

# Intersection of Strategic Management Theories and Leadership Applications

**Dr. Abbas Al Hawamdeh, Dr. Basim Almbaidin, Dr. Mahd Eid Al Hawamdeh, Dr. Manal Al Hawamdeh**

The present paper deals with five strategic management theories and their leadership applications in depth and gives a comprehensive linkage of all the theories in the form of a schematic. A brief introduction and theoretical background are provided for the study under consideration along with the literature review, stating the problem and the purpose of the study in detail. The paper deals with the following theories, namely, the Tipping Point, the Business Model Generator, Blue Ocean Strategy, The Innovator's Dilemma, and the Fifth Discipline. This is followed by a correlation between these theories and how they are practically applicable by the leadership in different organizations. The methodology used to present the interlink age is also explained in depth in the present study. The paper puts forth certain inferences and findings from the analysis of the various theories mentioned above and gives recommendations to use these theories in the best possible manner. The study has limitations as it is primarily based on the analysis of the theories from various online sources, and books. There is ample scope for further research on the subject with specific situations taken into consideration making the study more useful in its applicability. The study ends with a conclusion that is optimistic and sees the theories in a positive light, with immense scope for the future, and the contribution to knowledge these theories will continue to provide in studies carried out by other researchers is also mentioned in a hopeful manner.

## 1. Introduction

Strategic Management has been an important domain in the field of various kinds of businesses over the years, and it has witnesses' changes in the way it has been viewed with the changing times and demands of the businesses. What started by providing the manner in which the organizations develop in terms of their structures and corporate strategy, changed to the determination of strengths, weaknesses, opportunities, and threats, as a way to carry out strategic management. This was followed by following steps of formulating, implementing, and evaluating the goals and associated strategies, and later monitoring and controlling them. Later on, Porter's five forces model came to the forefront and was championed by managers everywhere in making strategic management a success. Afterwards, the strategic management was looked upon more as a practice than a mere theory. The core elements of strategy today include, efficiency, adaptability to external environment, competitive advantage, planning and dynamic responsiveness. Efficacy and efficiency determine the most economical and the least wastage manner in which goals are achieved. External environment and such other factors are not within the control of an organization, only through effective strategic management can it

make itself more adept at dealing with the external factors in a more robust manner. As another point of view, “Any organization aiming to excel in this global economy requires employees who are prepared to navigate the complex realities of the modern world. As a result, HR departments need to have the requisite competences, skills, and knowledge to recruit and train employees who can manage the rest of the organization’s resources effectively”

Al Hawamdeh, A. (2021) which in his thorough research to fulfil the PhD requirements for obtaining the doctorate degree from the Leadership & Management school in HRM. The researcher indicated that learning is a key role of development and strategic management to raise the performance of the employees at the private universities sector in Jordan. Also Competitive advantage helps an organization get an edge over rivals in the market economy, and enough resilience to sustain in turbulent times. Planning and dynamic responsiveness helps the organization be flexible enough to mold itself with the changing dynamics of the market economy and also to contain internal changes in a more receptive and smooth manner, making change management a hassle-free process. Thus, the entire domain of strategic management is about making change a sustainable reality, one which benefits all the stakeholders, and sustains the position of the organization in the market at a decent level, making way for further growth in the future (Shrivastava, & Persson, 2014).

Every organization and business require workforce that act as leaders and not merely managers. Leadership is not just about the innate ability to motivate, guide, and lead the employees, it is an acquired skill that is inculcated as per the needs of the organization. Creating a work culture which is open, receptive, motivating, challenging, progressive, and innovative, is what the leaders' duty is. Leadership action is about creating such action plans which are in tandem with the strategic management theories through a clear vision, and procedural steps to reach the desired goal. The skills that the leadership needs to have while making strategic management a success, are acquiring organizational knowledge in terms of resources, finance, history, rivals, stakeholders, and so on, people handling (employees, consumers, and other stakeholders), and having a backup plan ready in uncertain situations. Leaders should act as change agents, and transformers, who bring about a paradigm shift in the manner the organizations operate, the employees work, the consumers look up to the organization, and the rivals view the organization. Their most important work is to create an environment which is conducive for growth, and which weeds out all that hampers the growth of the organization in any manner. Leaders should be able to create such action plans that stand robust in risky and uncertain scenarios, and which are resilient enough to make the organization sail smoothly through turbulent waters of market fluctuations, rival competitive challenges, and internal employee resistance if any. All these when covered under the leadership action plan, assures that the organization is ready to face any challenges, and risks, and save face even when things are not in its favor. This gives leadership its true meaning and credibility (Khoshhal, & Guraya, 2016).

