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INFLUENCE OF LEADER TO STRATEGY FORMATION PROCESS IN ENTERPRISE

The dynamic change in the external environment of Ukrainian enterprises in recent years is characterized by the deterioration of the conditions for the functioning of organizations. Quarantine measures caused by the COVID-19 epidemic have changed the usual conditions of business activity. The military aggression of the Russian Federation against Ukraine destroys the best strategies and development projects of enterprises. Unpredictable conditions of business functioning in modern conditions require managers to adapt the existing strategy of enterprise development or create a new actual strategy of enterprise functioning in conditions of economic crisis.

The personal characteristics of the leader, which directly affect the process of developing the company's development strategy, were chosen as the object of the study. Positive and negative characteristics aimed at understanding the leader's actions, the leader's making of impulsive or measured decisions and their consequences were studied.

The work reveals the influence of the leader on the process of forming the company's strategy. In the course of the study, the interpretation of the concepts of «strategic thinking» and «strategic planning», «leadership» and «management» by scientists is given. Common and different between them are established. A number of features that can be used to determine a manager's effectiveness are identified, namely: the manager's personal characteristics, the main organizational factors of managerial effectiveness, and a number of limitations that prevent the full realization of all the manager's personal capabilities.

The key elements of the manager's high efficiency pyramid are analyzed. Two principles of maintaining the state of ideal work productivity of the leader are given. Four types of personal shortcomings of the leader and their impact on the process of strategy formation are presented. Mitigating actions to overcome personal shortcomings of leaders are identified.

The obtained results can be used in the process of forming an enterprise development strategy based on the leader's personal characteristics and the leader's behavior model.

Keywords: manager, personal characteristics of the leader, strategy formation, strategic thinking, factors, personal shortcomings of the leader.

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1. Introduction

Today, managers who aspire to occupy leading positions in business must pay a lot of attention to the development and implementation of strategy. A leader must have strategic thinking; concentrate its efforts on the quality of execution of strategic choices, even in uncertain situations, ensuring effective management. The influence of the leader's personality on organizational culture is quite significant, although some personal shortcomings of leaders have a disproportionately negative impact, they can be identified and overcome in advance.

Scientists in works [1–4] paid a lot of attention to the issues of characteristics of a leader and types of leadership in their writings. The issue of the leader's influence on the process of strategy formation in economic entities is considered in works [5–7]. Along with this, some theoretical and methodological questions regarding the influence of the leader on the process of forming the company's strategy require further research.

The aim of research is to reveal the essence of the leader and its influence on the process of strategy formation in the enterprise.

2. Materials and Methods

In the course of the research, the dialectical method of scientific knowledge, as well as a complex systematic approach to the study of economic phenomena and processes, was used to search for, analyze information and form conclusions.

3. Results and Discussion

The economic and social activity of enterprises is definitely based on the formation of the enterprise's development strategy. Having determined at first glance a reliable development plan, business entities are faced with a turbulent economic situation in the country, in the industry, etc. Strategic uncertainty arises when market conditions rapidly change,

which is expressed in the difficulty of attracting investments, disruption of the supply of resources for economic activity, loss of product sales markets, or increased competition.

Effective enterprise management depends on the degree of utilization of the enterprise's potential. This efficiency is a consistent implementation of the semantic chain: «tasks → resources → abilities → opportunities → results», which allows to give a quantitative and qualitative description of the partial potentials of the enterprise's development [8].

The formation of a clear strategy is one of the fundamental factors for the effective management of economic activity. Although a convincingly formulated strategy does not guarantee its 100 percent implementation. According to the premises of strategic planning, the world must remain stationary while a strategy is being developed, and then remain unchanged with external and internal factors while that strategy is being executed.

Despite unpredictable changes, businesses can be successful thanks to the right actions of managers who continue to operate when the road ahead is uncertain.

The author of the work [5] claimed: «If the organization is managed by intuitive geniuses, there is no need for formal strategic planning. But how many organizations are so blessed? And, if so, how many times is intuition correct in its judgments? Let's share the author's opinion that it is possible to determine the presence of intuition in a manager based on the results of its activities, although we adhere to the opinion that a successful leader makes decisions on the basis of a developed enterprise development strategy».

