

# Strategic challenges of the 21st century



## **Introduction**

This module describes ‘ what is strategy’ and ‘ what kind of strategic challenges can be faced by the organisation in the next century’ by the impact of globalisation. The module of ‘ Strategic Challenges’ consisted of 10 weeks time. During these sessions, I will be able to understand the strategy and its positive implementation and how to plan a strategic plan. The different seminar and presentations helped me in the development of personality. It also gave me direction to explain my ideas to other people. I have learnt a lot during this time. It will also help in my future.

The first part of my module deals about ‘ what is strategy?’. Strategy basically deals with three basic questions and it applies to get the answer of these questions. The three questions are ‘ where are we today?’, ‘ where we want to go in future?’, and ‘ how we can go there?’. Strategy basically makes a bridge among these questions. Initially, strategy is related with or derives from the military vocabulary as term or tool. Then I explain the modern view of the strategy. I explain the concept of ‘ Globalisation’ with its demands and complications. I also describe the impact of globalisation on the business.

The last session of this model is about indicating the some ‘ Strategic Challenges with the cope of globalisation impact, which would be faced by the organisations. The first challenge for the any organisation is to find out the complexity of the task and setting the vision of the organisation.

Normally, strategy is designed by the top management and implemented by the operational management. In this model, I try to describe the every strategic challenge cope with schools of strategy by ‘ Mintzberg’. I have also

included the different frameworks and diagrams of different authors. I have also included the different theories and concepts of other authors. All the challenges of the 21st century, I take from the Internet by the expert's strategic managers.

What is strategy?

There is no single, universally specific definition of strategy. Different authors, managers, and military leaders use this term differently; some include goals and objective as part of strategy while others make firm distinctions between them.

Initially strategies referred to a role (a general in command of an army). Later it came to mean “ the art of the general,” which is to say the psychological and behavioural skills with which he occupied the role. By the time Pericles (450 B. C) it came to mean managerial skill (administration, leadership, oration, and power). And by Alexander's time (330 B. C.) it referred to the skill of employing forces to overcome opposition and to create a unified system of global governance. (The strategy processes, 3rd. ed., by Henry Mintzberg 1996, p. 2).

The thought and vision of every human being is different to each other. Every human being has a specific vision in his life. He is very much optimistic about his goal. Than next step, how he can achieve it. What kind of way he should be adopted. Than he started to apply different tactics to meet his shake and satisfying his dominant nature. When he reached, he became a superior on others and occupied a certain position. Thought is known as planning. Tactics and objectives are known as strategy. The example that <https://assignbuster.com/strategic-challenges-of-the-21st-century/>

comes into my mind for understanding what strategy is, is a bridge. This is where you are, on one side, and this is where you want to go, on the other side. The bridge has to be rooted at both ends. It doesn't make much sense to talk about strategy, which is just how you get across the bridge from where you are to where you want to go, and have your proposals fit one side and not the other. Now that's a trivial kind of notion. If you have a strategy that orients nicely toward your goal, but which makes all sorts of wrong assumptions about where you are starting out, will get you nowhere fast. If you have a strategy that understands the present context well, and relates sensibly to its possibilities and has good recipes for moving rapidly forward, but which doesn't aim toward where you want to wind up, that might be worse than no strategy at all.

If we are examine the corporate strategies of the world's organisations. We will find the three basic kinds of strategies like as Parenting, Following and Rule breaking. The first strategy is concern with ' Parenting group', this group of organisations like GM, FORD, IBM, GE, Motorola, NEC, Philips....., all these organisations have tendency and responsible for inventing the new products throughout the world. Their main strategy is retain their customer and hold their market share with new and modified products. The second type of strategy is ' Following'. In this group, their main strategy is following the ' parenting group' inventions and produced the same goods and services which introduced by the parenting group. They get the benefit from the success and failure of the their products, example like as Toshiba, Nokia, Sony, Hitachi ..... The third type of strategy ' Rule Breaking' is used by those organisations, which are only involved in inventions and nothing else.

Their main strategy is invention. These organisations sell their patents to other organisations of the world. The major examples of these organisations are Dell Computer, 3M, Dupont Chemicals, Philips etc. I think it is hard to say which kind of strategy is best. But in the global competition every organisation should have capacity to be best by all means,

#### Modern views on strategy

“ The determinant of the basic long-term goals of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals. (Chandler-1962).

