

Achieving Sustainable Competitive Advantage in Higher Education through Strategic Leadership

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Abstract: 21st century is the era of strategies. Strategic leadership is a strategic process by managing social capital, human capital and knowledge management to develop sustainable competitive advantage. It is very necessary for a strategic leader to organize the portfolio of a university and learning institute. This article throw the light on capabilities of strategic leadership to develop a sustainable competitive advantage in a higher education.

Keywords: Strategic Leadership, Competitive Advantage, Knowledge Management

Introduction

Today, success lies in idea and information exploration through efficient communication. Sustainable competitive advantage doesn't remain in physical assets and capital but it has appeared in intellectual capital (Halawi, Aronson, & McCarthy, 2005). The organization value decides success through sustainable competitive advantage (Ong & Ismail, 2008). Other researchers have stated the particular abilities and resources that can play the role to sustain competitive advantage. For instance, Barney (1991) added to be discussion by pointing the link between a firm's assets and sustainable competitive advantage. He stated that not all firm resources enjoy advantage; instead, four attributes: rareness, value, unique, and original. Recently, academics were striving to guide managers about the strategic leadership requirements of today's dynamic contexts (Ireland & Hitt, 2005). An adhered perception of strategic leadership and sustainable competitive advantage variables is grounded on related theories such as the great groups' view of strategic leadership, resource-based view, and knowledge based view. The idea of strategic leadership faculties has been used in this research and mentioned clearly more from a standpoint emerging human capital and social capital. The study describes the role of strategic leadership competencies to achieve the competitive advantage in the academic environment started from a strategic viewpoint.

Study Intentions

Strategic leadership always plays very vital and dynamic role to formulate the strategies which is heart of an organization that ultimately leads toward sustainable competitive advantages. This article defines the role of strategic leadership

competencies to achieve sustainable competitive advantage. It reveals that how a strategic leadership competencies formulates the heart of an organization by effective and efficient strategies and their successful implementation (which is challenge for leadership) to achieve sustainable competitive advantage for organizational performance excellence.

Strategic Leadership

Indeed, coming to know strategic leadership is found highlighting what efficient best leaders truly do for achieving a strategy-focused organization (Rumsey, 2013). Strategic leadership is about gaining access to key resources such as alliances with partner firms "social capital" and the ability to build great teams "human capital" as the most important firm resources. The strategic leadership capabilities focus on developing human capital and social capital. In addition, McCallum and O'Connell (2009) recognized that human capital and social capital are not fully independent of one another. The essence of strategic leadership is managing human and social capital (Hitt & Ireland, 2002). Perhaps the most important task for strategic leaders is effectively managing the organization's portfolio of resources. Strategic leaders manage the organization's portfolio of resources by organizing them into capabilities, structuring the organization to use the capabilities, and developing and implementing a strategy to leverage those resources to achieve a competitive advantage (Sirmon, Hitt, & Ireland, 2007). Human capital refers to the knowledge and skills of a firm's entire workforce (Hitt, Ireland, et al., 2010, p. 388). Emphasizing human capital as a part of intellectual capital, it is the primary component of intellectual capital (Bontis, 1998). Furthermore, Au, Altman and

Roussel (2008) described human capital. Conventionally, they distinguish three kinds of human capital in different categories according to Gibbons and Waldman (2004), Hatch and Dyer (2004) are generic (general) human capital, organization-specific human capital, and task-specific human capital. Social capital is a component of intellectual capital as like human capital, also inevitably contributes on human capital development (Birasnav, Rangnekar, & Dalpati, 2011). Balkundi and Kilduff (2006) define social capital that is inherent in the acuteness of individuals' social perceptions and the structure of their social relationships. Strategic leaders must be conceded with social capital within that units and organization as well as with social capital residing outside their organization in other settings.

Academic Strategic Leadership

Crowther, Ferguson and Hann (2002:24) considered four popular approaches to contemporary educational leadership: transformational leadership, strategic leadership, educative leadership and organizational leadership. Thomas and Thomas (2011) put perspectives on leadership seeks to advocate examining strategic leadership processes through the exploration of interactions between such multiple constituencies as the dean, faculty, university councils and advisory boards. Those who are part of the university/academy and management education sectors would probably agree that it is necessary to strengthen and professionalize university/academy leadership and reexamine the dean's roles so that they can respond swiftly and effectively to the challenges of the post crisis world (Rosser, Johnsrud, & Heck, 2003). This has led some deans to argue that they can be likened to partners in professional service firms in that they are promoted on the basis of expertise, knowledge and intellectual capital to deanships (Goodall, 2009). While there is a clear requirement to evaluate competition and competitive markets, it is also essential that deans understand the specific organizational traits involving people, systems, business processes and cultural aspects in order to be effective in their strategic execution. This broad view of deans' leadership implies a thorough awareness of both the internal context and the external context in their academic environments in order to frame their strategic positioning and specific strategies (Fragueiro & Thomas, 2011).