A scientist in the field of strategic planning in his work [6] was convinced that: «The general director usually should not be deeply involved» in the process, but rather be a «developer (of the process) in the general sense», that is, an ideological creator. Under favorable circumstances, when management quickly adapts to change and defines a new strategy, a new challenge arises, namely: keeping all divisions of the organization strategically aligned. Let's believe that the degree of involvement of the leader in the production process also depends on the size and type of the enterprise.

The aim of research of strategic planning by the author of the work [7] was to analyze the planning systems by developing step-by-step instructions that will create the best strategies, as well as the process of implementing these strategies, so that the executors, managers of enterprises, could not make mistakes. The results of the author's research showed that during the implementation of the plan, it is necessary to make current adjustments to the strategic plan. Even now, few people fully understand the reason: strategic planning is not strategic thinking. Indeed, strategic planning often corrupts strategic thinking, forcing managers to confuse real vision with manipulating numbers. And this confusion lies at the heart of the problem: the most successful strategies are visions, not plans.

Let's agree with the general concept of the work [7] regarding the distinction between the concepts of strategic planning – the process of analysis and strategic thinking – the process of synthesis.

The planning process is based on a comparison of the dynamics of already existing projects or types of activities in recent years, on official statistical data, etc. The main purpose of planning is the calculation of all actions of economic activity with the aim of setting up their automatic execution, forecasting the consequences or results of each action.

Strategic thinking is a more intuitive process, the main component of which is the manager's creativity. The process of strategic thinking is a synthesis of information that the manager learns from various sources, which creates a new non-standard vision of the direction in which the enterprise should develop.

Sometimes strategies can be developed spontaneously through the process of learning and assimilation of alternative knowledge by the manager. Recently, companies in their organizational development strategy formulate only the distant perspective of the enterprise without formal programming of the strategy for rapid adaptation to the changing environment.

In our opinion, the successful strategic development of the enterprise directly depends on the management structure of the enterprise, namely on an effective leader. The term «leader» in translation means «leader», but these concepts are not identical. In 1948, the definition of the concept of «leader» was given by a well-known expert in the field of leadership research, R. M. Stogdill (Ralph Melvin Stogdill), namely: «a leader is a person who takes on the task itself or distributes tasks among group members so that each of them can take the initiative. This is a person who sees a specific goal and ways to achieve it, and also has enough strength and opportunities to do it» [1].

It is worth analyzing the difference between the concepts of «management» and «leadership». The concept of «management» by the authors of [2] is defined as: «The process of managing the labor activities of the group, which is carried out by the manager through social control and power based on administrative and legal powers». Scholars of [1] interpret the concept as: «The right of a person to give official instructions to subordinates and demand their execution. Management functions are determined by the general functions of management and are implemented in such a close relationship that sometimes it is impossible to even trace when one passes into the other». The authors of the paper [3] describe the concept of «leadership» in a slightly different way: «A type of management activity that, on the basis of leadership and power, ensures the performance of management functions, the formation of management methods and their transformation into management decisions through the use of communications».

But regarding the definition of the concept of «leadership», let's give the following definitions: the author of the work [4] defined this concept as: «Improved vision and its transition to a new level, increasing the efficiency of an employee's work, overcoming the natural limitations of a person. And the best basis for such leadership is the spirit of management, which, thanks to the daily application of practical methods, strengthens high principles of behavior and responsibility, high standards of efficiency and respect for each individual person and his work». Let's share the opinion of scientists from paper [1], who interpret «leadership» as: «The ability to awaken in people a dream to which they will approach, to «breathe» into them the energy necessary for movement. Leadership means the ability to influence individuals and social groups, labor teams, to direct their efforts to achieve the goals of the organization, firm, and enterprise».

Scientists are trying to find out the behavior of leaders of organizations in the same conditions, why some successfully cope with challenges and others fail. Leaders motivate and influence other employees in the group to achieve goals, which often involve accepting change. In particular, the role of motivational leadership is critical to ensure reliable

communication in the enterprise in order to positively influence the response to change [9].

According to the author of the work [10], the effectiveness of the manager depends on the main factors:

I. Personal characteristics of the manager:

- 1) knowledge and skills of managers;
- 2) abilities of managers (ability to remember facts, ability to analyze, intuition, resistance to stress, ability to learn, ability to lead);
- 3) attitude of the manager (it is largely influenced by its needs and motivations, values, motivation; it consists of three main components – cognitive, affective (emotional) and behavioral).

II. The main organizational factors of managerial effectiveness:

- 4) information;
- 5) resources and tools;
- 6) ASC system (assessment – stimulation – control).