“ The pattern of objectives, purposes, or goal and the major policies and plans for achieving these goals, stated in such a way to define what business the company is in or to be and the kind of company it is or is to be.”

(Kenneth Andrews-1969)

#### The impact of Globalisation on Business

If developments at the level of the industry are tending to converge on worldwide basis the industry can be said to be globalising. In other words, from the perspective of competition the world needs to be treated as a single market. In this regard, the global industry “ is not merely a collection of domestic industries but series of linked domestic industries in which the rivals compete against each other on a truly world-wide basis” (Porter 1986).

If a movie is made by any Hollywood actor, it means that they will sell it only in USA market but for the global market. In 1996, a movie “ Daylight” was a box office hit in the home market, earning a modest \$33m in North

<https://assignbuster.com/strategic-challenges-of-the-21st-century/>

America, but also about the fact that it provide to be a successful export and earned \$120m elsewhere. If you are Nolan Archibald, the CEO of Black & Decker, it means that, in reviewing your strategy for the North American power tools market, you look at the strategies of competitors such as Makita and Bosch not only in North America but also world-wide. If you are Ken Iverson, the chairman of Nucor Steel, it means that, when deciding on major capacity additions such as a new \$700m mini-mill, you consider not only US locations but also foreign ones such as Brazil. As the above anecdotes suggest, the world is becoming a global village. The notion of an increasingly interconnected global economy poses a number of related questions: what is globalisation, what is driving globalisation, and what do these trends imply for companies and for managers. (By Vijay Govindaran Amos Tuck School OF Business Admin. 15 Feb 1999)

After the collapse of the former USSR, the process of ‘ Globalisation’ accelerated as its main impediment ‘ Communism’ in its way died its own death. It means demolish of the boundaries and make the ‘ One world’. Development in technology, satellite communications, and crisis of different countries has been shrinking the world. The phenomenon of globalisation is although not new but it always existed in different forms in the world. It brought more potential for organisations to grow and expand becomes almost unlimited. However, new competitors can suddenly appear any time, from anywhere. Managers who do not closely monitor changes in their global environment or fail to respond quickly to those changes are likely to find their organisation survival in doubt.

A major impact of globalisation will be on Branding & Marketing. Companies increasingly compete with each other on a global scale and find themselves having to communicate their products to a global audience. My intriguing area of study is how different companies are responding to the global marketing challenge. Heinz argues that in the next century “ we will increasingly see the development of a global consumer. Heinz has responded to the challenge by standardising all its tomato ketchup bottles, while re-branding the product, through a 31m advertising campaign, to reflect its “ distinctive, laconic, cool personality”. However, not all companies view the global market in the same way. Amway, one of the world’s largest direct-selling companies, argues that consumer in different companies have different needs, which makes global marketing extremely high-risk. Finding the right marketing mix requires finding the common ground between the geographical differences, which requires a detailed understanding of individual marketplace. A study of companies at the start of the third millennium would be incomplete without a look at e-commerce. Microsoft also appears in the guide, with look at the way e-commerce is starting to take over from traditional retailing method. Microsoft predicts that the shape of business will alter more in the next ten years than in the previous 50. It forecasts that the value of transactions completed over the Internet will exceed \$3500 billion a year in five years time. These examples of different successful organisations in last century are providing a guideline for other managers to what kind of cognitive strategy they have made. (The Time)

To succeed in the international operating environment of the 21st century, global manager must be preparing his strategy more dynamic and broad

way. They have to look the following framework on global forces. (The strategy processes, 3rd. ed., by Henry Mintzberg 1996, p. 739).

### Strategic challenge for 21st century

In the presence of above framework and effects of globalisation the following strategic challenges could be face by the managers in next century.

#### Managing across borders:

Recent changes in the international operating environment have forced companies to optimise efficiency, responsiveness, and learning simultaneously in their worldwide operations (Bartlett and Ghoshal, 1987).

Companies that previously concentrated on developing and managing one of these capabilities, this new challenge implies not only a total strategic reorientation but also a major change in organisational capability, as well. It kind of complex task for the any organisation to keep and balance all three objective in any circumstances. But it is just initial task, may be they have to face more complicated tasks while doing in global business. It will be very important for the administration to increase the effectiveness/efficiency of tasks not involved directly in the delivery of the product or service as well as internal perspectives. It can be possible for the parent company to keep and improve all these efficiency in his domestic product-market. But it will not be easy to counterbalance all these efficiencies in other unit, which located in the other part of world. The environmental, cultural, distance and language difference like issues can create a major complexity to keep balance these objectives.