## **2. Literature Review**

The present paper deals with the various strategic management theories and defines each in detail. The theories so explained have played a key role in shaping the way organizations work, the manner in which they operate their businesses, and have had a profound impact on the

entire business scenario on a global level, having ramifications not just in the times of application of the theories, but also afterwards. The Tipping Point is one such theory by Malcolm Gladwell, which talks about a specific moment where an idea, product, or a social behavior, crosses a threshold, tips in the direction of creating a scenario which is nothing less than a wildfire. The next theory, the Business Model Generator by Osterwalder, and Pigneur, describe how a business model is generated using the nine building blocks, such as customer segment, key resources, revenue streams, cost structure, and so on, followed by a SWOT analysis of the business model generated. Next, the Blue Ocean Strategy, by Kim, and Mauborgne, talks about creating an uncontested market space, and making the competition irrelevant. Various tools and frameworks are used to make the blue ocean strategy a success. These tools include reconstructing market boundaries, reach beyond existing demand, overcome key organizational hurdles, and so on. The fourth theory, the Innovator's Dilemma, by Christensen, which talk about how even the biggest companies fail, and how to survive the disruptive technological changes. The last theory, the Fifth Discipline, by Peter Senge, talks about the necessity of the fifth discipline, apart from the traditional four disciplines (personal mastery, building shared vision, mental models, and team learning), the fifth being 'systems thinking'. The fifth discipline talks about the manner in which the learning organization and the individuals in it perceive themselves and the world (Jofre, 2011).

Finally, these five theories are combined by the present study to put forth a holistic theory that holds relevance in defining strategic management and leadership action in a more profound and nutritional manner, by establishing linkages between the theories in a logical manner, that has practical applicability too. The core concept of strategy formulation at the corporate, business, and functional levels, and its successful implementation to ensure high performance, and sustainability, remains the same. The study is aimed at giving an overview of the various theories, and the correlation and linking between them is done with the intention of creating a comprehensive theory which takes the positives of the individual theories and tries to eliminate the negatives to a great extent and have applicability on the practical level in organizations across various sectors, and domains.

### **3. Problem of the Study**

Create a leadership linkage schematic of the various strategic management theories (five in the present case) under consideration.

### **4. Purpose of the Study**

The study primarily aims at analyzing various strategic management theories (the Tipping Point, the Business Model Generator, Blue Ocean Strategy, The Innovator's Dilemma, and the Fifth Discipline), and providing a comprehensive link between them, making the study wholesome, and giving it enough weight age, which helps to establish the substance of the paper in a more consolidated manner.

## **5. The five theories explained (An in-depth analysis)**

### **The Tipping Point Theory:**

It was propounded by Malcolm Gladwell. The theory propounds that there occurs a point or moment where small things gain huge proportions, that when a small idea, or behavior, turns into a wildfire. It compares the scenario with an epidemic where little changes gave big effects, changes happen all of a sudden, and the effects are contagious. Malcolm defines three factors which help the idea tip and spread like an epidemic. These are, the Law of the Few, the Stickiness Factor, and the Power of Context. The Law of the Few talks about connectors, mavens, and salesmen, who are people with special attributes, that help in making connections, and who are convincing knowledgeable people. These people are few in number, but have an enormous effect in spreading an idea, or a product. Next comes the Stickiness Factor, which is all about how sticky an idea is. This is ensured by making the idea or the message engaging, repetitive, and irresistible, by packaging it in a manner that increases its stickiness. Lastly, the Power of Context which talks about how behavior and actions depend on the context or the situation prevalent, and those who are around us, influencing our sensitivities, which has a direct impact on our behavior, and actions (Schmidt, & Olson, 2008).