III. An additional «background» factor:

- 7) effective division of responsibility.

Also, in [11] a number of restrictions are highlighted that prevent the full realization of all personal capabilities of the manager:

1. Unclear personal values.
2. Inability to avoid and resolve conflicts, rational use of energy, skills.
3. «Blurred» own goals.
4. Indecisiveness, inability to make decisions.
5. Low creative potential, fear of experimentation.
6. Inability to influence people.
7. Poor understanding of the specifics of managerial work.
8. Inability to form and train a team.

In our opinion, it is necessary to distinguish between effective management and strategic leadership, according to research [7], only 10 % of managers have strategic thinking, which is characteristic of leaders.

Authors of paper [12] found that ethical leadership influences the ethical behavior of employees, and ethical climate also significantly shapes the relationship between ethical leadership and ethical behavior of employees. Let's agree with the conclusions of scientists [12] that eliminating the leader's toxic behavior can be achieved by creating an environment of open communication. It should be noted that the results of the study were based on a questionnaire survey of the company's employees, which indicates the limitations of this study, because depending on the field of activity of the companies, the criteria for evaluating ethical behavior also change. The authors of the work [13], researching the criteria for the success of managers, identify the leaders of any organization with corporate athletes.

Based on the long-term cooperation of scientists working with LGE with world-class

athletes, the authors developed an integrated theory of leadership that extrapolates the training of the body, emotions, mind and spirit into the effective activity of a manager. Comparing managers who are exposed to stress every day with athletes, because they cannot «slow down» for even a minute, therefore, it is possible to train systematically and harden the spirit – like real athletes.

Let's support the basic idea of scientists that when investigating the effectiveness of a manager's activity, the personality should be considered as a whole, analyzing the manager's cognitive abilities and the emotional side of intellectual activity in an inextricable connection.

The productivity of managerial activity is determined by many factors, which are presented in the form of a pyramid (Fig. 1).

The integrated theory of effective management provides for the simultaneous training of the body, emotions, mind and spirit, which is shown in Fig. 1. The base of the pyramid in Fig. 1 is a person's physical condition, higher is the level of its emotional health, then – mental abilities and, finally, spiritual goals. The state of ideal performance, that is, the maximum performance under load is achieved when all levels are simultaneously engaged. Constant training, ensuring an even alternation of consumption and recovery of energy, connecting the levels of the pyramid. Special training, for example, can cause a person to have an emotional uplift, which immediately affects its intellectual productivity. Each of the levels of the pyramid has a profound effect on all others, and any one of them is not sufficient to maintain high performance [13].

Drawing an analogy between managerial activities and training of an athlete, scientists in their study do not focus on the personal skills of the manager, such as its oratory skills, negotiation skills or analytical abilities. The main goal is to find an algorithm for mobilizing internal reserves: endurance, strength, flexibility, self-control and attention. The use of internal reserves allows both athletes and managers to develop the abilities to acquire a state of ideal performance (SIP), that is, leading qualities.