We can link and demolish this complexity by applying the Learning and cognitive school of strategy (Mintzberg) introduced the psychology into the field of strategy. The cognitive school of strategy is emerge as description in terms of concepts, maps, schemas, and frames- that shape how people deal with inputs from the environment. The strategic management concerned with functionally specific tasks, any one of which is unlikely to imperil the organisation's future. Is the strategic management has competency to cope with challenges or not? The administration is essentially about the change managing, not concepts or ideas, but people. Tom peters tells us that good managers are doers. Michael Porter suggests that they are thinkers. Not so, argue Abraham Zaleznik and Warren Bennis: good managers are really leaders. Yet, for the better part of this century, the classical writers- Henri Fayol and Lyndell Urwick, among others- keep telling us that good managers are essentially controllers.

The challenge of global building leadership, according to Gary Hamel and C. K. Prahalad, is to embed the ambitions for such leadership throughout the company and to create “ an obsession with winning” which will energise the collective action of all employees. The role is build in such an ambition, to help people develop faith in their own ability to deliver on though goals, to motivate them to do so, and to channel their energies into a step by step progression that they compare with “ running the marathon in 400-meter sprints”. I would like to recommend here, to start global business.

Management should conduct and frame of their strategy and evaluate it either our HR skills can maintain the balance or not. I am also agreed on the

view of Bartlett ; Ghoshal, and management should pay more attention towards increasing the efficiencies.

### Investment Generation

For the global operations, every organisation needs huge funds. Fund raising is not difficult task but difficulty starts when we have to return them. The interests- rate, taxes and government policies gobble up more than 60% of profit. The difference in exchange rates also affects on profit.

Most of organisation raised their funds by the “ Centralisation”. The complexity can be linked with the strategy of learning and designing/planning school of strategy by Mintzberg, The design school is a formation of a deliberate process of conscious thoughts like level of control, simplicity and formal and indicating the all possible risk factors. The planning school is conscious and control process of formal planning and decomposed the process in distinct steps by detailed execution of operation. Moreover on designing school, ‘ The end product of strategic decisions is deceptively simple; a combination of products and markets is selected for the firm. This combination is arrived at by addition of new products-markets, divestment from some old ones, and expansion of the present position. (Ansoff model 1965: 12 from the rise & fall of strategy planning by Mintzberg 1994 p# 43)

The Ans. & Sterner model on design of new strategy is also emphasis on the current position of the organisation. The design of a strategy should be very much clear and decomposed into small steps and well define. The analysis of a strategy is evaluated by the concept of SWOT model. This model was initially discovered by the Philip Selznick’s (1957). The SWOT model is stand <https://assignbuster.com/strategic-challenges-of-the-21st-century/>

for as strengths, weakness, opportunities and threats analysis of a design ; planning strategy. The above global strategy framework (part 1) is also indicating about the position and resources of business and parent company.

In this challenge, I would like to give some suggestions. The short-term loans are not favourable for any long-term projects. They are some other possible ways like the long term debt, equity financing, venture projects, and new partnerships. If any company is going to open a new project in other country than he should adopt the strategy of making the new partnerships/joint venture either with their government or local company. If it make the partnership with the government than the business will become much securer. This kind of designing/planning strategy is good to become international organisations. If any company start the any new project within her country than strategy of debenture would be best for the company. Above kinds of designing/planning strategies, company has to pay the very low rate of interest and have a no pressure to return the investment in borrowing time.

#### Improvement in productivity

Product improvement only possible by the proper using of resource leverage, strategic alliances and improve productivity ratio. The resource leverage deals with the organisational capacity to gain the maximum profit out of the available resources. This idea originally reflects Japanese production out of the system. They applied this strategy after the destruction from atomic bomb, when they had only intellectual resource. The improving productivity ratio means, increasing sale rather than cutting cost and head accounts. It

requires better intellectual and technological skills. In last two decade, most of organisation is chasing the skill-full workers. Then can increase the production by using the technology but they have no skill to balance business. Therefore, they failed to estimate the exist demand of product. Most of time, they had to face the surplus production or under production. These elements are not good for those companies who specially involve in global business.

