

Chapter 3

Critical Success Factors for Executives in Global Economy

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ABSTRACT

With the convergence of information, communication and technology and global collaboration drives in modern management, it becomes imperative and crucial to understand the critical success factors (CSFs) for executives. In this globalized scenario, the internet has a dramatic impact on every kind of organization. It forms completely new challenges on the one hand but on the other hand it offers entirely new facilities. Additionally, spatiotemporal borders disappear. Totally new business models are being developed and companies have discovered completely new strategies to gain competitive advantage in this information age. Further, the advancements in society and technology, coupled with accelerations in globalization, competitive environments and changing customer's preferences have created new challenges as well as opportunities for executives. There is need to leverage on this vicissitude. To do so, it is essential to identify and understand the critical success factors (CSFs) fundamental to the success of executives and that is the core objective of this chapter.

INTRODUCTION

Critical Success Factor refers to an element of organizational activity which is central to its future success. Critical success factors may change over time, and may include items such as product quality, employee attitudes, manufacturing flexibility, and brand awareness. This can enable analysis. Critical Success Factor can also be any of the aspects of a business that are identified as vital for successful targets to be reached and maintained. Critical success factors are normally identified in such areas as production processes, employee and organization skills, functions, techniques, and technologies. The identification and strengthening of such factors may be similar. Thus, Critical Success Factor (CSF) or Critical Success Factors is a business term for an element which is necessary for an organization or project to achieve its mission? For example, a CSF for a successful Information Technology (IT) project is user involvement. The importance of CSFs in management first gained widespread attention following publication

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of an article by Rockart (1979). It showed the need among top executives for certain critical elements of information, not provided by the management information systems (MIS) or the data analysis systems available. Rockart (1979) defined CSFs as: ...the limited number of areas in which results, if they are satisfactory, will ensure successful competitive performance for the organization. They are the few key areas where things must go right for the business to flourish. If results in these areas are not adequate, the organization's efforts for the period will be less than desired. He further described them as "areas of activity that should receive constant and careful attention from management." Thus the core aim of this chapter is to identify, understand and evaluate the critical success factors for executives in developing global markets. In doing so, the objectives are: to understand the relevance of executives in building excellent organizations, identify the critical success factors for executives and evaluate the identified critical factors.

The chapter consists of the following parts: following a brief introduction, is the background giving the general perspective of the globalized environment, economy, business, expected role of executives and broad definitions of the terms including literature review and the objectives of the chapter. Followed by that is the identification of the critical success factors for executives along with the discussion therein. Next there are the recommendations, followed by future areas for further research and finally the conclusion is given.

BACKGROUND

The objective of management, especially in global economy is repetitive success. This is also the expectation from executives. Hence, it does little good if executives are considered successful but do not know why they were successful and do not know how to repeat their successes. Success that is the result of luck is not really success. Hence there is a need to identify and understand the factors which are critical in making the executives successful repeatedly. But, with phrases like Critical Success Factors and Executives having 'common usage' within technical environments it is difficult to identify the true history in the context of business, management and human resources. Spencer (1955) asks the question: "What are the essential factors that produce success in my company?" which for 1955 is getting close to the beginnings of CSFs – so for those interested in the early beginnings is worth a look. Predating these pieces is a short entry by Lebreton (1957, p. 103) "the factors which seem to be paramount in determining success in this industry" this is by far the earliest mention of what is today known as "Critical Success factors". Ronald (1961), does not use the term CSF or even the phrase Critical Success factors, but does discuss critical elements and non-critical elements of a business leading to "controlling competitive success". He also uses the term "success factors" in the context that we would understand today. One test for originality is the use of the TLA (Three Letter Acronym) of CSF (Rockart, 1979). To our mind the first published work of this approach is by Rockart.

There are four basic types of *critical success factors* (CSF's). They are:

1. Industry critical success factors (CSF's) resulting from specific industry characteristics;
2. Strategy critical success factors (CSF's) resulting from the chosen competitive strategy of the business;
3. Environmental critical success factors (CSF's) resulting from economic or technological changes; and

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