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## **SCHOOLS OF STRATEGIC PLANNING IN LEADERSHIP**

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### **ABSTRACT**

**Purpose of the Study:** The document provides a comprehensive overview of the ten schools of strategic planning in leadership, shedding light on various perspectives and approaches to strategy formulation and implementation. The main focus is on exploring the distinct philosophies, premises, and implications of each school, offering insights into the intricate relationship between organizational leadership and strategy development.

**Methodology:** The study is based on a literature review, drawing from seminal works and academic literature on strategic management and leadership. However, a potential shortcoming is the lack of empirical data or case studies to support the theoretical concepts presented.

**Findings:** The findings reveal some common themes across the schools of strategic planning. Many emphasize the crucial role of leadership in driving the strategy formation process, whether through deliberate planning, entrepreneurial vision, or facilitating organizational learning. Additionally, several schools highlight the importance of aligning internal capabilities with external opportunities, recognizing the influence of organizational culture, and navigating power dynamics within and outside the organization.

**Conclusion:** The study concludes by underscoring the value of understanding these diverse schools of strategic planning. By comprehending the principles, leadership roles, and organizational implications of each school, leaders can tailor their approach to strategic planning, selecting the most effective methods for their specific contexts. The schools of strategic planning offer leaders a toolbox of frameworks and concepts to formulate, implement, and adapt strategies in the ever-shifting competitive landscape.

**Keywords:** *Schools, Strategic, Planning, Leadership*

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## **INTRODUCTION**

Strategic planning is a crucial element in ensuring an organization's success. It guides the organization's operations and outlines the leadership's role in steering it towards its goals. De Kluyver and Pearce (2009) define strategy as the "positioning of a company for a competitive advantage to create value." Several schools of thought have emerged regarding strategic planning, each proposing unique perspectives on how strategies should be formulated and executed (Ahlstrand, Lampel & Mintzberg, 2001). These schools provide a lens through which one can examine the relationship between organizational leadership and strategy. This paper offers an in-depth exploration of the ten schools of strategic planning and their implications for organizational leadership.

### **The Design School of Strategic Planning**

The strategic planning method known as the design school has exerted a substantial influence on the field of strategic management, playing a vital role in the formulation and instruction of strategies within both academic and practical settings (Ahlstrand, Lampel & Mintzberg, 2001). The approach centres around a purposeful and regulated process of developing strategies, with a particular emphasis on aligning internal strengths with external opportunities (Mintzberg, 1990). The design school places significant importance on the development of a strategy plan that effectively matches an organization's internal strengths and weaknesses with the external opportunities and risks present in its environment. The SWOT analysis (Strengths, Weaknesses, Opportunities, and Threats) is a widely used framework that continues to be a core idea inside this educational institution. According to De Kluyver and Pearce (2009), the initial stage of strategy formulation involves the assessment of a company's strengths and shortcomings.

The design school advocates for a deliberate, regulated, and analytical approach to strategy development. Mintzberg (1990) emphasises the importance of evaluating both the external environment and internal capacities. The evaluation results in the formulation of clear and precise tactics that can confer a competitive edge (Gurl, 2017). According to Ahlstrand, Lampel, and Mintzberg (2001), the chief executive officer assumes the primary function of a strategist, responsible for formulating and communicating the strategic direction of the organisation. The school prioritises the leadership team, particularly the Chief Executive Officer (CEO), in the

process of making strategic decisions. The foundations of this approach encompass the conviction that the process of strategy building should be a deliberate cognitive activity, the CEO assumes the role of the primary strategist, strategies should be clearly defined and customised to the organization's circumstances, and the formulation of strategies should come before their implementation.

Leaders who implement the design school strategy should prioritise the establishment of clear, comprehensive, and plainly expressed plans. According to Ahlstrand, Lampel, and Mintzberg (2001), leaders are responsible for overseeing the process of strategy-making and ensuring that the organisation adheres to the established strategies. The influence of the design school on an organisation is distinguished by its systematic and formalised methodology in the formulation of strategic plans. Explicitness is fostered, resulting in enhanced clarity regarding organisational objectives and activities. However, it can also lead to rigidity, as plans must be meticulously devised prior to execution. The aforementioned technique may result in a concentration on attaining the pre-established strategy. It could fail to consider alterations in the external environment, so impacting the organization's capacity to adjust to swiftly evolving circumstances.