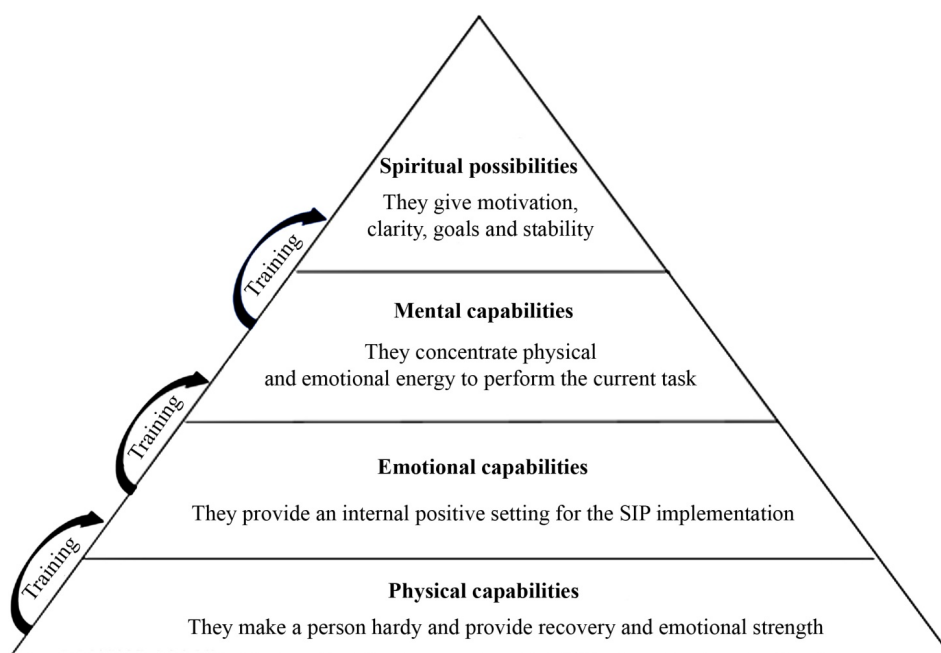


Fig. 1. Pyramid of high efficiency [13]

The analysis of work [13] shows that there are two main principles of maintaining the state of ideal performance (SIP). The first principle consists in the uniform alternation of load and energy recovery, i. e. repeatability. The second principle is training, that is, in periodically repeated actions that become automatic after a while.

Effective leadership performance in the long term is ensured by balancing workload and recovery periods. Constant loss of energy without its replenishment leads to exhaustion, loss of concentration, and a decline in productivity.

Strategic leadership is the process of synthesizing information by the leader, which creates an integrated vision of the organization's future development, aimed at strengthening the company's competitiveness and taking a leading position.

A successful leader is distinguished by its personal characteristics: intellectual and cognitive abilities, emotional adjustment and spiritual capabilities.

«Strategic planning is a continuous process of making current business decisions involving a high degree of risk, on a systematic basis, with maximum understanding of their probable future. This is the process of systematically organizing the efforts necessary to implement the long-term decisions made. It is an evaluation of the results of these decisions compared to the initial expectations through organized systematic feedback» [14].

Formation of the company's development strategy requires the leader to be flexible, think and cooperate with the environment in order to implement changes. The competitive environment creates many obstacles to the development of the enterprise. One of the obstacles can be the leader itself. It is clear that leaders are not perfect and have flaws, but when these «personality flaws» affect the process of forming a company's development strategy; it can be a threat to the company's activities as a whole. In recent years, scientists have been paying attention to

toxic leadership [15]. Toxic leadership is a negative leadership style in which the leader engages in systematic and destructive behavior that harms the individual and the organization directly or indirectly. Let's agree with the conclusions of the authors of the work [15] regarding the negative impact of toxic leadership, and it is possible to note that the work does not reveal ways to prevent the emergence of toxic leader behavior.

Based on the long-term experience of cooperation with general detectors who seek transformational changes in their enterprises, the authors of the work [16] identified four personal shortcomings of the leader and their specific impact on the formation of the organization's development strategy (Table 1).

The leader does not always have the opportunity to change external conditions, but the leader must work on improving personal characteristics and overcome personal shortcomings. For each type of leader's personality defects, mitigating actions that managers can take are defined.

A leader's tendency to overconfidence in its views. Chronic confidence can be alleviated by:

1. *Orchestrate debate and disagreement*: Motivate colleagues to express different points of view, bring together specialist teams of people with different experiences and leadership styles to exchange ideas effectively.

2. *Organize colleagues with the courage to challenge you*: assure colleagues that everyone will be heard; encourage experienced people to speak up when they disagree with you.

3. *Immerse yourself in external events*: more carefully analyze the plans again, devote more time to the analysis of external factors (consumers and technological innovations).

4. *Invite «outside voices»*: Appoint an experienced industry advisor you respect as a mentor, an unbiased critique will keep from making unwise moves.

Table 1

The influence of personal shortcomings of the leader and their influence on the formation of the organization's development strategy*

