



"The Challenge Of Strategic Management In Global Competition"

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Abstract:

The role of strategic leadership in the 21st century's global economy is complex, challenging, and filled with competitive opportunities and threats. Globalization continues to affect organizations at different levels. Strategic leaders in organizations require a more diverse range of qualities to effectively tackle emerging global challenges such as free flow of capital and labor, changing technologies and cultural dynamics. Further, global effects are not confined to global organizations. When strategic leadership processes are difficult for competitors to understand and, hence, to imitate, the firm has created a competitive advantage.

This study integrates essential strategic leader characteristics necessary to effectively manage globalization and steer the organization towards better strategic focus with respect to environmental confusions.

Essential strategic leader characteristics are future orientation, tendency to take action, propensity to take risks, and absorptive capacity. Combinatory effects of strategic leader characteristics are essential for effective strategic focus.

Effective strategic leadership practices can help firms enhance performance while competing in confused and unpredictable environments. The purpose of this paper is to describe the components of effective strategic leadership. When the activities called for by these components are completed successfully, the firm's strategic leadership practices can become a source of competitive advantage. In turn, use of this advantage can contribute significantly to achieving strategic competitiveness and earning above-average returns in the next century. Combination of strategic leadership characteristics provides the chief executive officer the necessary potential for constant placement with changing conditions and effective strategic hub.

KEYWORDS: Global leadership, Challenges, leadership characteristics, strategic leaders

"THE CHALLENGE OF STRATEGIC MANAGEMENT IN GLOBAL COMPETITION"

•INTRODUCTION:

The role of strategic leadership in the 21st century's global economy is complex, challenging, and filled

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with competitive opportunities and threats. Globalization continues to affect different organizations at multilevel. The leaders from organizations require varied range of quality to handle emerging challenges. For example: continuous flow of capital, nonstop labour supply, new technologies and cultural changes. Strategic leaders need some special characters to accept challenges in global competition. They need future vision, tendency to take necessary action, accepting different risks i.e. financial and business risks. The effects of globalization are not restricted to global enterprises. Small industries and local enterprises are also affected indirectly. Such organizations always affect the external environment in many ways. Zonis and Wilkin (2003) appropriately explained how globalization has strengthened the means by which local activities are shaped by distant events. Technology is a major irregular changing agent that has made conventional economic models inadequate in emerging phenomenon. Progressive technology has provided a platform for standardization and quality use of efficacies in many industries.

As we enter in a new era, the effects of globalization are apparent everywhere. Due to this economic extension is sustained in 21st century. Globalization is a dynamic process including internationalization of economic markets and new technology. The primary objective of this paper is to present a framework of strategic management of human resources as a reply to growing communication of globalization and increasing businesses. The paper focuses on rapid integration of world economy through trade and investments. The spread of knowledge and information and new technology based industries provides new the opportunities for opening up new path for human development.

•HRM AND CHALLENGES IN GLOBALIZATION:

In the 21st century businesses have to face distinctive challenges of HRM (Human Resource Management), especially those who run as multinational or global enterprise. In today's cut-throat competition global markets involve many factors and centralization of its human resources is vital to improve global competitiveness and authorize workers for global assignments. To be successful in global market the challenge of all enterprises apart from their size has to understand corporate cultural differences and its investment in human resources. There are particular human resource management issues for global enterprise. It includes selection policy for employees, staffing policies, retention of talented workers, training programmes, innovative programmes for workers, cultural barriers. The other issues include understanding the challenges of living standard, working condition, performance appraisal from a distance, compensation for workers and labor laws.

The Functions and Contributions of CEOs to Success in modern business practice, the authors contend that the main function of the leader is to empower others in the organization. To empower people, the leader has to touch the positive side of the people's emotional energy. To achieve this he needs to be clear about the mission of the organization and he must be willing to allow the development of other people around him. Through this process of human capital development, the leader unleashes tremendous amount of energy into the organization, which automatically achieves much more than actually intended by the leader.

•STRATEGIC LEADERSHIP:

Strategic leadership can be identified in many strategy studies. Chester Barnard (1938) in his writing on "Functions of the Executive", found a strategy as the main tool and executives as main strategists in managing organizations. Recent studies have move the pendulum back to reinforce the view that strategic leadership is not dependent variable but it is major channel to arrange change within the atmosphere (Thomson,1999). Strategic and global leadership matters and has significant impact on organizational performance and survival (Javidan 2004 and Hambrick 2007). In recent times there has significant attention in efficacy of strategic leadership.

In past more studies and research was done on psychological make up for strategic leadership. But such basic do not reflect on personality of leaders of the organization. Previous studies do not incorporate deep insights into leader characteristics and behavior. Strategic leadership provides a separate link between dynamics of globalization and international factors. Strategic leader requires special characters in creating concentration to meet enterprisal objects while navigating the global economy.

