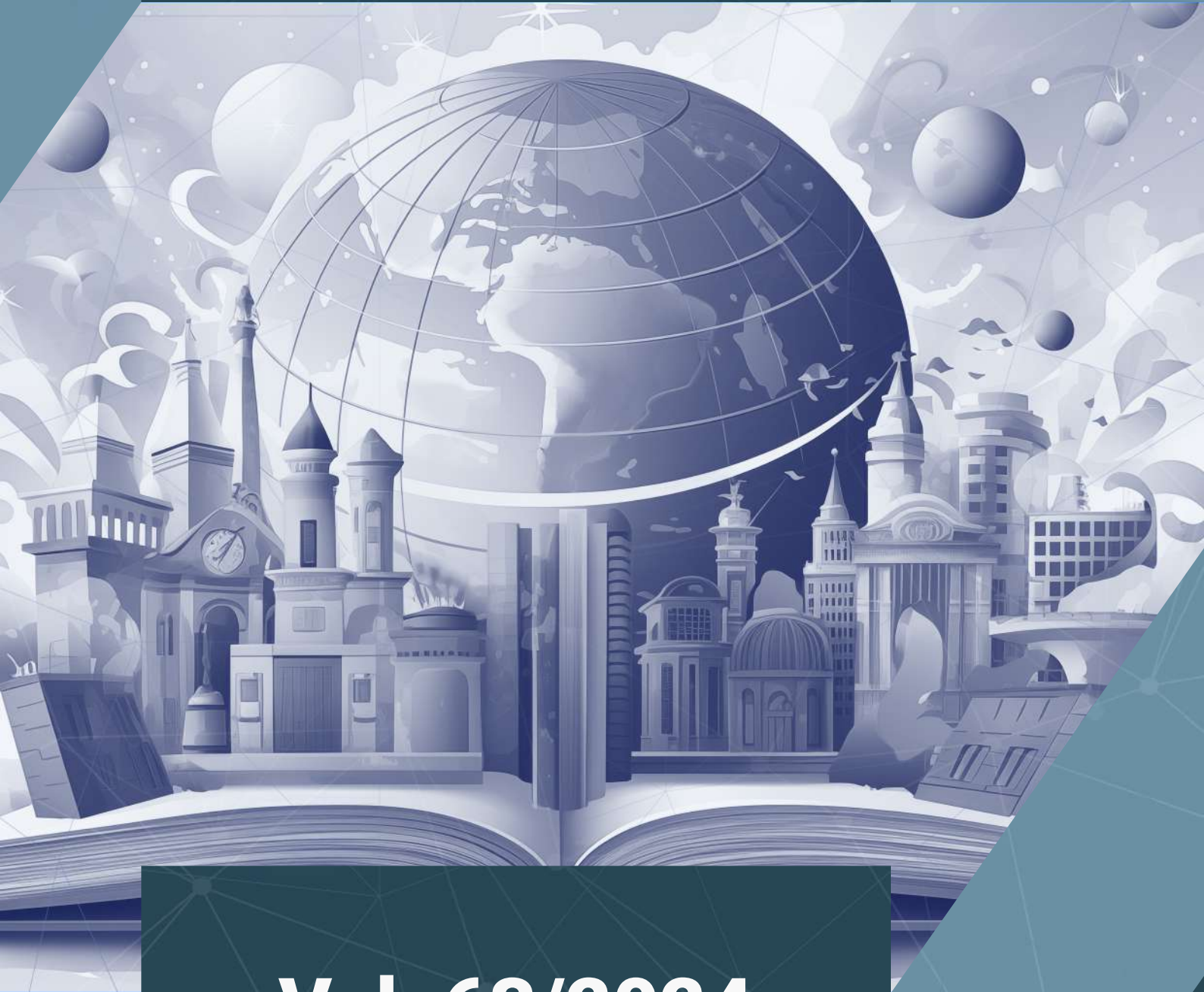




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Optimalization of strategic management to enhancing CEO's transformational leadership