The improvement process is also linked with the learning and designing/ planning school of strategy. In this school, where we are decomposing the process into small steps and evaluate it through say using SWOT analysis, but we also have to set some targets and objectives. The targets and objectives are evaluated through the internal and external audit stage. The audit stage of strategy is shown by the following figure (The rise ; fall of strategy by Mintzberg 1994, p. 55)

Future Goals Current Strategy

At all levels of management how the business is currently

And in multiple dimensions competing

Competitor's Response Profile

Is the competitor satisfied with its current?

Position?

What likely moves or strategy shifts will?

The competitor makes?

Where is the competitor vulnerable?

What will provoke the greatest and most?

Effective retaliation by the competitor?

Assumptions Capabilities

Held about itself Both strengths

And the industry and weakness

This planning model presents checklists of factors to consider in the external audit, often categorised as economic, social, political, and technological. The internal audit is once again deals with the strengths and weakness of the company. In the above figure, competitors are in the centre. While the other factors deals with the environment of the company. The improvement strategy of product is planned after evaluate the above mention factors. The method of increasing the productivity is normally design by the 'value added method'. This process gives us the some numeric data in the shape of how many funds would be need adding the new value, and how much profit we could generate by adding this value. Some time, it may include the new process, automation, and new improved facilities. When we talk about Global business challenge, the improvement in product will become more important. I think in this next century, only that company can survive those could launch the innovative and modified product without waiting of competitor. Companies have to make such strategy and planning about the

improvement of their productivity. But this improvement should be carefully calculated on the basis of future demand and supply. The large number of companies had been failed or bankrupt, due to wrong calculation. Proper forecasting and the use of market mix in the presence of globalisation?, it is only when possible, then managers would be use the strategy of cognitive and learning school together. Therefore, Amway has already adopted the cognitive strategy by the standardisation of their products.

### Knowledge of competition

It is very basic and broad term in the business world. The trend of globalisation has been broken the boundaries among the nations. First companies just have to face the internal competitor in their country. But this next century, every company has to face the global competition. Therefore the knowledge of competition will be biggest challenge for the next century. Now every company has to make global strategy. According to the arguments of Michael Porter about the competitive strategy, he argues, is achieved in one of three ways; through cost leadership, through differentiation or through focus based strategies. He argues that it is important that the organisation is not 'stuck in middle' -that it is following the one of the strategies. McNamee and Mchugh's attempt to test out porter's concepts in the clothing industry refers to 'low price' strategies rather than cost leadership. Karnani infers that, for cost leadership to be attained, the firm must compete on price, and Govindarajan, citing Porter, maintains that's a strategy of low cost signifies an attempt to sell an essentially undifferentiated product at lower-than-average market price. But according to Donald Schon suggests that it is a mistake to conceive of

managerial thought and managerial action as separable: he suggests that management is characterised by ‘reflection in action’. In effect, managers develop over time and through experience an understanding and interpretation of the context in which they operate, which they apply to situations they face (The challenge of strategic Management by David Faulkner ; Gerry Johnson p. 181).

The view of Donald Schon about the thought of managers is true. But in this century managers have to follow the arguments of Michael Porter. Otherwise may be they lost their market share. If we take one argument of the Porter like ‘Cost leadership’. It means being the lowest cost to the customer (i. e. lowest price); others interpreted it as porter intended but felt that it would be difficult to pursue such a strategy. Some companies are conducting by as ‘we aim to be lowest cost producer in our industry’; example likes supermarkets, chain stores. I think the porter model, only applicable in manufacturing industry. But we can not apply it in service industry. And Mintzberg is also linked this model only with the designing school of strategy. Global competition has increased the more importance of proper use of entrepreneur and cognitive strategy. I have banking background, in my country most of foreign banks took the 25% our customer, only due to their best internal branch atmosphere. My bank have high bureaucracy, I tried to point out the weakness of bank. But my management replayed much negatively. We are doing the business in the best way. We do not need any suggestions. They are very much orthodox in their policies. Therefore I agree on the statement of Donald Schon. In future, as manager, I would like to adopt the strategy of the ABB and Scandivea Bank of Sweden. They are

getting strong edge our competitor by using the strategy decentralisation and ABC ; ABB (activity base cost/budget).