### **The Business Model Generator:**

It was propounded by Osterwalder, and Pigneur. This theory suggests a business model canvas which is nothing but a strategic management tool which helps one describe, design, challenge, invent, and pivot the business model. A business model provides rationale to the manner in which organizations create, deliver, and capture value. It consists of 9 building blocks which are, customer segmentation, value proposition, channels, customer relationships, revenue streams, key resources, key activities, key partnerships, and core structure. Customer segmentation implies the different groups an organization aims to reach and serve. This is important as the type of customer base is a key determinant for a business and its range of products or services to succeed in achieving the desired objective of satisfying the targeted customer needs and at the same time attaining profit and growth. The value proposition defines the bundle of products and services that create value for the chosen customer segment. Channels define the modes through which the customers are being accessed, reached, and delivered to. Customer relationship is the type of relationship the organization forms with the customer segment in delivering a value proposition through a predefined channel. Revenue streams are the returns that the organization receives from the customers. Key Resources are the assets required to make a business model work. Key activities define the activities that a business needs to perform to make the business model work in the best possible way. Key Partnerships define the network of suppliers and other stakeholders that make the business model work efficiently. Cost structure defines all kinds of costs incurred to make a business model work. Ideation is all about generating a new business model. It involves brainstorming, visualizing, and prototyping. Brainstorming is based on a certain set of rules which act as a base to create ideas of relevance. Visualization and graphical depiction of the idea helps in getting a better picture of it, before the prototype is made, and the final product is given a yes. The SWOT (Strength, Weakness, Opportunity, Threat) analysis of each building block is carried out in order to create a sound and robust business model (Saif, 2011).

### The Blue Ocean Theory:

It is about creating an uncontested market space by making competition irrelevant by creating and capturing new demand, breaking the value-cost tradeoff, and aligning the whole system of a firm's activities with its strategic choice of differentiation and low cost. This is in contrast with the red ocean strategy which is about competing in the existing market space with the intention of outpacing in the competition by exploiting the existing demand, making the value-cost trade off, and aligning the whole system of a firm's activities with its strategic choice of differentiation or low cost. The strategy canvas for blue ocean strategy allows one to understand where the competition is currently investing, the factors the industry competes on in product, service, or delivery, and what customers receive from existing competitive offerings of the market. The framework to implement the strategy is called the four-action framework- eliminate, reduce, raise, and create. The six principles on which the blue ocean strategy works are- reconstructing market boundaries, focusing on the big picture, reaching beyond existing demand, getting the strategic sequence right, overcoming key organizational hurdles, and building execution into strategy. For instance, reconstructing market boundaries is about looking across alternative industries, looking across strategic group within the industry, and redefining the industry buyer group. Looking at the big picture involves a four-step visualization strategy, which includes, visual awakening, visual exploration, visual strategy fair, and visual communication. While execution, a number of hurdles need to be overcome, such as, cognitive, resource, motivational, and political (Kim, & Mauborgne, 2004).