### **The Planning School of Strategic Planning**

The planning school proposes a systematic and formal approach to strategic planning. It breaks down the strategy formation process into well-defined steps, focusing on objectives, budgets, strategies, programs, and operating plans (Ahlstrand, Lampel & Mintzberg, 2001). It heavily relies on formalized procedures, checklists, and techniques to guide the planning process (De Kluyver & Pearce, 2009). Leadership is responsible for driving the strategic planning process. Although the CEO is considered the architect of strategy, the detailed execution of planning is often carried out by specialized strategic planning departments. Leadership's role is to approve the strategy developed through the formalized planning process.

The planning school strategy emphasizes formalization and control. It focuses on developing well-structured, quantitative strategies that fit within the boundaries of budgets and operating plans. The process is methodically defined and adheres to strict timelines. There are several assumptions in this school of strategic planning (Ahlstrand, Lampel & Mintzberg, 2001). Firstly, the strategies result from a controlled, conscious process of formal planning, decomposed into distinct steps.

Secondly, the strategies are defined, made explicit, and subjected to detailed attention to objectives, budgets, programs, and operating plans.

The planning school approach ensures a highly structured and controlled approach to strategy development. It can lead to a clear and detailed strategic plan, which benefits communication and control (Ahlstrand, Lampel & Mintzberg, 2001). It can be useful for organizations operating in stable and predictable environments. Contrarily, it can result in rigid strategies and a lack of adaptability to respond to changing external conditions.

### **The Positioning School of Strategic Planning**

According to Ahlstrand, Lampel and Mintzberg (2001), the positioning school of strategic planning focuses on strategy formation as an analytical process and strongly emphasizes the content of strategies. It proposes that organizations select and pursue specific, defendable positions in the marketplace, as these positions lead to higher profits and provide resources for growth and consolidation. The organization's leader guides the selection of these positions based on analytical calculations (De Kluyver & Pearce, 2009).

Key premises of the positioning school include the idea that strategies are generic, identifiable positions in the marketplace and that the strategy formation process involves the analytical selection of these positions (Ahlstrand, Lampel & Mintzberg, 2001). Analysts play a significant role in this process by recommending optimal generic strategies to top management, who officially control the choices. The strategies are formulated, controlled and deliberately based on formal analysis, focusing on the economic and competitive context (Bryson et al., 2018). The positioning school maintains the belief that market structure should drive deliberate positional strategies that, in turn, drive organizational structure.

Leaders in organizations following the positioning school must rely on analytical data to make strategic decisions, ensuring the selected strategies are grounded in market conditions (Ahlstrand, Lampel & Mintzberg, 2001). This approach helps leaders by providing a structured framework for making strategic choices and aligning the organization with the market's economic and competitive realities. The strategy benefits organizations by ensuring a more straightforward and systematic approach to process, enabling a competitive advantage in the marketplace.

However, the positioning school has its drawbacks. Its focus on analysis and calculation can limit strategic thinking to abstract concepts, potentially overlooking the softer, dynamic factors that influence strategy (Ahlstrand, Lampel & Mintzberg, 2001). The narrow economic and quantifiable focus can lead to biased strategy selection, favoring cost leadership strategies with more complex data over quality differentiation. Furthermore, the process can become overly formal and may not accommodate rapidly changing conditions, making it less adaptable in dynamic environments.

### **The Entrepreneurial School of Strategic Planning**

The entrepreneurial school of strategic planning in leadership is characterized by a focus on the role of a visionary leader in shaping an organization's strategy (Ahlstrand, Lampel & Mintzberg, 2001). It emphasizes the leader's innate qualities, such as intuition, wisdom, and insight, as key drivers of strategy formation. It proposes that the primary locus of strategy development lies within the leader's mind, where a vision of the organization's future takes shape. Kluyver and Pearce (2009) state that vision is a guiding idea, providing inspiration and direction for the organization.

The entrepreneurial school depicts leadership as a highly personalized and influential organizational role. The leader's vision is central to the strategy formation process, and the organization is expected to respond to the leader's strategic directives (Cote, 2017). While other schools of thought emphasize collective or cultural aspects of strategy, the entrepreneurial school highlights the leader's construct of the strategic perspective (Ahlstrand, Lampel & Mintzberg, 2001). Vision often takes the form of a flexible mental image rather than a detailed plan in words and numbers. It is deliberate, providing a broad sense of direction and emergent, allowing for adaptation as the strategy unfolds. The leader is responsible for single-mindedly promoting and maintaining the vision, and their role is pivotal in driving the organization forward.