### Expand product line

It argues a product/service line by adding additional varieties in the base product line. The attention of this strategy is to provide a broader range of products or services for customers/clients to retain them with your company. The globalisation put a deep impact on the product line and its life. And introduction of new products by our competitors has increased the more choice and product standardisation towards the customers. It has created a complex atmosphere in the every market. According to the Mintzberg schools of strategy, it could be linked with ' The positioning school' ; ' The cultural School'. The positioning school has prescriptive like the design and planning school, but the position school places a greater emphasis on the external environment at the expense of the resources, competencies ; capabilities of individual firms. The cultural school is concerned with the scope of an organisation's activities by matching to its environment. It also deals with the major allocation and re-allocation of resources and its movement in long term. Some organisations have in culture to introduce the new and modified products after the specific time period. They are applying this strategy to hold their position in the business environment. If, we examine the most successful organisation of this century, like as Ford motors, McDonalds burger, Citizen Watch co., etc

The success of these companies is based on the life of products, the life of existing products is very small and they introduce a new product after the



certain time period. The life of a Burger in McDonalds is only 48 weeks, the age of any citizen watch is only six months and Ford motor also exchange its models after the every six months. The introduction of new product and services in market has been changed the perception of the customer.

I think, In this century, every organisation has to emphasis on the short life of product, and they will also emphasis on the modification and invention in products and services as soon as possible. Otherwise, their competitor will launch the new product or service and it will put ultimate effects on their market share. The learning school of strategy will be worked here. The above ' Global strategy framework', in his 3rd part is also indicating such strategy. It will be very important for every organisation to adopt such strategy if he wants to compete in the global market. They have to make this strategy as the part of their cultural. Otherwise, they will be in very big trouble and they will face very difficulty to retain their customers by their historic products.

#### The change in business environment

The business environment of the any country is depended upon the following environmental factors. These factors are represented by the following figure.

These factors influencing any organisation, but when organisations are going to start the global operations. Then, the position will be totally opposite.

They have to follow regulatory framework of the country and have to change the strategy and make the new strategy according to the demographic changes of that country. Many companies plan strategically on a five-year cycle. The top CEO's uses the cognitive school of strategy to plan this long term planning. They have to consider and evaluate the all factors and give

<https://assignbuster.com/strategic-challenges-of-the-21st-century/>

the some predict about the future. Normally they use the Michael Porter model in which he describes the five forces, which influence industry profitability. These are ' competitive rivalry; barriers of entry; threat of substitutes; the power of buyers and the power of suppliers'

However it is not feasible to avoid making the accurate predictions in some cases. For example, the currency of the world aerospace industry is the US dollar; i. e. all aeroplanes are priced in US dollars. This industry makes their price strategy by the predictions of their domestic currencies by the future movement against in the US dollar.

The political changes affect the economic and social dimensions. The recent failure of the WTO at Seattle, It is a very big set back for freer trade/trade-liberalisation of the globe. This set back will put a big affect on the five years strategy cycle. The technology development is directly affected on social trends. The rapid use of technology may hasten the general drive to reduce working hours thus making it more difficult for organisations to attract employees with the appropriate skills. Last three daces, that ecological or ' green' factors are putting majors impact on manufacturing industry. In next century, this trend will also be more accelerated. The final area is social changes. The population rate is very much reasonable in the developed countries of the world. But in the third world countries have been crossed the red light. This rate of increase in their population may be the biggest challenge of the next century. The movement of this population towards the developed countries is also a major problem. In 2050, the population of the world will be double as compare to 1990.

The positive strategy making is an art in the presence of environmental forces. The most well known method of making strategy is 'Implicitly or explicitly', the view that one market is intrinsically more profitable than other another has gained wide acceptance in the business community. According to business specialist, those companies which implicitly or explicitly build on these assumptions will find themselves skating on very thin ice. In the survival global business, every industry has to adopt this formula. They should not try to move forward with same business or same product. Like the position the school, where industry find a new type of business and those business of gaining the market then should start that business and try to make your position strong. They are four stages in the product life cycle 'Introduction; Growth; Maturity and Decline'. If your business have reached maturity stage than you should look for the any other business that's at the growth stage. The environmental changes in business need the very appropriate strategy and long term planning. If any industry has not adopted the any fundamental rule and style of making strategy than it will be very difficult to compete in the global environment.

