

## LEADERSHIP DEVELOPMENT TO FACE GLOBAL ECONOMIC CHALLENGES

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### Abstract

Facing the challenges of an increasingly complex global economy, human resource (HR) leadership development is crucial to organisational success. Competent and adaptive leaders are needed to guide organisations through market changes, technological disruption and geopolitical uncertainty. Therefore, organisations need to implement a comprehensive and visionary leadership development strategy that includes identifying potential leadership talent, providing relevant learning and development opportunities, and creating a culture that supports leadership growth and innovation. Investment in HR leadership development is not only a strategic imperative, but also a competitive advantage that can drive team performance, increase employee engagement, and align the organisation towards common goals. However, leadership development must be an ongoing and evolving endeavour, responsive to changing business realities and emerging needs. By adopting a proactive and future-oriented approach to HR leadership development, organisations can position themselves for success in an increasingly competitive global landscape.

**Keywords:** Leadership, HR, Global Economy.

### Introduction

In the current era of globalisation, the world economy is experiencing rapid and dynamic changes. Global economic challenges such as intensifying competition, rapid technological development, and changing consumer preferences require companies to continue to adapt and innovate. In facing these challenges, the role of human resources (HR) as the company's main asset is becoming increasingly crucial. (Chaudhuri & Manikoth, 2022). The company's ability to develop and prepare competent and visionary leaders is an important factor in determining business success and sustainability.

Human resources (HR) play a vital role in the success and sustainability of an organisation or company. In the era of an increasingly competitive global economy,



human resources are not only seen as a production factor, but also as a strategic asset that can provide a competitive advantage. (Raelin, 2021). Competent, skilled, and motivated human resources are key in facing business challenges, such as rapid technological change, intense competition, and increasingly diverse customer demands. Therefore, effective HR management is a must for companies that want to survive and thrive in the global market. (Osuigwe, 2023).

The role of HR in organisations can be seen from various aspects. Firstly, HR plays a role in planning and implementing business strategy. Through the alignment of HR strategy with corporate strategy, HR can ensure the availability of talent needed to achieve organisational goals. Second, HR plays a role in employee development and training. Through structured training and development programmes, HR can improve employees' competencies and skills, so that they can contribute optimally to the company. (Gouda & Tiwari, 2022).. Third, HR plays a role in creating a positive and inclusive organisational culture. Through fair, transparent and employee-centred HR practices, HR can build a work environment that supports innovation, collaboration and employee engagement. Fourth, HR plays a role in managing employee performance and retention. Through effective performance management systems and appropriate retention strategies, HR can ensure that high-performing employees are retained and make long-term contributions to the Company. (London & Sherman, 2021).

Leadership is one of the important aspects in HR management. An effective leader is able to direct, motivate and develop the potential of employees to achieve organisational goals. However, in the context of an increasingly complex global economy, traditional leadership that focuses on hierarchy and control is inadequate. A more adaptive, collaborative, and innovative leadership approach is needed to face new challenges. (Macchi, 2020).

HR leadership development is a must for organisations that want to remain competitive in the global market. An effective leadership development programme can help identify and develop leadership talent, prepare future leaders, and create a strong leadership culture within the organisation. Through leadership development, organisations can gain a sustainable competitive advantage (Grocutt et al., 2011). (Grocutt et al., 2020)..

However, HR leadership development also faces various challenges. First, the changing demographics of the workforce with the influx of millennials who have different characteristics and expectations of leadership. Second, the rapid development of technology requires leaders to have digital skills and the ability to manage change. Third, the challenge of creating an inclusive and diverse work environment, where leaders must be able to manage diversity and facilitate cross-cultural collaboration. (McDonald & Hite, 2023)..

Based on this background, this research examines the importance of HR leadership development in facing global economic challenges.

## **Research Methods**

The study in this research uses the literature method. The literature research method is a research approach conducted by collecting, analysing, and synthesising relevant information from existing literature sources, such as books, scientific journals, articles, and other literature sources. Literature research aims to build a theoretical foundation, identify research gaps, and develop a comprehensive understanding of a particular topic or phenomenon. (JUNAIDI, 2021); (Abdussamad, 2022). In conducting literature research, researchers follow systematic steps, such as determining research topics, formulating research questions, searching for and selecting relevant literature sources, conducting critical analyses of these sources, and preparing syntheses and conclusions based on the findings of the reviewed literature. The results of literature research can be in the form of a literature review, conceptual framework, or theoretical propositions that can form the basis for further empirical research. (Wekke, 2020).

## **Results and Discussion**

### **The Role of Leadership in Facing Global Economic Challenges**

Leadership is the ability to influence, direct and motivate others to achieve common goals within an organisation or group. An effective leader is able to inspire and empower their team members, create a clear vision, and build an environment that supports collaboration and innovation. Leadership involves interpersonal skills, good decision-making, and the ability to adapt to changes and challenges. (Hite & McDonald, 2020). Successful leaders also possess integrity, empathy and the ability to recognise and develop potential in others. In an organisational context, leadership plays an important role in aligning individual efforts with the company's strategic goals, creating a positive organisational culture, and ensuring long-term success and sustainability. (Kajwang, 2022).