Ahlstrand and colleagues state that the premises of the entrepreneurial school revolve around the leader's perspective and judgment. Strategy exists within the leader's mind as a visionary sense of the organization's future. The process is mainly semiconscious, rooted in the leader's experience and intuition. In this context, the organization is flexible and structured to be responsive to the leader's directives, often focusing on niche market positions.

The entrepreneurial school of planning creates a strong sense of direction and inspiration within an organization, making it effective in startup situations or during organizational turnarounds,

where clear leadership and vision are essential (Ahlstrand, Lampel & Mintzberg, 2001). The leaders must develop and communicate a compelling vision, maintain control while remaining adaptable in strategy, and inspire and motivate the organization with their vision. However, this strategy may lead to an overdependence on a single leader, potential inflexibility due to a lack of detailed planning, and instances where the leader's vision may not align seamlessly with organizational realities.

### **The Cognitive School of Strategic Planning**

The cognitive school primarily concerns individuals' mental processes and cognitive activities in formulating strategies. It proposes that leaders develop strategies through cognitive processes, emphasizing objectivity and subjectivity (Ahlstrand, Lampel & Mintzberg, 2001). The school views strategies as perspectives shaped by concepts, maps, schemas, and frames influencing how individuals deal with external inputs. These inputs are subject to various cognitive filters and distortions before being decoded by cognitive maps or are seen as interpretations of a world that exists only in the individual's perception. The central emphasis is understanding how individuals perceive, process, and interpret information when crafting strategies.

The cognitive school recognizes that individuals may have cognitive biases and distortions when processing information, which can affect their decision-making (Ahlstrand, Lampel & Mintzberg, 2001). For instance, people tend to search for evidence that confirms their beliefs, favor easily remembered recent information, and often exhibit wishful thinking. The cognitive school acknowledges that cognitive processes are crucial in forming and evolving strategies.

Leaders within this school are expected to engage in critical thinking, information processing, and cognitive interpretation. They must be aware of their cognitive biases and seek to make strategic decisions based on objective and rational thinking, considering potential distortions and subjectivity in their mental processes (Ahlstrand, Lampel & Mintzberg, 2001). The cognitive school's advantages include focusing on the cognitive aspects of leadership and the potential for more rational decision-making. Leaders can benefit from understanding their cognitive processes and making more objective strategic choices. However, the school's disadvantage lies in its limited exploration of creativity and intuitive insights into strategy formation, which are also essential for effective leadership.

## **The Learning School of Strategic Planning**

Ahlstrand, Lampel and Mintzberg (2001) state that the learning school of strategic planning offers a distinct perspective on strategy formation and leadership within organizations. It proposes that strategies emerge from collective learning over time in response to an organization's environment's complex and unpredictable nature. Here, leadership plays a crucial role in managing the process of strategic learning. Leaders facilitate and support the conditions for innovative strategies to emerge. They encourage a culture of exploration, experimentation, and learning within the organization rather than dictating strategies from the top down (Basten & Haamann, 2018).

The central emphasis of the learning school is on the emergent nature of strategies. It recognizes that organizations cannot always rely on predetermined, rational planning due to the dynamic and unpredictable environment. Kluyver and Pearce (2009) claim that "in a learning organization, everyone is involved in identifying and solving problems, enabling the organization to continuously experiment, change, and improve, thereby increasing its capacity to grow, learn, and achieve its purpose." Learning and adaptation become essential for survival and success.

The school's premises are grounded in several fundamental principles as outlined by Ahlstrand and colleagues (2001). First, it assumes that organizations operate in complex, unpredictable environments that defy traditional rational planning. Second, it emphasizes that learning is not the sole responsibility of leaders but can involve contributions from various individuals within the organization. Third, the school introduces the concept of emergent strategy, emphasizing that strategies evolve gradually based on actions, initiatives, and responses to experiences.

Leaders in the learning school manage the strategic learning process within the organization and recognize and formalize emerging patterns of behavior into strategies. The strategy helps organizations shift towards adaptive and flexible strategies (Ahlstrand, Lampel & Mintzberg, 2001). The organization becomes more responsive to environmental changes and can leverage collective knowledge and experiences for strategy development. Flexibility is valuable in dealing with complex and dynamic conditions. However, a predefined strategy may lead to a lack of focus and coherence, an overemphasis on learning may result in ineffective strategy implementation, and incremental, unguided learning may not always yield desirable strategies.