### The Innovator's Dilemma:

The theory talks about the incapability of a firm to sustain itself in event of a technological change, which acts as a disruptive force for the firm. The innovator is faced with seven kinds of dilemmas, the pace of progress that the markets demand may be different from the progress offered by technology. Secondly, managing innovation mirrors the resource allocation process. Matching the market to the technology is another problem area of concern. Next, organizations have limitations in taking the new technology to all kind so markets to the same level of efficiency. Further, a lack of information to make investments in the face of disruptive technologies do not exist. Moreover, it is not advisable to adopt a blanket technology strategy for different kinds of markets. Lastly, existence of powerful barriers to entry and mobility. The model talks about disruption starting at the bottom market, and the product so obtained is not used for any breakthrough, only for sustenance purposes. Such a product is definitely not the best, but is cheap, simple, and easy to use. It is later improved to make the firm emerge as market leaders with time. Thus, it is important that the managers keep a track of the customers' future needs, identify which technology could best address those needs, and then invest to develop and implement them. It is the customers and not the managers who control the investment pattern of a firm, and it is the job of the managers to allocate the available resources judiciously to meet the customer demands to the fullest. For instance, Hewlett-Packard killed the dot matrix technology by Ink Jet and then by incremental improvement to Laser Jet (Christensen, 1997).

### The Fifth Discipline:

This theory was propounded by Peter Senge. The theory talks about the reasons for many of the business strategies to fail in producing the desired and everlasting results, the reasons for businesses to suffer from lows in times of market fluctuations or external crises, the reasons why some firms grow while others stagnate, and why once leading firms witness an irreversible downfall, and what can be done to address these issues. Change is inevitable, so it is the duty of the managers to be ready and skilled enough to embrace change and progress with it. It is required that the managers must learn to design and manage complex systems with multiple feedback, long time delays, and nonlinear responses to the decisions, through the use of effective tools and methods. A learning culture within an organization creates a sustainable competitive advantage for it and make it more resilient in tough and turbulent times. A number of hurdles exist during the learning process, such as, inconsistent decision making, a delayed and biased information feedback, and a lack of understanding of the complexities and uncertainties of the real world. The four disciplines of mental models, building shared vision, personal mastery, and team learning, are not sufficient enough to make the learning process within an organization sound and robust enough to deal with the change process in a sustainable manner. There is a need for a fifth discipline known as the systems thinking. This systems theory talks about organizations as open, that is having systems within systems, which cannot survive in isolation, and follow the principle of equifinality, that is the same final state can be reached from different starting positions in different ways. Such open systems have feedback and regulatory mechanisms that allow disruptive responses to environmental changes. Although the systems are open, they have boundaries with different levels of permeability. Interactions within and outside the systems reflect different levels of control and autonomy. It is a holistic system. The systems thinking is all about understanding the patterns of behavior in the organization, and the manner in which those patterns can be utilized to the advantage of the organization (Senge, 1991).

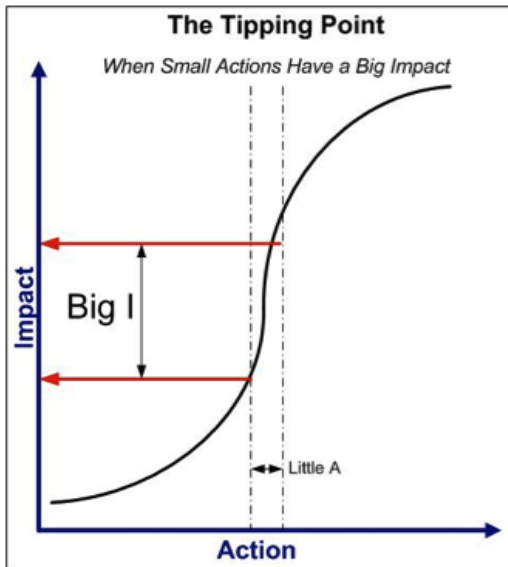
### Interlinkage established (Schematic and Methodology used)

The theories explained above can be combined in a manner that have practical applicability to a specific situation concerning an organization that needs a solution that is devoid of any glitches, and pitfalls. It is important to under strategic management as an action plan taken by leaders with respect to the economic conditions being faced by them for their own resources, the resources of their competitors, and the market. The decision makers within the organization need to improve the develop and enhance the capabilities at different levels within an organization in order to achieve the predefined goals of an organization. The investment activities are also governed by the goals that an organization wishes to achieve. Barriers or hurdles between different levels within the organization, and outside it, and in different subsectors need to be overcome by using the right combination of strategic management theories in order to have improved vertical and horizontal coordination within the organization. SWOT analysis is important, correct future projections are essential, a sense of understanding of the external threats and that of the rivals, categorizing broad goals as per the need of the hour, managing to narrow the gap between desired and actual results, maintaining a sound communication and feedback channel, coordinating different groups effortlessly, creating alternate strategies to face any uncertainties and risks, continuous monitoring and reviewing of the progress of the implementation of the different plans, reassessing resource



