



## A research on top managers' leadership styles' effect on applying strategic plans in public universities

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### Abstract

According to the Law of Public Fiscal Management and Control, item 5018, all public sector organizations and municipalities have to prepare a strategic plan. However, in all plans and projects, success depends on the attitudes of the leader. This critical success factor constitutes greater importance in public universities. Although the strategic plan designed in the most effective frame; the role of the leader cannot and should not be ignored. In this sense, the leadership style of the leader/manager has an important effect.

The purpose of this study is to measure the perception of both academic and administrative personnel, about the strategic planning in their institution and their perception about the role of the leader in the process of strategic planning. In the frame of the research, academic and administrative personnel of state universities in the city of Bursa, Turkey, are taken as population. A survey that consists of demographical questions and two scales, measuring Leadership Styles Perception and Strategic Planning Perception, are applied. The surveys are analyzed by using SPSS 20.0 package program. According to the results, Transformational Leadership Style has an increasing effect on Strategic Productivity. There is also a statistically significant effect of Autocratic and Transformational Leadership Styles on Strategic Effectiveness. On the other hand, there is not a statistically significant relationship between Democratic Leadership and Strategic Effectiveness. While Autocratic Style causes a decrease in Strategic Effectiveness, Transformational Leadership Style has an increasing effect on Strategic Effectiveness. In addition to this, there is a statistically significant effect of Autocratic and Transformational Leadership Styles on Strategic Effectiveness.

**Keywords:** Strategic Planning; Leadership; Leadership Styles.

### 1. Introduction

Strategic planning has become a necessity in the 1990's, in order to identify the factors, which affect assuring organizational survival and sustaining competitive advantage in a turbulent business environment. In terms of public/state sector, strategic planning has been adopted as an integrated part of reforms to provide more businesslike government actions (Wills, 1999). Today, almost all public sector organizations use strategic planning as a tool for appraising performance of both the employees and overall organization; and tracking the improvement of the organization (Caymaz, Akyon and Erenel, 2013). The question is, to what extent the leadership styles of the top managers affect the process of strategic planning.

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Planning cannot be conducted as desired in an isolated environment; it needs to relate to task fulfilment and staff activity is needed to be related within organization. It must also be related to administrative systems such as management control systems, HRM and information systems (Hax and Majluf, 1984). Strategic planners' and leaders'/managers' necessity is to design an operational framework that includes a full range of complex interactions. Thus, time and effort will not be wasted. Especially, individual capital in the form of talent and ability should be taken into consideration (Wills, 1999).

In this context, this study begins with a literature review of strategic planning, process of strategic planning in public sector and the role of leaders/top managers in applying strategic plans. Methodology and findings can be found at the following section. The results of the analyses along with the recommendations for further researches are presented at the last section.

## 2. Literature Review and Theoretical Framework

### 2.1. The Notion of Strategic Planning and Its Process

Strategic planning is an organizational management activity, that is used to determine priorities, strengthen operations, ensure that employees and other stakeholders work together so as to achieve common goals, and adjust the organization to the changing environment. In this sense, it is an effort that puts forward fundamental decisions, which guide establishing the frame of the organizational structure and who the organization serves with a focused perspective on the future (Young, 2001).

There are quite a number of methodologies for strategic planning framework. Despite of the fact that there are no absolute rules in terms of the right framework, most organizations have common attributes (www.balancedscorecard.com, 2018):

- *Determining where the organization is:* This is about conducting external and internal audits in order to get a clear understanding of the market, the rivals and the organization's current competencies.
- *Identifying what is important:* This attribute is about focusing on where the management wants to take the organization in the future. Thus, the mission statement is clearly defined.
- *Defining what must be achieved:* This is, defining the expected objectives that state what the organization must achieve to reach and solve the priority issues.
- *Determining who is accountable:* This is drawing the frame for reaching the desired point. The action plans and budgets are in this process and they effectively communicate how the time, human capital, and money will be allocated to address the priority issues and achieve the defined objectives.
- *Reviewing:* This is about making sure that the strategic plan works as wished (Aileron, 2011).

### 2.2. Background of Strategic Planning in Public Sector and the Law of Public Fiscal Management and Control, item 5018

Strategic planning's origins in terms of its application in the public sector, can be traced to the late 1950s and early 1960s (Young, 2001). One of the first works on strategic planning is Alfred Chandler's "Structure and Strategy" book. Another important work is Ansoff's "Corporate Strategy" book, which was published in 1965 (Gürer, 2006).

