Chapter 15
Strategic Competences in International Business

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ABSTRACT

The exhibition of a series of strategic competences by managers has been frequently noted as crucial for the success of firms. In the international context, the role of such strategic competences could be even more relevant as a result of both the changing and turbulent nature of the contexts in which firms carry out their activities and the complexity associated with the management of firms that are located in different countries. Specifically, the following six strategic competences are analyzed: business overview, customer orientation, networking, interfunctional orientation, effective resource management, and negotiation. Additionally, a set of practical implications is offered in the conclusion section.

INTRODUCTION

The principles of strategic management have acquired a critical relevance for companies operating in different sectors of activity. This is because the application of these principles leads to the search for and maintenance of competitive advantages in the markets and, therefore, to the assurance of the survival and success of the companies in dynamic markets (Hesterly & Barney, 2010). Until the 1990s, the study of strategic management was applied exclusively to the analysis of the environment as a source of competitive advantage. However, from that decade, the focus was placed on the resources and capabilities of companies (Grant, 2016). This new perspective results from the volatility and hypercompetitiveness of the markets, which leads to a situation in which the markets that are profitable in a given period of time may not be so in the near future. This means that organizations need to deploy a set of resources and capabilities with the potential to overcome these uncertain environments (Sirmon et al., 2007). For example, the emergence of the new Android platform and changes in the needs of smartphone customers meant a drop in sales in the traditional mobile phone sectors. In this respect, the serious losses made by

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Nokia could be due to the fact that the company did not take into account these changes and it was not able to adapt its resources and capabilities to the new reality of the market. Similarly, Kodak’s inability to adapt its resources and capabilities to the digital photography sector could explain the failure of this company to play a leading role in the sector from the end of the past century.

Drawing on these arguments and examples, it seems reasonable to infer that companies should strengthen and adapt their resource base and capabilities to the requirements of the changing and uncertain markets in order to ensure the reach and maintenance of competitive advantage. Specifically, the companies should be aware of the need to develop a solid foundation of resources and competences, within which the competences of senior managers are essential to the success of organizations. In other words, managers must have the skill to visualize possible long-term objectives and changes which will allow the company to survive.

Taking into account the above arguments, it is necessary to focus on the competences of managers that can be considered as strategic. The relevance of these competences is that they allow managers to solve ambiguous and non-routine problems, which affect the globality of organizations and not only a specific department or operation. That is why managers must consider the organization as a whole and how their decisions (rarely reversible) require the use of significant resources, which may be scarce, from all areas of the company. For example, the managers of Lidl have started a profound strategic change in both the establishments and the offer of products. Specifically, they are trying to create supermarkets which are more organized and attractive with the purpose of improving the shopping experience of the customers. In addition, they are increasing the range and quality of the products on offer, offering each week a selection of products with different themes related to home, sports, do-it-yourself, etc.

While the above example is applied to a private company, strategic management has also been applied to public organizations. Hence, in recent years, different public organizations have placed emphasis on the development of strategic plans, trying to identify the current situation of the companies to establish a series of future lines of action that lead them to a better positioning in the markets. In this sense, many public European universities focus their efforts on developing strategic plans that identify the current situation and try to position themselves in a future scenario with greater competitiveness and commitment to society.

In addition, strategic management acquires critical relevance not only for companies operating in local and national markets, but also for those in international markets. This is because multinational companies sell in different countries, so their vision of competition becomes wider, more diverse and more dynamic. Therefore, understanding of the environment is essential for the assurance of success of these companies. In addition, companies that compete in the international market often increase their size. Thus, the organization of their activities becomes more complex. Moreover, when the companies compete in different countries, they need to continuously detect the changes in their customers, in the technologies and in the different governments. Thus, potential relationships are established with partners abroad in order to access this information. Likewise, the difficulty of competing in different countries varies in terms of the cultural and institutional orientation of their Strategic Managements. Also, it may be that companies are born in international markets, that is, they are born global, so they face difficulties of management skills, marketing, etc. Faced with these difficulties, managers must be aware of the importance of continuously counting and developing a set of strategic competences to succeed in international markets. Specifically, this chapter will focus on the following strategic competences: business overview; customer orientation; networking; interfunctional orientation; effective resource management; and negotiation (Cardona & Chinchilla, 1999).