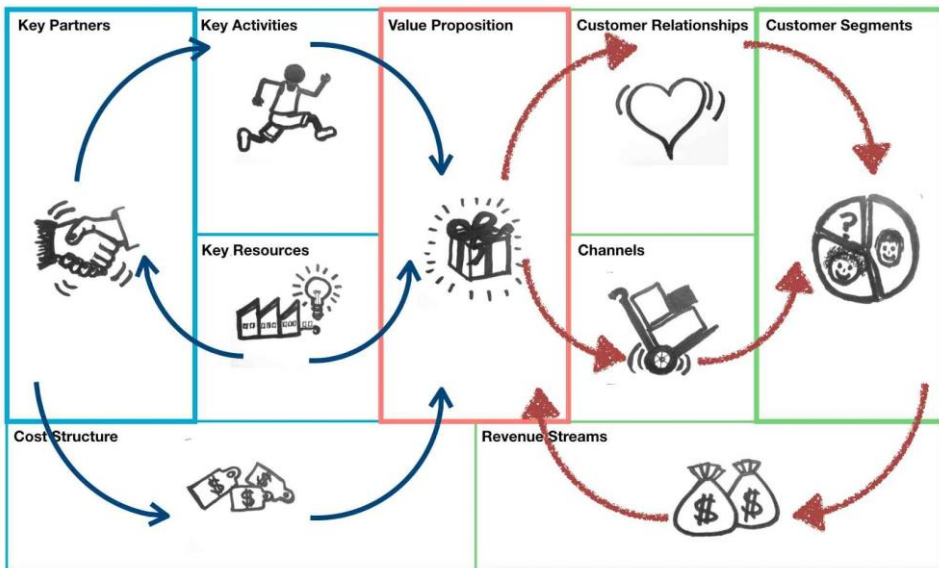
and capital allocation periodically, and using the latest tools and methods to analyze performance and correcting any inefficiencies at the earliest (Woods et al., 1998).

The Tipping Point:



Here, the role of leadership is about planning the correct actions that have the potential to tip the idea or product, having a windfall impact in a very short time, and one that is everlasting.

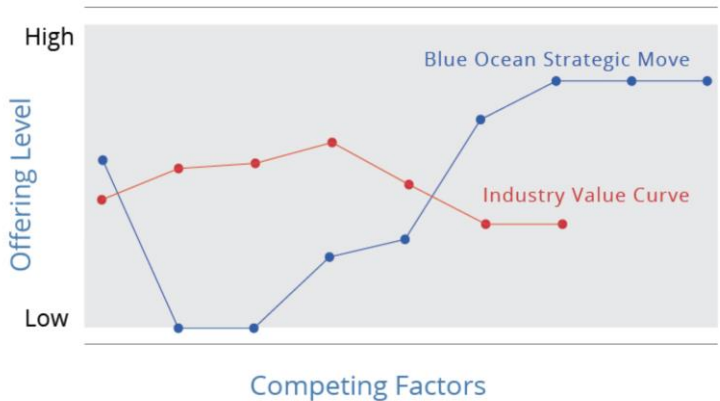
The Business Model Generator:



The business model canvas consists of 9 building blocks which are interconnected in a manner as shown above. The role of the leadership here is to create such action plans which utilizes