After World War II, there used to be just future predictions, instead of long-term planning in organizations. Therefore, with his book "Structure and Strategy", Ansoff aimed at establishing analytical approach to long-term planning in organizations. Thus, especially in the public sector, determining the goals and developing strategies related to these goals, have begun to be in the first place (Ülgen and Mirze, 2004).

In 1980s, the external environment of the organization has been started to be analyzed. Experts have started to develop the strategic planning, in a way that they are able to comprehend the relationship between the organization and its environment. Public sector organizations, as well, have focused on evaluating the external environment and thus, determining and satisfying the needs of the target market (Gürer, 2006).

According to a mutual conviction of the Organization for Economic Cooperation and Development (OECD) and the European Union (EU), the strategic planning process in public organizations consists of two main components: *management component* and *budget component*. While the former consists of mission, vision, values, internal and external environment analysis, directions of activities, monitoring, evaluation and reporting; the latter consists of current situation analysis, objectives, results and performance indicators of the budget and funding programs. Therefore, it can be concluded that there is a shift from a resources oriented management to a results based management, in terms of strategic planning in public organizations (Dinu, 2007, cited in Nartisa, Putans and Muravska, 2012).

As for Turkey, according to the Law of Public Fiscal Management and Control, item 5018, which is accepted on 10/12/2003 and published in official gazette on 24/12/2003, the purpose is to arrange the public fiscal management, preparing, applying, reporting and controlling public budgets, in order to assure that public sources that take place in development plans, are obtained and used effectively. In this sense, this law embodies fiscal management and control of public administrations, which consists public agencies, social security institutions and local governments. According to article "1" sub-clause "n" of the mentioned law, strategic plan refers to the plan that consists of public administrations' mid and long term goals, basic policies, aims and priorities, performance criteria, source dispersion and the methods that will be followed in order to achieve these (Law of Public Fiscal Management and Control, item 5018, 2003).

### **2.3. The Advantages of Applying Strategic Plan in Public Sector**

Most of the contributions to the literature that are made by researches conducted on public-sector strategic planning, focuses on performance outcomes such as target achievement. In this sense, strategic planning is considered to have a beneficial effect. Some researchers have found that perceptions of improved performance are linked to strategic planning (Boyne and Gould-Williams, 2003; Poister and Streib, 2005; Ugboro, Obeng and Spann, 2011). On the other hand, other researchers relates secondary performance measures to data that is obtained by surveys (Andrews et al., 2009; Walker, Andrews, Boyne, Meier and O'Toole, 2010; Poister, Edwards and Pasha, 2013; Elbanna, Andrews and Pollanen, 2016). The findings generally support a positive strategic planning-performance link (Bryson and Hamilton-Edwards, 2017).

However, there are some consistent findings that the way an organization implements strategy, has consequences for the performance outcomes of organizations. According to these studies, relating the strategic plan to the budget (Poister and Streib, 2005; Poister and Van Slyke, 2002) and using performance measures to monitor the progress of strategic initiatives (Hendrick, 2003; Poister and Streib, 2005), causes better and expected outcomes (Nartisa, Putans and Muravska, 2012).

### **2.4. The Problems Faced While Applying Strategic Plan in Public Sector**

According to Berry (2001), public sector constitutes some obstacles to strategic management because of goal ambiguity. It is also noted that public organizations have a wide range of stakeholders and their power in policy making can be crucial in internal organizational autonomy to develop policies (Sulle, 2009).

Moreover, as pointed out by Poister, Pitts, and Edwards (2010), the relationship between strategic planning and organizations' overall performance in the frame of public/state sectors, needs to be researched thoroughly. Most of the findings are similar because of several factors. For instance, performance is hard to be measured. It can even be more difficult in municipal and

state governments, because of the fact that they have different performance appraisal measures and criteria. Thus, every single type of performance should be taken into consideration apart from fiscal measures (Bryson and Hamilton-Edwards, 2017).

Furthermore, in public sector organizations (e.g. government departments and agencies) accountability is more complex. This is to say that, generally a political leadership is responsible for strategy formation and an executive leader/manager is responsible for managing implementation of these strategies. Therefore, accountability is prone to conflict. Thus, the strategic relationship between the political and executive leader/manager, needs to be managed with a more effective strategic management processes (Reddy, 2016).