#### Price policy & terms/conditions of billing

The price strategy is put a deep impact in the sale of product. If any industry offer more favourable terms and conditions in order to stimulate market demand for specific services. Price policy is directly to the positioning school. The positioning school emphasises on the external environment at the expense of the resources, competencies & capabilities of individual firms. Strategies are generic, identifiable positions in the market and based on analytical calculation. These strategies also based on 'aim and fired'. The <https://assignbuster.com/strategic-challenges-of-the-21st-century/>

ability of moving position to position and after analysing, anticipated then hold the position is the basic rule of positioning school. The model of Michael Porter's is used to make the position strategy of the any industry.

Potential Entrants

Threat of entrants

Suppliers Buyers

Bargaining power Bargaining power

Threat of substitutes Substitutes

To describe this model we take the example of 'Heineken' world leader in brewing industry. The first force is threat of entrance of other competitors. Heineken is facing the 14 major competitors in market. It is open market, and there is no any specific law to stop the new entrance. But some people say that it is a monopoly industry of the Heineken firms. The next step is belonged to suppliers. Suppliers have a very big market and lot of their buyers in the market but the policy of Heineken is paying more intention on suppliers as compare to buyers. Because, they are responsible for supplying the raw material for their industry. Every year they change the terms and conditions with suppliers and try them make more flexible for their suppliers. Therefore they provide them low cost and high quality raw material. While the next step is belonged to buyer power, the buying power is the most important force in the market. Where buying power of the people is strong, every businessman tries to enter in this market. The price strategy of Heineken bear is always focused the middle class people. The Heineken is <https://assignbuster.com/strategic-challenges-of-the-21st-century/>

supplying his beer more than 170 countries of the globe. To reduce the cost and for control the price. They have started the partnership projects throughout the world. By applying this strategy, they not only increase the market share but also penetrated in the different region of the globe. Last step of the Porter's model is threat of substitutes in the market. The soft drinks, energy drinks, juices and wine can effect this market. But, people who used to drink the beer, they can not survive with out drinking the beer.

In the example of Heineken, the more focus on only two things price and relation with suppliers. The reason of opening the different partnership project in throughout the world. They want to reduce the cost of product. If any industry is able to control on its cost and overheads, it can easily for it to penetrate in any market and hold its position strong. This strategy is defined in position school. Therefore, Heineken is world leader in beer market. In the global business, if organisation makes a flexible policy towards price and it's billing. And introduction the reward system for selling the certain quantity with the grace pay back time period with the no interest rate. This kind of strategy will be helpful to increase the market share. If any company pay no attention towards than this element can create a big challenge for any industry. It can also be used sometimes to effect rationalisation strategies or reflect improved competitive position.

### Strategic alliances

Strategic alliances, joint ventures, dynamic networks, constellations, co-operative agreements, collective strategies, all make an appearance and develop significance for the analyst of industry structure as well as for the

industrial practitioner. The forms of strategic alliances are categorised by Dephillippi and Read as either unilateral or bilateral. Unilateral agreements are so called because they typically involve minimal amounts of partner interdependence. Examples would be technical training supplier contracts, franchising, patent licensing, or marketing consultancy. The agreements have quite specific tasks, and each partner could terminate the agreement without great cost. Strategic alliances are bilateral agreements and involve a larger amount of interdependence. They include non-equity co-operative agreements, equity joint ventures and consortia. (The challenge of strategic management by David Faulkner p. 123). Johanson and Mattsson's define the strategic alliance as A particular mode of inter-organisational relationship in which the partners make substantial investment in developing a long term collaborative effort, and common orientation.

Strategic alliances are now widely recognised and best way to meet the environment challenges and retain the internal business of firm in pace conditions. They have certain inherent characteristics like speed of creation, flexibility, opportunities for specialisation, access to additional resources and risk limitation-all of which make them attractive when compared with the alternatives of internal development, acquisition /market purchases.

Alliances can be unstable for a number of internal and external factors.

External factors like globalisation, technology, and economies of scale and scope, growing turbulence and declining trade barriers. Internal factors like as resource dependency (access to market, technology, special skills and raw material), transaction costs, risk limitation, speed and defence against predators. But most of alliances have broken in the half stage. The 60%

reason of their failure in the third world country is interference and instability of their government. But in the developed countries, we have lot of examples of long-term alliances and they also produce the some incredible results. In November 1989 Cincinnati Bell information system of the USA set up an alliance with the Kingston Communication of Hull, England to sell its equipment of telecommunication throughout the Europe market. CBIS provides the equipment and Kingston the sales effort. This alliance is focused one with clear remits, and understandings of respective contributions and rewards.