Types of personal shortcomings of a leader	Impact on the team, organization	The negative impact of the leader's personal shortcomings on strategy formation
Overconfident, chronically confident leader	– creates unnecessary anxiety among colleagues, clients, investors	– develops unrealistic strategies; – promises hyperbolically; – short-sightedness, excessive determinism; – ignores the influence of long-term trends; – ignores complex economic dynamics; – does not listen to alternative views
Impulsive leader (be in trend)	– exhausts its organization; – spends excessive resources; – excessive promises to customers and shareholders	– makes people excited with bright statements; – not being able to focus on something long enough to finish it; – inability to control one's impulsivity with the help of self-discipline
Rigidly controlling leader	– depresses employees; – colleagues refuse to put forward creative ideas, being wary of criticism	– creates a highly controlled environment; – difficult to adapt to new or unconventional views; – excessive accuracy in organizing meetings; – carefully selects compliant personnel; – excludes creative discussions when planning a strategy; – a high level of control exhausts the leader
Uncertain leader	– it is often used by more aggressive leaders who persuade them to say «yes» to every idea they propose; – transfers responsibility to others	– feeling of self-doubt; – worries that others may perceive it in a negative light; – focused on what can go wrong; – always expects failure and rejection; – compliant and pleases colleagues; – endlessly spends efforts on mitigating risks; – being afraid of failure brings itself to «analysis paralysis»; – uncertainty leads to numerous delays in project implementation

Note: * – developed according to data [16]

The following mitigating actions are recommended for *an impulsive leader* who finds it difficult to resist the «new»:

1. *Insert time and data into strategic decisions*: create inhibiting factors; allocate enough time in the process of making strategic decisions for proper discussion; thorough analysis of alternatives.

2. *Build additional discipline into the strategy process and let others lead it*: Bring disciplined leaders into projects that can design, explore, and pilot strategic opportunities in ways you would otherwise avoid.

3. *To exceed the index of risk factors and resource requirements*: to determine the true scale of resources and capabilities needed to implement the strategy; listen to the pessimists to fully understand the risks.

4. *Get to the bottom of your adrenaline rush*: find out your motivation to be in the trend, what deeper personal need the manager is trying to satisfy.

Excessive control can be mitigated by the following actions:

1. *Increase transparency*: provide access to additional information to colleagues, this will increase trust and improve the organizational climate.

2. *Take calculated risks*: identify tasks that are least risky and delegate authority to others.

3. *Test ideas with trusted colleagues*: to popularize the leader's ideas among colleagues, it is worth involving a trusted person as a moderator.

4. *Check the leader's reluctance to curiosity*: reevaluate career episodes that can explain the leader's controlled behavior, and do not exaggerate the reasons.

The tendency of *a leader to have a disturbing sense of self-doubt* can be reduced by:

1. *Get to the bottom of your fears*: identify the sources of your need for approval from others.

2. *Perform worst-case and best-case scenarios*: use reliable data to build realistic strategic development scenarios.

3. *Change the conversation to opportunities*: force yourself to look at the positive side of the opportunities being explored; visualize the best result, the potential benefit that the organization can receive.

4. *Relive past successes*: remember your past successes; invite a trusted third party to take a dispassionate look at your past successes and failures.

The grouping of types of leaders according to their personal characteristics is limited to the definition of only four types of leaders. This grouping can be expanded by highlighting other criteria for evaluating the leader's personal characteristics.

The leader always has a choice of how to behave and of course it is easier to follow the usual pattern of behavior. The leader should critically reevaluate personal characteristics and use available methods to reduce the disproportionate negative impact of personality defects.

The conducted research analyzes the behavior of the leader in the competitive environment of conducting the economic activity of the enterprise and legal protection. Let's assume that in conditions of extreme survival, radically new factors of the enterprise's functioning arise. Accordingly, a new organizational factor of the manager's effectiveness arises, namely the ability to adequately assess the threat of physical danger to subordinates and the enterprise as a whole.

4. Conclusions

It has been established that the process of forming a company's development strategy is influenced by the

manager's ability to realistically assess the company's capabilities. No matter how successful a leader is, it is quite difficult to change external conditions. However, the leader can develop its own qualities and characteristics to better manage its internal reserves in overcoming the load, remaining full of desire to solve new tasks.

There is a need for further practical research of the leader's behavior in the crisis period, by surveying the leaders of various organizations in dynamics, comparing the results of research in pre-crisis conditions and during military aggression. The list of restrictions that prevent the full realization of all personal capabilities of the manager should be expanded.

The effective operation of the enterprise depends not only on the personal characteristics of the leader, but also on the interaction of the manager with subordinates, in the creation of favorable, trusting conditions within the team, and the formation of an effective system of exchange of relevant information. It is planned to reveal these aspects in further research.

In the future, the formation of the company's development strategy based on the personal characteristics of the leader should be studied, and an algorithm for correcting the leader's behavior should be developed.

Conflict of interest

The author declares that she has no conflict of interest in relation to this research, whether financial, personal, authorship or otherwise, that could affect the research and its results presented in this paper.

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