## 2.5. The Role of Top Manager in Applying Strategic Plan in Public Sector

Strategic planning, as an effective tool of strategic management in public organizations, requires top managers' taking crucial roles in defining the strategic direction of the organization. It also requires positive relationships between the strategic planning staff (Nartisa, Putans and Muravska, 2012).

Public sector managers usually prepare strategic plans to define their organizational characters and primary aims in order to reach long-term objectives. In addition to this, strategic planning provides practices which are long-term, deal with different issues, offer greater employee involvement and have a political orientation with greater concentration on policies (Wills, 1999). Therefore, current managers in public sector, give more importance to using strategic planning in order to reach their long-term goals.

In the frame of the current literature, it is argued that leadership styles affect the strategic planning in public sector organizations. The hypotheses of this research are as follows:

*H1: In public universities, leaders'/principles' adoption of Autocratic Leadership, affects strategic planning in a negative way.*

*H2: In public universities, leaders'/principles' adoption of Transformational Leadership, affects strategic planning in a positive way.*

*H3: In public universities, leaders'/principles' adoption of Democratic Leadership, affects strategic planning in a positive way.*

## 3. Research Method

### 3.1. Sample and Data Collection

This research is conducted on a total of 96 participants of academic and administrative personnel, working in state universities in the city of Bursa, Turkey. Data obtained from the survey were analyzed through the SPSS 20.0 package program and proposed hypothesis were tested via regression analyses.

### 3.2. Analyses

To measure Leadership Style perception, a 59 item-scale that is developed by Taş, Çelik and Tomul (2007) is used. Strategic Planning Learning scale is developed by Baloğlu, Karadağ and Karaman (2008), and it consists 35 items. The Cronbach's Alpha values for both scales exceed 0.60, proving the reliability of scales used in that survey.

## 4. Findings

According to the factor analysis of Leadership Styles Scale factor analysis, scale items are gathered under 3 dimensions (Table 1). In terms of items, these dimensions are labelled as Democratic Leadership, Autocratic Leadership and Transformational Leadership.

**Table 1. Leadership styles scale factor analysis**

Component							Rotation Sums		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	23,839	72,238	72,238	23,839	72,238	72,238	12,692	38,460	38,460
2	4,108	12,448	84,687	4,108	12,448	84,687	12,046	36,502	74,962
3	2,745	8,318	93,005	2,745	8,318	93,005	5,954	18,043	93,005

According to the factor analysis of Strategic Planning Scale factor analysis, scale items are gathered under 4 dimensions (Table 2). In terms of items, these dimensions are labelled as Strategic Distrust, Strategic Organizational Development, Strategic Effectiveness, Strategic Productivity.

**Table 2. Strategic planning scale factor analysis**

Component							Rotation Sums		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	10,958	49,808	49,808	10,958	49,808	49,808	7,978	36,262	36,262
2	5,500	25,000	74,808	5,500	25,000	74,808	5,721	26,004	62,266
3	3,250	14,772	89,580	3,250	14,772	89,580	5,271	23,960	86,226
4	1,699	7,724	97,304	1,699	7,724	97,304	2,437	11,078	97,304

According to the regression analysis (Table 3), there is a statistically significant relationship between all three leadership styles and Strategic Productivity. While Democratic and Autocratic Styles causes a decrease in Strategic Productivity, Transformational Leadership Style has an increasing effect on Strategic Productivity. Thus, while H1 is rejected, H2 and H3 are accepted.

**Table 3. Regression analysis of dependent variable "strategic productivity"**

Independent Variables				t	Sig.
	B	Standard Error	Beta		
(Constant)	8,535	,277		30,793	,000
1 Democratic	-,014	,004	-,292	-3,345	,001
Autocratic	-,033	,004	-,702	-7,627	,000
Transformational	,259	,017	1,023	15,039	,000

Dependent Variable: Strategic Productivity

According to the regression analysis (Table 4), there is a statistically significant relationship between Autocratic and Transformational leadership styles and Strategic Effectiveness. On the other hand, there is not a statistically significant relationship between Democratic Leadership and Strategic Effectiveness. While Autocratic Style causes a decrease in Strategic Effectiveness, Transformational Leadership Style has an increasing effect on Strategic Effectiveness. Thus, H1 and H2 are accepted.