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Abstract. Globalization poses a challenge to the international community due to its infinite scope. The fourth industrial revolution, often known as Industrial Revolution 4.0, is either already underway or is coming quickly. In this revolution, previously unheard-of levels of connectedness and communication are made possible by the integration of industrial equipment with the internet and information and communication technology (ICT). Building a cohesive team was a key priority for transformational leaders to effect positive change. They would encourage improvements for both their staff and the system. Transformational leaders support employees' performance improvement to attain a professional level by rewarding them, whereas transactional leaders reward the company's profits. The purpose of this research was to determine how best to use strategic management to support the transformational leadership of the CEO. This study combined a literature study methodology with a qualitative approach. The study's findings indicated that, in order for a leader to practice transformational leadership, they must build a stronger bond with their followers. Through an applicable strategic management process, leaders must enable followers to see their interests as being more significant than their own to further the goals and objectives of the group or organization. best possible.

Keywords. Strategic Management, Management, Transformational Leadership, Human Resource Development, CEO

Introduction

A difficulty that globalization presents to the global society is its boundless nature. The fourth industrial revolution, or Industrial Revolution 4.0, is rapidly approaching or has already begun. In this revolution, manufacturing equipment is being integrated with the internet and information and communication technology (ICT), enabling unprecedented levels of connectivity and communication. It is imperative that this problem be taken on as soon as feasible. Numerous empirical findings have demonstrated that a country's degree of development is influenced by the caliber of its human capital, particularly regarding organizational leadership inside an organization (Pirayesh & Pourrezay, 2020).

According to Park & Jo (2018), a leader is essential to any corporate organization. In their operational operations, leaders play a crucial role in these activities (Li et al., 2019). A

manager's job as a leader is to influence both individual and group behavior to get the desired outcomes (Zhang, et. al., 2015). Khalili (2016) defined that leadership as the capacity to persuade others to strive toward the accomplishment of aims and objectives. Because management is the key to business success and leadership is the key to opening an organization's success, including a firm, managers and even CEOs need to be capable of exercising proper and suitable leadership (Kang et al., 2015).

Regardless of gender, a person may be considered a successful leader if they could motivate others to work toward common objectives. (Jaiswal & Dhar, 2015). Nevertheless, just 19 individuals, or 4.77%, are female CEOs of 398 businesses registered on the Indonesia Stock Exchange, according to statistics from the StockWatch organization. Just 155 out of 1,289 directors in firms that have gone public are female, making up just 12.02% of the total. Only 2% of CEOs in publicly traded firms are women, according to statistics from businesses included in SWA100 magazine (SWA Magazine, 2019).

The low number of female CEOs demonstrates the continued barriers that women face in their pursuit of leadership roles in the corporate sector. Women continue to face prejudice based on their gender (Choi et al., 2016). This might be the result of the general public's continued adoption of the pre-emancipation attitude. According to Felin et al. (2015), strategic management is a set of basic choices and actions taken by the highest level of management that are implemented by all members of an organization in order to realize organizational goals.

Numerous advantages of strategic management include optimizing all available resources, lowering risk, boosting competitive advantage, achieving maximum profit for the business, and having a clear objective focus (Sukoco, 2016). Large-scale, long-term planning is known as strategic management, and it enables businesses to collaborate productively and maximize the accomplishment of both operational and strategic objectives (Park & Jo, 2018). According to Meyer and Stensaker (2016), strategic management is a set of managerial choices and activities that decide the long-term performance of the business.

According to Anderson and Sun (2017), strategic management is the art and science of developing, putting into practice, assessing, and making strategic decisions in order to accomplish organizational objectives. When it comes to the ability of transformational leaders to inspire group members more than that of transactional leaders, who are more focused on their subordinates, transformational leadership is more successful than transactional leadership (Sattayaraksa & Boon-itt, 2016).