### **The Power School of Strategic Planning**

The power school of strategic planning provides a theoretical framework for understanding the process by which organisations develop and execute plans. According to Ahlstrand, Lampel, and Mintzberg (2001), the process of strategy formulation is significantly shaped by power dynamics and politics, both internally within the organisation and in its engagements with external stakeholders. The institution places significant emphasis on the notion that tactics frequently emerge as a consequence of discussions, influence, and power dynamics among diverse interest groups. The statement recognises that organisations are comprised of individuals that possess diverse objectives and aspirations, resulting in potential conflicts of interest (Rahman & Thelen, 2019). Therefore, it may be argued that tactics are not exclusively derived from pragmatic planning, but are also influenced by political manoeuvring. The power school depicts leadership as a role that entails authority and sway. According to Kluyver and Pearce (2009), leaders are regarded as significant participants in the political processes within an organisation. It is anticipated that individuals would effectively traverse and use these political currents in order to promote the objectives of the organisation. Leadership entails the ability to think strategically and possess a keen comprehension of how to exercise authority, form partnerships, and handle disputes.

Leaders must possess a comprehensive understanding of and actively participate in the power equations both within and beyond the organisation. In order to promote the aims of the organisation, it is imperative for individuals to acknowledge and utilise their influence, establish alliances, and engage in negotiations (Rahman & Thelen, 2019). Leaders may be required to facilitate the resolution of disagreements and negotiate the intricate political dynamics within the organisation. According to Ahlstrand, Lampel, and Mintzberg (2001), the power school possesses certain principles. Initially, plans typically arise spontaneously and centre around certain positions and approaches. Furthermore, the concept of micro power encompasses the examination of internal political dynamics, whereas macro power involves the management of exterior ties. The power school's focus on political dynamics can result in both favourable and unfavourable consequences. Positively, it recognises that political engagement has the potential to bring about essential transformations and rectify inefficient actions (Ahlstrand, Lampel & Mintzberg, 2001). Conversely, an overabundance of political manoeuvring has the potential to engender division,

inefficiency, and structural immobilisation inside an organisation. The potential oversight of other crucial elements of leadership, such as culture and strategic vision, may arise due to an excessive focus on political dynamics. Furthermore, an overabundance of political engagement has the potential to result in organisational disintegration.

### **The Cultural School of Strategic Planning**

Culture plays a significant role in an organization's success. According to Ahlstrand, Lampel and Mintzberg (2001), the cultural school of strategic planning revolves around the profound influence of organizational culture on strategy formation, emphasizing collective beliefs, shared values, and implicit assumptions. Organizational culture is a central determinant of an organization's strategic decisions and is pivotal to understanding leadership in the strategic context. Kluyver and Pearce (2009) state that "culture plays a significant role in corporate success. Building the right culture—one that champions high-level performance and ethical behavior rather than merely promoting a fun environment—is key."

One central proposition of the cultural school is that culture acts as a binding force within an organization, uniting individuals into an integrated entity. It shifts the focus from self-interest to common interest, fostering traditions, values, and behavioral norms (Akpamah, Ivan-Sarfo & Matkó, 2021). For instance, Apple's culture emphasizes innovation and user-friendly design, reflected in its products like the iPhone and Macintosh computers.

Another key emphasis of the cultural school is the concept of collective cognition. The cultural school contends that culture is intricately linked with collective cognition (Ahlstrand, Lampel & Mintzberg, 2001). Organizational culture represents the collective beliefs and understandings shared by its members. It is like the corporate 'mind,' which shapes decision-making and actions. Google's culture, for example, is rooted in the belief in creativity and collaboration, fostering an environment where employees are encouraged to explore new ideas. The cultural school also suggests that culture often resists strategic change. Organizations struggle to adapt to changing external conditions as culture solidifies the dominant logic. Kodak's culture was deeply rooted in film photography, which hindered its transition to digital technology, leading to its decline.

Leaders in the cultural school of strategic planning have a critical role in shaping, fostering, and managing organizational culture. They set the tone for the desired culture and exemplify the core

values and beliefs (Akpamah, Ivan-Sarfo & Matkó, 2021). Leadership involves culture shaping, change management, and cultural audits. The advantages of the cultural school include fostering a sense of identity and unity within the organization, emphasizing the importance of values and beliefs in guiding decisions, providing a strong basis for employee motivation and engagement, and offering a framework for building unique and enduring competitive advantages (Ahlstrand, Lampel & Mintzberg, 2001). On the downside, the cultural school can result in resistance to change that hinders adaptability and innovation, cultures becoming stagnant and overly resistant to transformation, an excessive focus on exclusivity that may lead to arrogance and a lack of openness to external ideas, and the vagueness of cultural concepts that can make it challenging to apply them effectively.