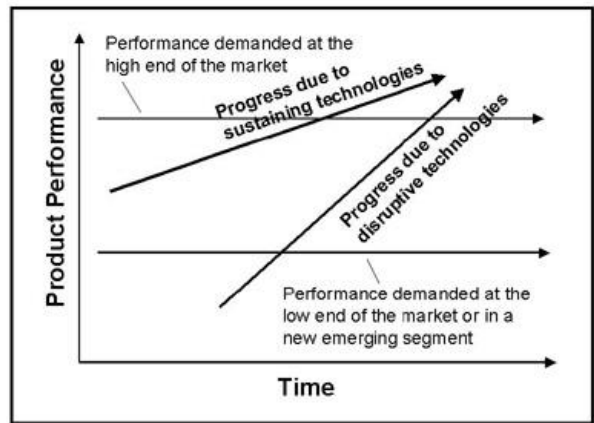
all the 9 building blocks in a seamless manner maintaining the flow, and achieving the desired goal within the minimum time, and with the least amount of resources, and costs involved, reaching the desired customer segment through the use of the most appropriate channel which is further used to maintain customer relationships, leading to ample revenue generation.

The Blue Ocean Strategy:



The role of the leadership here is to work on the four-action framework, and the six principles, and overcome the different kinds of hurdles encountered during the planning, and execution stages of the action plan.

The Innovator's Dilemma:

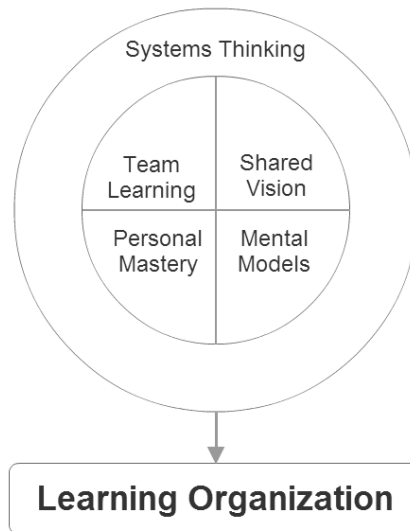


The role of the leadership here is to face the different dilemmas and create action plan which takes the product from the level of disruption and low end of the market, and enhances it further with time, to the level of sustainable and high end of the market.



The Fifth Discipline:

### **Fifth Discipline (Peter Senge)**



Here, the role of the leadership is to imbibe the fifth discipline, that is, the systems thinking, in the already operating open systems, and ensure that the learning organization is the one where the individuals perceive themselves as being interconnected to the world in a number of ways. “Leadership with a pure intellectual starting point has received the attention of high-quality international business organizations because of its need for leadership that possesses strategic thinking which can change with the changing circumstances surrounding it” (Dean, T. A. V et al 2020)

## **6. Findings and Inferences**

The schematic representation of the above mentioned five strategic management theories and their interlinking with the leadership action, gives a clear picture of what is expected out of the leadership according to the theory. The theories can be combined by picking up the leadership roles that are needed for a particular situation at hand, and the action plans can be formulated, and implemented in accordance with that.

## **7. Conclusion**

It needs to be understood that all the strategic management theories aim at making the organization flourish in terms of its profits, and growth. The approaches used might be different in order to arrest a specific problem in a certain manner, but the end goal is the same. The role of leadership is also more or less the same, only the action plans differ in accordance with the strategic management theory or a combination of them being applied as per needs of the situation, and the constraints of the organization in terms of time, capital, and resources. The cycle is same starting from planning, organizing, commanding, coordinating, and

*Nanotechnology Perceptions* Vol. 21 No. S1 (2025)

controlling. The core issues need to be addressed, and prioritized, and the industry specific limitations need to be taken into account, with implications of external factors, and internal dynamics too. (Fishbein, & Ajzein, 1977).

## 8. Recommendations

The study recommends use of other logical ways and methods to combine, correlate, and interlink the different strategic theories, as per the need of the situation. The use of different kinds of tools and methods can help in a much deeper understanding of how various theories can be combined in the best possible manner to address a specific problem at hand, specific to an organization at a specific point of time, and what implications it will have on the future of the organization, in terms of its sustainability, and growth, in the ever dynamic and fluctuating global economy.