Sustainable Competitive Advantage

At the global competition becomes increasingly fierce, how to sustain competitive advantage is difficult. [J. B. Barney and Hesterly \(2009\)](#) distinguished two types of competitive advantage: temporary and sustainable. According to them, competitive advantage typically results in high profits, but these profits attract competition, and competition limits the duration of competitive

advantage in most cases, therefore most competitive advantage is temporary.

On the other hand, some competitive advantages are sustainable if competitors are unable to imitate the source of advantage or if no one conceives of a better offering. That is, since the "competitive advantage is at the heart of organization's performance" ([Porter, 2008](#)). Strategies and strategic process are heart of the organization. In that way, organization plays critical role in jointing and magnifying knowledge that new knowledge is developed by individuals ([Nonaka, 1994](#)). Organizations can manage both tacit and explicit knowledge through knowledge management (KM) process. Ultimately, KM process leads the organization towards sustainable competitive advantage ultimately.

[Wernerfelt \(1984\)](#) defined resource as "anything which could be thought of as a strength or weakness for a given firm. Those assets which are tied semi-permanently to the firm". [J. Barney \(1991\)](#) enlarged the scope of this definition to include "all assets, capabilities, organizational processes, firm attributes, knowledge, information etc. controlled by a firm that enable the firm to conceive of and implement strategies that improve its efficiency and effectiveness". Barney further classify the resources into three categories. Physical capital resources which make up firm's geographical location, building, equipment and machinery; Human capital resource takes in to account the intelligence, cognition, experience, attitudes, behaviors and analytical skills of all the employees and Organizational capital resource accounts for organization structure, planning processes, controlling and coordinating mechanisms, formal and informal groupings that form the part of intra-organizational and inter-organizational environment ([Chan, Shaffer, & Snape, 2004](#)).

[J. Barney \(1991\)](#) discuss four indicators of the potential of firm resources to generate sustainable competitive advantage: value, rareness, inability to be imitated and imperfect substitution. Further he regards resources as those controlled by a firm that allow the firm to formulate and implement strategies that expand its efficiency and effectiveness through skills, competency, capability and the value protection part in the value chain viewpoint (Coplin, 2002).

Strategic Leadership and Sustainable Competitive Advantage

[Hagen, Hassan, and Amin \(1998\)](#) explored an empirical investigation to the critical strategic leadership components, which are modal, suggested and developed by ([Hoskisson, Hitt, Wan, & Yiu, 1999](#)). The results indicated integration of the critical components included in the suggested corporate strategic leadership model. As [Hoskisson et al. \(1999\)](#) predicted, strategic leadership

emphasized developing human capital over exploiting and maintaining organizational core competencies to reflect the importance of human resources. [Hitt and Duane \(2002\)](#) explored the importance of both types of human and social capital to leader and how they can be managed to create value for the unit and the firm. Both are significant contributors to achieve of a competitive advantage from resource based view. Continuously, and in the same context, [Ireland and Hitt \(2005\)](#) argue that when the strategic leadership components are completed successfully, the firm's strategic leadership practices can become a source of competitive advantage. More than that, strategic leadership in an organization that is able to develop its capabilities would be able to sustain its competitive advantage. Several organizations have tried to sustain competitive advantage by exploiting resources and capabilities according to resource-based view ([J. B. Barney, 1986](#); [Prahalad & Hamel, 2006](#)). The most strategic leaderships assume that investment in human capital and social capital can improve their organizations' sustainable competitive advantage according to the great groups' view of strategic leadership ([Ireland & Hitt, 2005](#)) and knowledge based view ([Grant, 2015](#); [Kogut & Zander, 1992](#)).

Conclusion

Indeed, strategic leaders are best to develop strategies. The strategic leadership capabilities focus on developing human capital and social capital as well as knowledge management. The essence of strategic leadership is managing knowledge of institute as well as human and social. Perhaps the most important task for strategic leaders is effectively managing the organization's portfolio of resources. Strategic leaders manage the organization's portfolio of resources by organizing them into capabilities, structuring the organization to use the capabilities, and developing and implementing a strategy to leverage those resources to achieve a competitive advantage. Knowledge management is most important asset of an institute. Strategic leadership manages both tacit and explicit knowledge by magnifying the knowledge with social and human capital including capabilities, organizational processes, firm attributes, knowledge, information etc. Ultimately, strategic leadership practices and strategies leads a university or any learning institute towards sustainable competitive advantage which enable the firm to conceive and implement strategies that improve its efficiency and effectiveness.

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