Global business is dominated by the 500 largest multinational enterprises (MENs) out of some 30, 000 MENs in total. The top 500 MENs account for 80 per cent of all world's foreign direct investment (FDI) and over half its trade. Most global trade and investment are now intra\_firm and occur in business networks or clusters – in motor vehicles, chemicals or electronics. But operating globally means operating regionally. For instance, in the market triad of North America, the EU and Japan production and assembly is regional although competition is now global. Managers of large MNEs often serve as leaders of “ flagships” in these business networks. Other firms can have important roles as network partners, that is, as key suppliers and customers, and small- and medium-sized businesses can also participate. Government can also be a partner (as in the case of Japan) but only by acting as a facilitator to help improve competitiveness, not as a regulator. (By Alan Rugman, Templeton College, Oxford 15 Feb 1999).

I think in this century, the importance of strategic alliance will be more increase. But, according to ‘ Learning school’ of Mintezberg, strategies

<https://assignbuster.com/strategic-challenges-of-the-21st-century/>

appear first as patterns out of the past, only later, perhaps as plans for the future, and ultimately as perspectives to guide overall behaviour. Therefore, to sign any alliance, manager should know about the market, customer, organisation behaviour and political history of the country, and also make sure that business in its introduction stage not in maturity stage. And their alliance will bring the some excellent result and mutual corporation in all the business operations. Otherwise it is always a big strategic challenge for the management. The cognitive and learning schools of strategy are helpful in this case.

## Conclusion

I think with the impact of the Globalisation, every organisation has to more concentrated on the chase of best intellectual skill. If organisation have the best skills than they can perform every job in good manners. As I describe in my “ Managing across border”, a global strategic challenge and it linked with learning and cognitive school of strategy. But it is only when possible when we have best intellectual skills. Generating the funds is an art of managers and their proper utilisation is also a big art. A manager can get this art by understanding by the learning and designing/planning schools of strategy. The process of Globalisation and everyday new invention and e- commerce has increased the demand and as well as the choice of customer. This element can be control and estimated by the position and culture school of strategy. It is very important for a Global Manager, that he should be well aware from all schools of strategy and others theories and he should also know, either it is proper and well evaluated strategy or not. Every strategy should be well define and divided into small steps. Every strategy should be

<https://assignbuster.com/strategic-challenges-of-the-21st-century/>



cover and discuss the planning and designing on the assumptions of fit, stretch and leverage of the every project before implementing.

## References

1. Ansoff ; Steiner “ investment Generating: A analytic approach to business policy for growth and expansion NY 1965
2. Bartlet & S. Ghoshal “ Managing across border: new strategic requirements”, sloan management review, summer 1987 7-17
3. David Faulkner & Gerry Johnson (1992) The Challenge Of Strategic Management, Kogan Page, London
4. Dephillippi & Reed “ Strategic alliance” three perspectives on appropriation hazard in co-operative agreements, SMS conference Toronto 1991
5. Henry Mintzberg & James Brian Quinn (1996) The Strategy Process, by Prentice Hall, Inc NY
6. Henry Mintzberg (1990) The Strategy, by Prentice Hall, NY
7. Henry Mintzberg (1994) The Rise & Fall of Strategic Planning, by Prentice Hall, Inc UK
8. <http://www.globalstrategyfunds.com/info/invest>
9. <http://www.itbp.com/strategy/icbm/definitions.html>
10. <http://www.strategy-business.com/articles>
11. <http://www.strategyguide.org>

12. <http://proquest.umi.com>, 'ISSN: 0019848X', " Strategic management theory", classification codes: 2600, 9130
13. <http://strategies.ic.gc.ca/ssg/sv00053e.html> " Steps to competitiveness"
14. Johnson J & Mattsson, " Strategic alliances": inter-organisational relations in industrial systems; 1987
15. Kenichi Ohmae (1994) The Mind of The Strategies , 'The Art of Japanese Business', by McGraw-Hill, Inc. NY
16. Michael Porter (1980, 1987) Competitive Strategy, The Free Press, NY
17. Michael Porter (1986) Competitive in Global Industries, HBS Press, Boston
18. Michael Porter (1985) Competitive Advantage, The Free Press, NY
19. Schon D " knowledge of competition: the reflective practitioner, temple smith, London 1983.
20. The Time 100, 07-01-2000 (News paper)