## 9. Study Limitation and Scope for Future Research

The study is limited in its scope as the sources of the research are primarily online only. The study does not take into consideration specific organizations or specific situations in an organization. The study can be used by other research as it is generalized in nature with a broad applicability. It has scope for future research by conducting real analysis or specific organizations and specific scenarios being faced by them, which can act as examples for other organizations, and businesses to emulate when they face similar situations. Moreover, each theory can be applied individually, or in combination with other theories, which is left to the discretion of the leadership, and the management dealing with a specific situation in an organizational setup. The researchers can also be more statistical, in terms of the organizational performance metrics, employee contribution, leadership role, and the impact of various internal and external factors on the organization and give a detailed and to the point explanation of the theories applied by the organizations, with numerical values, and graphs to substantiate their side in a more robust manner.

## References

1. Al Hawamdeh, A. (2021). Perceptions of Human Resource Management Strategies by Employees at Private Universities in Jordan (Doctoral dissertation, Alliant International University).
2. Shrivastava, P., & Persson, S. (2014). A Theory of Strategy – Learning From China From walking to sailing. *Economics and Management Journal*. Vol. 17, Pgs. 38-61. DOI : 10.3917/mana.171.0038
3. Dean, T. A. V., Munim, O. A., Alzoubi, M. O., & Alhawamdeh, H. The Impact of Artificial Intelligence Techniques on the Entrepreneurship of the Leadership of International Business Organizations–A Suggested Model-An Analytical Study.
4. Khoshhal, K. I., & Guraya, S. Y. (2016). Leaders produce leaders and managers produce followers- A systematic review of the desired competencies and standard settings for physicians' leadership. *Saudi Medical Journal*. 37(10): Pgs. 1061–1067. doi: 10.15537/smj.2016.10.15620
5. Jofre, S. (2011). Strategic Management: The theory and practice of strategy in (business) organizations. DTU Management, No. 1. Retrieved from

- <http://orbit.dtu.dk/files/5705108/rapport1.11.pdf>
6. Schmidt, S., & Olson, R. (2008). A Review of The Tipping Point by Malcolm Gladwell. *Journal of Organizational Behavior Management*. Vol. 28, Iss. 3, Pgs. 198-206. <https://doi.org/10.1080/01608060802251098>
  7. Saif, E. (2011). *Business Model Canvas*. Retrieved from <https://case.edu/provostscholars/sites/case.edu.provostscholars/files/2018-03/Business-Model-Canvas.pdf>
  8. Kim, W. C., & Maurborgne, R. (2004). *Blue Ocean Strategy*. Harvard Business Review. October, 2004 edn. Retrieved from <https://info.psu.edu.sa/psu/fnm/ymelhem/blue%20ocean%20str.v2.pdf>
  9. Christensen, C. M. (1997). *The Innovator's Dilemma- When New Technologies Cause Great Firms to Fail*. Harvard Business School Press. Retrieved from <https://pdfs.semanticscholar.org/1b9c/8b37c8d28398f094582add71f65eec1cad1d.pdf>
  10. Senge, P. M. (1991). *The Fifth Discipline: The Art and Practice of the Learning Organization: Book review..* [http://lst-iiiep.iiiep-unesco.org/cgi-bin/wwwi32.exe/\[in=epidoc1.in\]/?t2000=020596/\(100\).30](http://lst-iiiep.iiiep-unesco.org/cgi-bin/wwwi32.exe/[in=epidoc1.in]/?t2000=020596/(100).30). DOI: 10.1002/pfi.4170300510.
  11. Woods, T A., Sterns, J.A., Ricks, D. J., & Bitsky, R. (1998). *Strategic Planning Approaches and Concepts: Potentials for Improving Commodity Subsector Performance*. (No. 1639-2016-135190). Retrieved from <https://ageconsearch.umn.edu/bitstream/37869/2/staff389.pdf>
  12. Fishbein, M., & Ajzen, I. (1977). *Belief, attitude, intention, and behavior: An introduction to theory and research*. Retrieved from <https://trid.trb.org/view/1150648>