Transformative leaders, according to Abbas et al. (2020), women should not be seen as barriers to be overcome, but rather as innovators, system builders, and true strategic management implementers who are eager and full of energy to create strategies and advance the organization of the company. Transformational leaders prioritize team development as a means of bringing about good change for the system and their workforce (Bligh et al., 2018). Transactional leaders offer incentives based on business profitability, but transformational leaders give awards to employees to support their professional growth and success (Li et al., 2015). The purpose of this research is to determine how best to use strategic management to support the transformational leadership of the CEO.

Methods

This study combines a literature review methodology with a qualitative approach. One of the research approaches known as literature study involves going over the body of existing literature, which can include books as well as other material from national and international periodicals, among other sources. Finding references based on ideas that are pertinent to the

cases or issues discovered is the process of doing a literature study. Books, journals, research report articles, and internet websites all include these references (Creswell, 2017).

Result and discussion

According to Pirayesh & Pourrezay (2020), the Five Forms of Power, which were first used by French and Raven in 1959 to create a leadership typology, have played a significant role in the dynamics of the development of leadership theory. These include the following: To start, fear is the foundation of coercive power. A follower believes that disapproval of the boss's conduct and views is one kind of punishment for not doing what the boss asks. Second, offer power or incentives based on expectations; for example, a leader may receive recognition, revenue, or awards for granting their requests; they may also receive prizes or awards for being forceful or for carrying out their superiors' wishes.

Third, power derived from positions inside an organization's structure is known as legitimate power. Fourth, power derived from specialized knowledge, abilities, and ability in particular disciplines are referred to as expert power. Followers believe that those with more relevant experience and knowledge than they have are superior. Fifth, reverence power derives its strength from its exemplary qualities, reference power, and acknowledgment from its adherents. Expert and reverent are more likely to point to individual sources, but the five frameworks above distinguish between the development of power and the fundamentals of power—coercive, reward, and legitimate—which are essential elements of organizational existence.

Furthermore, according to Li et al. (2015), a leader's legitimacy can also be based on sources of power that can be categorized into different dimensions. For example, the first dimension of power is legal power, which is derived from a person's formal position in the organizational hierarchy and is based on reason and legal authority. Individuals with legal-rational power exert influence on others (members or subordinates) in accordance with a set of relevant regulations.

Relationships between a leader and their subordinate are sometimes formal, impersonal, and even forceful. Second, a person's appeal may make others more conscious of the need to embrace, appreciate, and follow them simply because they feel right and good. This is known as personal power. According to Khalili (2016), everyone possesses the idea of micro leadership. People are leaders for themselves, but larger-scale leadership activities emerge when someone starts to want to influence other people (Li, Jingyu & Yuan, 2019).

Leadership development is a technique to promote strategic implementation for improved human resource management and sustain sustainable organizational growth, according to research by Abbas et al. (2021). In the context of leadership training and development, where organizational transformation falls under the category of sustainable development—a lifetime process in leadership discourse—leadership development plays a critical role in determining success, competitive advantage, and sustainability (Sukoco, 2016). To manage a continual change process, this model suggests studying ethical and responsible leadership and how to access and resolve psychological changes in human resources.

A leader's style is a collection of characteristics that allow him to guide his followers in a certain direction at a particular moment or under a particular set of circumstances, according to Abbas et al. (2020). In the framework of positively influencing the preservation of a civilized rapport between leaders and followers for the gain of both parties in the workplace. Social exchange theory and social interaction theory have been used to support the attainment of

success that makes others feel satisfied and right. This may be done in a way that respects interpersonal connections.

According to Jasiwal & Dhar (2015), a person's ability to carry out internal mandates becomes increasingly important when they assume the role of leader, whether formal or informal. This is because a leader's evaluation is based not only on the source of their power but also on their point of view. The individual's running style is the weight. According to Kang et al. (2015), a CEO's overall leadership style involves persuading people to accomplish what the leader requests. According to Choi et al. (2016), managers, workers, and organizational performance are all significantly impacted by leadership.