**Table 4. Regression analysis of dependent variable "strategic effectiveness"**

Independent Variables				t	Sig.
	B	Standard Error	Beta		
(Constant)	14,344	,929		15,437	,000
1 Democratic	,024	,014	,283	1,803	,075
Autocratic	-,055	,014	-,637	-3,842	,000
Transformational	,149	,058	,316	2,578	,012

a. Dependent Variable: Strategic Effectiveness

According to the regression analysis (Table 5), there is a statistically significant relationship between Autocratic and Transformational leadership styles on Strategic Effectiveness. On the other hand, there is not a statistically significant relationship between Democratic Leadership and Strategic Effectiveness. Autocratic and Transformational Leadership Styles has an increasing effect on Strategic Organizational Development. Thus, while H1 is rejected H2 is accepted.

**Table 5. Regression analysis of dependent variable "strategic organizational development"**

Independent Variables				t	Sig.
	B	Standard Error	Beta		
(Constant)	9,185	,908		10,118	,000
Democratic	,002	,013	,007	,132	,895
Autocratic	,091	,014	,374	6,508	,000
Transformational	,885	,056	,667	15,715	,000

Dependent Variable: Strategic Organizational Development

According to the regression analysis (Table 6), there is not a statistically significant relationship between Autocratic and Transformational Leadership Styles and Strategic Distrust. On the other hand, there is a statistically significant effect of Democratic Leadership Style on Strategic Distrust. When the adoption of Democratic Leadership Style increases, Strategic Mistrust increases in accordance. Thus, H3 is rejected.

**Table 6. Regression analysis of dependent variable "strategic distrust"**

Independent Variables				t	Sig.
	B	Standard Error	Beta		
(Constant)	17,312	2,909		5,952	,000
Democratic	,090	,042	,345	2,113	,037
Autocratic	,002	,045	,008	,046	,963
Transformational	-,315	,180	-,222	-1,744	,085

Dependent Variable: Strategic Distrust

## 5. Conclusion and Discussions

This research, which is conducted on state universities in the city of Bursa, Turkey, highlights the relationship among the leadership styles and strategic planning process of the institutions, in the frame of public universities.

According to the regression analysis, there is a statistically significant effect of all three leadership styles on Strategic Productivity, while Transformational Leadership Style has an increasing effect on Strategic Productivity. There is also a statistically significant effect of Autocratic and Transformational leadership styles on Strategic Effectiveness. On the other hand, there is not a statistically significant relationship between Democratic Leadership and Strategic Effectiveness. While Autocratic Style causes a decrease in Strategic Effectiveness, Transformational Leadership Style has an increasing effect on Strategic Effectiveness. In addition to this, there is a statistically significant effect of Autocratic and Transformational leadership styles on Strategic Effectiveness. On the other hand, there is not a statistically significant relationship between Democratic Leadership and Strategic Effectiveness. Autocratic and Transformational Leadership Styles has an increasing effect on Strategic Organizational Development. However, while there is not a statistically significant relationship between Autocratic and Transformational Leadership Styles and Strategic Distrust, there is a statistically significant effect of Democratic Leadership Style on Strategic Distrust. When the adoption of Democratic Leadership Style increases, Strategic Mistrust increases in accordance.

The most interesting *result* that is obtained from data is that, democratic leadership has no or negative significant relationship on strategic planning's dimensions of strategic effectiveness, strategic productivity and strategic organizational development. On the other hand, there is a statistically negative effect on strategic mistrust dimension. Therefore it can be concluded that, employees in the state universities do not expect their leaders/managers to use democratic leadership style. In this sense, they feel skeptical towards them when they see that the leaders adopt democratic leadership style and thus, they hesitate to work in a productive way, which leads to a hindrance in front of organizational development. Along with this, interestingly enough, they seem as they trust their managers/leaders. Therefore, it can be said that although they trust their managers/leaders personally, they have some issues in terms of organizational goals, which proves that they are really devoted to their jobs.

For future researches, more surveys should be conducted on both state and private universities in order to draw a frame of the country in terms of academic world. Furthermore, it would be really contributing for the literature if these kinds of researches were conducted on state and private sector organizations in a comparative way.

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