•STRATEGIC LEADER CHARACTERISTICS :

1.ABSORPTIVE CAPACITY:

It is the first important characteristic which is essential for global leader. According to Boal and Hoojiberg



(2000) absorptive capacity capabilities enable the CEO to learn, synthesize new information and new example. The firm's absorptive capacity is derived from the individual absorptive capacity. The organization need more basic requirement for absorptive capacity. Cohen & Levinthal (1990) described from a path-dependency and innovation perspective of the firm. Prior related knowledge confers collective ability to recognize the value of new information, assimilate it and apply it to new ends. The framework emphasizes cognitive structures and learning as critical components of absorptive capacity. Further Cohen and Levinthal theorize that investments in research and development are key factors of future absorptive capacities.

2.FUTURE ORIENTATION:

The second characteristic for strategic leaders is future orientation. As per Rowe (2001) the ability of strategic leaders should be innovative. A future orientation is also essential in anticipating future competition and challenges of global world (Hitt and Ireland, 25005). Effective strategic leaders are not stuck in the past or present. They always think about both short term and long term strategies. CEOs with a short tenure have better sense of future orientation than their more tenure seniors who are bound to grow old in the saddle. Although many global events are unpredictable, a future orientation provides the CEO with the capability of making strategic choices on the basis of realistic predictions regarding the future. Future orientation is a necessary component of strategic leader characteristics.

3.TENDENCY TO TAKE ACTION:

Tendency to take action is a critical factor of strategic leadership. It is basic requirement for effective leadership at different levels. Risk-taking needs to be distinguished from insecurity from the commencement. Risk-taking involves cost benefits of strategic choices in the circumstances of incomplete information. On the other hand, uncertainty involves making choices under circumstances that cannot be quantified because the probability of success or failure is indeterminate (Knight, 1982). CEOs need the capability and willingness to take calculative risks with the expectation of over-performing the market.

4.KEEPING THEM UPDATED:

Efficient and global leaders keep themselves updated about what is happening in the organization. They have various formal and informal sources of information in the organization.

5.MOTIVATION:

Strategic leaders must have an enthusiasm for work that goes beyond money and power. It is a productivity factor in the industry. It is the sum total of managerial science. The most important task of the strategic leaders is to get work done by the subordinates and achieve the results with energy and determination.

6.READINESS TO DELEGATE THE AUTHORITY:

Effective leaders are talented in delegation of authority. They are well aware about the fact that delegation will avoid overloading of responsibilities of the leaders. They also recognize the fact that authorizing the subordinates to make decisions will motivate them a lot.

•FRAMEWORK AND PLAN:

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The world has undergone a change from last few years. Organizations were required to respond in a strategic manner to the changes have greatly changed the business environment. Strategic Human Resources Management (SHRM) includes consistent policies and practices designed to ensure firms human capital. SHRM faces many challenges during the globalization process. To meet these challenges organization need to consider the HR function.

The following is necessary to frame the plan for Strategic Human Resources Management (SHRM)

- 1.Human resource managers may have achieved higher levels of HR competencies and lower levels of business competencies.
2. Both HR capability and knowledge of business contribute to the extent of SHRM practices.



3. Managerial abilities are significantly related to business results.
4. The level of SHRM practices contribute considerably to outcome of the business.

•CONCLUSION:

Globalization and constant changes in the organizational environment call for new way of providing effective strategic leadership in organizations. This study makes a contribution by providing strategic leader characteristics with strategic focus. Strategic leadership studies that have borrowed leadership characteristics from other disciplines have not addressed the fit between such characteristics and emergent global demands. Essential strategic leader characteristics necessary in dealing with global challenges are; future orientation, ready to take action, ready to take risks, motivation, readiness of delegation of authority and absorptive capacity. Absorptive capacity facilitates rapid learning and adaptation to emerging externalities. Combinatory effects of strategic leadership characteristics provide the CEO with the necessary capabilities for constant alignment with changing conditions and effective strategic focus. Strategic leadership refers to a manager's potential to express a strategic vision for the organization, or a part of the organization, and to motivate and persuade others to acquire that vision. Strategic leadership can also be defined as utilizing strategy in the management of employees. It is the potential to influence organizational members and to execute organizational change. Strategic leaders create organizational structure, allocate resources and express strategic vision. Strategic leaders work in an ambiguous environment on very difficult issues that influence and are influenced by occasions and organizations external to their own.

The main objective of strategic leadership is strategic productivity. Another aim of strategic leadership is to develop an environment in which employees forecast the organization's needs in context of their own job. Strategic leaders encourage the employees in an organization to follow their own ideas. Strategic leaders make greater use of reward and incentive system for encouraging productive and quality employees to show much better performance for their organization. Functional strategic leadership is about inventiveness, perception, and planning to assist an individual in realizing his objectives and goals. Effective strategic leadership practices can help firms enhance performance while competing in confused and unpredictable environments. When the activities called for by these components are completed successfully, the firm's strategic leadership practices can become a source of competitive advantage. Combination of strategic leadership characteristics provides the chief executive officer the necessary potential for constant placement with changing conditions and effective strategic hub.

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