### **The Environmental School of Strategic Planning**

The perspective of the environmental school of strategic planning posits that the external environment plays a fundamental role in the process of strategy creation. According to Ahlstrand, Lampel, and Mintzberg (2001), it is emphasised that organisations are predominantly reactive entities that are required to adjust and conform to the demands and limitations imposed by their external environment. The school posits that the strategic decisions of an organisation are influenced by its surroundings. This proposition posits that organisations exhibit passivity when confronted with external factors and are compelled to react to these forces in order to endure and prosper. The primary focus of this educational institution lies in the impact of the external environment, positioning the organisation as a responsive entity to the evolving landscape rather than a proactive agent of change.

A number of premises of the environmental school are enumerated by Ahlstrand et al. (2001). The environment plays a crucial role in the process of strategy creation. Furthermore, it is imperative for organisations to effectively address external factors in order to avoid imminent extinction. Furthermore, leadership has a passive stance in interpreting the surroundings and guaranteeing organisational adjustment. Finally, organisations have a tendency to gather in specific ecological niches, where they stay until they are compelled to adjust or face failure due to changing conditions or limited resources.

The leadership position inside this educational institution is perceived to be weakened, as individuals are primarily tasked with the responsibility of comprehending and analysing the external surroundings, prioritising adaptation rather than establishing the strategic course of action (Ahlstrand, Lampel & Mintzberg, 2001). Leaders must possess a robust understanding of the organization's environment and the capacity to navigate it through evolving circumstances. The environmental school has a significant influence on the organisation by prioritising the external environment as the main factor influencing strategic decisions. Frequently, it results in a heightened inclination towards a reactive, adaptive, and survival-oriented strategy (George, Walker & Monster, 2019). The educational institution promotes the practice of diligently monitoring the external environment of organisations and swiftly adjusting to any alterations. Staying sensitive to shifting market conditions and external dangers can be beneficial for organisations. Nevertheless, it can also exhibit excessive determinism, resulting in a diminished focus on proactive and inventive initiatives, so constraining an organization's capacity to establish a competitive edge.

### **The Configuration School of Strategic Planning**

The configuration school provides a unique viewpoint on the development of strategies, supplying a separate methodology for comprehending and overseeing strategies. Ahlstrand, Lampel, and Mintzberg (2001) present a comprehensive perspective on strategy formulation, highlighting the intricate relationship between organisational configurations and transformation. The fundamental principle behind this concept is that organisations establish enduring states or configurations for designated timeframes, which incorporate their structure, behaviours, and tactics. Concurrently, it recognises the necessity for organisations to undergo transformation, necessitating substantial transitions from one configuration to another. The approach observed in organisations represents a state of dynamic equilibrium characterised by a balance between stability and change. The significance of leadership inside the configuration school is in its ability to acknowledge the imperative nature of transformation and proficiently oversee this undertaking. According to Ahlstrand, Lampel, and Mintzberg (2001), leaders bear the responsibility of directing organisations throughout transitions between configurations, evaluating the appropriate timing for a shift to a new configuration, and guaranteeing that the change does not cause disruption to fundamental organisational functions. They must demonstrate astute judgement, guiding the

organisation through times of transition while upholding strategic coherence. The educational institution emphasises the necessity for organisations to engage in a process of adapting to changing conditions by alternating between specific configurations and undergoing transitions. This necessitates the adoption of a flexible approach to strategic planning. The impact of this framework on organisations is significant, as it offers a structured approach to comprehending the transitions between various configurations over a period of time (Ahlstrand, Lampel & Mintzberg, 2001). The comprehension of this concept assists organisations in acknowledging the necessity for change, strategizing for transformation, and enhancing their ability to adapt and compete. Nevertheless, the authors assert that the hypothetical arrangements may oversimplify the intricacy of actual organisations, a point that detractors contend can be a disadvantage. The approach may not comprehensively consider the gradual modifications observed in the majority of organisations, and there is ongoing dispute on the universal applicability of the concept of rapid, quantum change.

## CONCLUSION

The several theoretical frameworks of strategic planning in leadership provide significant perspectives for effectively navigating the intricate landscape of contemporary company. Every school offers a distinct perspective that leaders can use to evaluate and formulate solutions. By comprehending the ideas, leadership responsibilities, and organisational effects of various schools, leaders may customise their strategic planning approach, selecting the most efficacious approaches for their particular setting. The schools of strategic planning enable executives to acquire the necessary tools for developing, executing, and adjusting strategies to effectively address the constantly changing requirements of the competitive global environment.

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