Li et al. (2015) stated that the resources within a company decide whether it succeeds or fails, and CEO leadership is crucial in this regard. To accomplish organizational goals, a leader in this situation must give instructions to all subordinates (Sukoco, 2016). According to Li et al. (2019), four topics are frequently covered in literature on CEO transformational leadership, namely: 1.) Social values changing; 2.) Investor emphasis shifting; 3.) Implementing organizational transformation posing challenges; 4.) Employee stress's negative effects recognized.

As part of transformational leadership, leaders assist followers in seeing that the goals and objectives of the organization or group transcend personal interests. This deeper bond is another aspect of transformational leadership. In certain private companies, a CEO's transformational leadership is limited to being a leader who welcomes feedback from subordinates; in this company, transactional leadership is more evident when a leader gives tasks to subordinates with deadlines, shows disinterest in receiving input from subordinates, and so forth through the application of the strategic management process.

According to Abbas et al. (2021), subordinates of transformational leaders have more job satisfaction than those of transactional leaders because they require more than just compensation for their labor; they also want attention, intellectual stimulation, and guidance from their leaders because of their position of authority. Within organizational leadership, power may be manipulated based on knowledge, technical proficiency, or resource availability (Zuraik & Kelly, 2018). A thorough and comprehensive grasp of the market, the external environment, and competitive advantage serve as the foundation for the strategic management process. The following are the three procedures that Zollo et al. (2018) list for putting strategic management into practice in business:

1.) **Formulation Stage.** Establish a mission, assess your company's strengths and weaknesses, recognize opportunities and threats from the outside world, and make strategic decisions that consider the work you did during the formulation phase. This covers conversations on planned new ventures and ventures that will be abandoned.

2.) **Implementation Phase.** At this phase, the organization of the firm must set objectives, oversee all resources and policies, and inspire workers. The implementation phase includes developing an organizational structure that works and fostering a culture that supports the plan.

3.) **Evaluation Phase.** The assessment stage consists of three primary tasks: assessing performance, coming up with remedial measures, and examining all external and internal elements. To determine if the implemented plan was successful or unsuccessful, the evaluation step is required. For the organizational strategy of the business to effectively adjust to both internal and external changes, evaluation is required.

The three elements play crucial roles in the organization. To distinguish authority from power, leaders with direct control over their followers have the right to demand actions that are

consistent with their authority, and their followers must comply. This is because a leader's authority is legitimate and accepted when it possesses the following qualities: 1.) Charismatic or ideal influence, in which the leader instills pride, commands respect and trust, and communicates a feeling of mission and vision; 2.) Inspirational leadership, in which the leader sets high standards and offers clear guidance. They also represent attention and work and may communicate significant objectives in a few straightforward ways; 3.) Intellectual stimulation, in which the group's head promotes reason, intellect, and problem-solving skills; 4.) Individualized consideration, in which the leader regards each follower as an individual and provides them with guidance, instruction, and personal attention.

Conclusion and recommendation

The study's findings indicate that a CEO practicing transformational leadership must build a stronger bond with their followers. Through transformational leadership, leaders assist followers in realizing that the goals and objectives of the organization or group outweigh their personal interests. While transactional leadership is more evident in this organization when the leader gives tasks to subordinates with a deadline, shows no openness to subordinates, and so on through the strategic management process, which can be applied optimally, the CEO's transformational leadership in some private companies only manifests as a leader's ability to receive input from subordinates.

The strategic management process is guided by a deep and complete understanding of the market, external environment, and competitive advantage. Building a stronger bond between leaders and followers is another aspect of transformational leadership. Through this style of leadership, leaders assist followers in seeing that the goals and objectives of the organization or group outweigh their own interests. In certain private companies, the transformational leadership exhibited by the CEO is limited to their ability to receive input from subordinates. In contrast, transactional leadership is more evident in this organization when the leader delegated tasks to subordinates with a deadline, showed closedness to subordinates, and so forth through the application of the strategic management process.

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