant determinants of strategic leadership for the power structure are amenable to explanation. Members of top management in the organizations of the respondent CEOs quite obviously participate in the creation and casting of strategic outcomes. Moreover, the top management team is, by definition, accountable for strategic outcomes and, as such, is in a powerful position to influence the allocation of resources committed to the successful implementation of such outcomes. From the standpoint of the respondent CEOs all that is necessary to obtain a positive effect on the internal power structure is a set of clear objectives that can be accomplished through hierarchical delegations of authority and task assignments.

### Behavioral Outcomes

The three behavioral outcomes of strategic leadership reflected in Table 3 have numerous positive significant statistical correlations with the six determinants of strategic leadership. Out of eighteen possibilities, there are thirteen statistical relation-

**Table 3**
**Correlation of Leadership Determinants to Leadership Outcomes at the CEO Level**

| Determinants / Outcomes | Effect on stakeholders | Effect on power structure | Accommodation of employee concern | Elicitation of employee commitment | Employee-assumed obligation |
|---|---|---|---|---|---|
| Well defined objectives | $r = .3449$ $p < .003$ | $r = .2300$ $p < .04$ | $r = .1083$ $p =$ n.s. | $r = .2133$ $p < .05$ | $r = .2266$ $p < .04$ |
| Opportunity for participation | $r = .2248$ $p < .04$ | $r = .0238$ $p =$ n.s. | $r = .4557$ $p < .001$ | $r = .3695$ $p < .002$ | $r = .1433$ $p =$ n.s. |
| Delegation of authority | $r = .2277$ $p < .04$ | $r = .2656$ $p < .02$ | $r = .1129$ $p =$ n.s. | $r = .2634$ $p < .03$ | $r = .3324$ $p < .004$ |
| Locus of accountability | $r = .1494$ $p =$ n.s. | $r = .1511$ $p =$ n.s. | $r = .3377$ $p < .004$ | $r = .3141$ $p < .007$ | $r = .4025$ $p < .001$ |
| Formal task assignments | $r = .0097$ $p =$ n.s. | $r = .2265$ $p < .04$ | $r = .3229$ $p < .006$ | $r = .2010$ $p =$ n.s. | $r = .2714$ $p < .002$ |
| Objectives-oriented budgetary allocations | $r = .3787$ $p < .001$ | $r = .1670$ $p =$ n.s. | $r = .2737$ $p < .02$ | $r = .1231$ $p =$ n.s. | $r = .4199$ $p < .001$ |

Note: $n = 61$; n.s. = not statistically or not below $p < .05$ where the probability of error is not greater than one chance in twenty.

ships where the probability of error is not greater than one chance in twenty. Nearly three-fourths of the statistical relationships for the three behavioral outcomes were significantly correlated to all but one or two of the six determinants of strategic leadership. Taken as a group, these determinants have, in the opinion of the respondent CEOs, a very pervasive and positive effect on the successful outcomes of implemented strategic decisions. More specifically, the respondent CEOs manifested a positive need to accommodate employee concerns and to elicit employee commitment from a sense of employee-assumed obligation as part of a successful outcome for an implemented strategic decision.

## CONCLUSIONS

Proceeding from an extensive review of the literature on strategic leadership, this article advanced a framework of strategic leadership orientations which is reflected in Figure I. This framework provided a conceptual foundation from an empirical study of 61 corporations in which the respondent CEOs identified and ranked selected factors of strategic leadership. In their view, these factors contribute significantly to successfully implemented strategic decisions. Six determinants of strategic leadership were deemed to be highly important by the respondent CEOs. On balance, these determinants had a predominant structural orientation with a focus on objectives, authority, accountability, assignments, and allocations. It would appear therefore that, as seen by the respondent CEOs, the primary means to successfully implement strategic decisions is through the structure of the organization. This perception of the respondent CEOs tends to confirm Chandler's (1966) thesis that, at the corporate level, structure tends to follow strategy. This composite perception also tends to confirm perspective number 2 in Figure I which exalts the role of the CEO as the strategic leader for the entire organization. More specifically, it confirms variation number 1 of perspective number 2 in Figure I, which notes that the strategic leadership of the incumbent CEO is inherent in the position and that the CEO functions as the rightful and unilateral architect of strategy for the entire organization.

The respondent CEOs also identified five important outcomes of strategic leadership at the corporate level. These outcomes of successfully implemented strategic decisions had a predominant interactional orientation emphasizing positive effects on stakeholders, internal power structure and employees. Table 3 reflected numerous statistically significant positive correlations between the determinants and the outcomes of successful strategic leadership. As viewed by the respondent CEOs, it may be concluded that at the corporate level structure tends to follow strategy as a primary means to implement the chosen strategy. In turn, those strategies that are successfully implemented through the structure have discernibly positive effects on those entities or individuals whose acceptance is essential to transform a given strategic choice into a successful strategic outcome.

In terms of the CEO strategic leadership orientations depicted in Figure I, the respondent CEOs are operating in variation number 2 of perspective number 2. These CEOs vary in terms of their discretion in exercising strategic leadership for the entire organization. Their strategic leadership orientation is one of discretionary leadership. The primary determinants of this discretion are the stakeholders, the internal power structure and the employees. As noted above, this discretionary approach to strategic leadership tends to be exercised through the structure of the organization. Again structure tends to follow strategic leadership. Moreover, a discretionary orientation toward strategic leadership does not diminish the role of the incumbent CEO who simply acknowledges and accepts the situational constraints that preclude unilateral action. It is also interesting to note that the respondent CEOs in this study did not fit any of the variations of perspective number 1 in Figure I. There was no diminution in the perceived role of the respondent CEOs. Rather their perception was one of exalted CEO leadership tempered by the need to obtain a positive response from those entities and groups whose active support was necessary to produce a successfully implemented strategic choice. Clearly this is a subject deserving of much additional research and evaluation, especially from the standpoint of the incumbent CEO who remains unalterably accountable to the constituency of the total enterprise.

Several things were learned from this study. These things are important for the same reason that strategic decisions are important; that is, they deal with the long-term health and vitality of the total organization. First, the study provided some interesting and meaningful insights into the perceptions of CEOs regarding the significant determinants and outcomes of successfully implemented strategic decisions. Secondly, the respondent CEOs were strongly oriented toward the use of structural determinants to elicit positive responses to their strategic leadership from principal stakeholder groups and key members of management within the organization. Thirdly, the respondent CEOs were oriented toward a discretionary approach to strategic leadership operating through the medium of internal structure. Fourth, this reliance on structure as a primary determinant for successfully implementing strategic decisions tends to reinforce the hypothesis of Chandler (1966).

This study was somewhat limited in that its population was drawn entirely from the San Francisco Bay area. The population surveyed was not large even though it was drawn from the highest level in the managerial hierarchy. A different population of CEOs from a broader geographic area might produce somewhat different results. This study is simply one of many that needs to be done if the essence of strategic leadership is to be understood and exercised in the making of successful strategic decisions. Hopefully, this study will act to stimulate a continuance of this essential stream of research and publication.

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