In the face of increasingly complex and dynamic global economic challenges, the role of leadership is crucial. Effective leaders must be able to anticipate changes, adapt strategies, and make the right decisions to ensure organisational sustainability and growth. They must have a clear vision of the company's direction and communicate it well to all team members, so that everyone can work together to achieve common goals. (Xu & Zhao, 2022).

Leaders must also be able to manage resources efficiently and effectively, including human, financial and technological resources. In an uncertain economic situation, leaders must be able to identify new opportunities, optimise business processes, and look for innovative ways to increase the company's productivity and

competitiveness. They must also be prepared to face risks and make difficult decisions, while maintaining ethics and social responsibility. (Zakharenko, 2021).

In addition, leaders must build resilience and flexibility within the organisation to deal with economic shocks and market changes. This involves developing an adaptive organisational culture, where employees are encouraged to innovate, learn from mistakes, and continuously improve their skills. Leaders should also promote collaboration and effective communication across departments and levels of the organisation, so that information can flow smoothly and problems can be resolved quickly. (Procknow & Rocco, 2021).

Finally, leaders must lead by example in terms of integrity, transparency and accountability. They must build trust with stakeholders, including employees, customers, investors and society at large. In the face of global economic challenges, ethical and responsible leaders will be better able to steer their organisations towards sustainable success, while making a positive contribution to society and the environment.

### **HR Leadership Development Strategy**

People leadership development is one of the key strategies to ensure organisational success and sustainability. This strategy aims to identify, develop, and retain leadership talent at all levels of the organisation. (Lee, 2020). The first step in leadership development is to assess the leadership potential of employees, either through performance evaluations, competency assessments, or feedback from colleagues and superiors. The results of this assessment will help the organisation identify employees who have high leadership potential and require further development. (Kopeć, 2024).

After identifying potential leadership candidates, organisations should design a comprehensive and structured leadership development programme. This programme may include formal training, mentoring, coaching, job rotation, and special project assignments. Leadership training should cover topics such as effective communication, decision-making, change management, and emotional intelligence. (Fadeev, 2021). Mentoring and coaching can provide personalised support and guidance from more experienced leaders, assisting employees in developing their skills and self-confidence (Black & Powell, 2024).

In addition to formal development programmes, organisations should also create a culture that encourages leadership growth. This involves giving employees greater autonomy and responsibility, as well as creating an environment that supports risk-taking, innovation and learning from mistakes. Senior leaders should role model expected values and behaviours, and be actively involved in developing and mentoring the next generation of leaders. (Powell, 2024).

HR leadership development strategies should also align with the strategic goals and values of the organisation. Developed leaders should understand the organisation's vision, mission and culture, and be able to align their team's efforts with the Company's priorities. (Zervas & Stiakakis, 2024). Organisations should also regularly evaluate the effectiveness of their leadership development programmes, measure their impact on individual and organisational performance, and make necessary adjustments. With consistent investment in HR leadership development, organisations can build leadership teams that are strong, diverse and ready for the challenges of the future. (Chuang, 2024).

Furthermore, organisations should consider succession planning as an integral part of the HR leadership development strategy. Succession planning involves identifying key leadership positions within the organisation and developing clear career paths for high potential employees. By doing this, organisations can ensure that they have a strong talent pipeline ready to fill critical leadership roles when needed. The succession planning process should be transparent, based on clear criteria, and involve open communication with employees regarding their career aspirations and development opportunities. (Hovenga & Hullin, 2022).

In addition, organisations should recognise the importance of diversity and inclusion in leadership development. A diverse leadership team, with various perspectives, backgrounds, and experiences, can drive innovation, improve decision-making, and better serve diverse markets and stakeholders. Organisations should actively seek to identify and develop leadership talent from underrepresented groups, as well as create an inclusive culture that values and embraces differences (Autsadee et al., 2014). (Autsadee et al., 2024)..

As such, HR leadership development is a long-term investment that is critical to an organisation's success and sustainability. By identifying leadership talent, providing comprehensive development programs, creating a culture of growth, aligning with strategic goals, planning for succession, and valuing diversity, organisations can build strong and adaptive leadership teams. Well-developed leaders will not only drive organisational performance, but also inspire and empower employees to reach their full potential. Therefore, HR leadership development strategies should be a top priority for any organisation that wants to develop and thrive in today's dynamic business environment.

### **HR Leadership Development in Multinational Companies**

Human resource (HR) leadership development is a crucial aspect in the success of multinational corporations. In a dynamic and competitive global business environment, multinational companies need leaders who are strong, adaptive and able to manage culturally diverse teams. (Perepelkina, 2021). Therefore, multinational

corporations need to implement comprehensive and effective HR leadership development strategies to ensure long-term sustainability and growth.

One of the key approaches to HR leadership development in multinational companies is the global talent development programme. These programmes aim to identify, develop and retain high-calibre leadership talent from around the world. Multinational companies can use sophisticated assessment tools, such as development centres or 360-degree assessments, to identify employees with high leadership potential. (Sumburova, 2021). Once identified, these employees can participate in a customised leadership development programme, which includes training, mentoring, cross-functional assignments, and international exposure. This programme not only develops leadership skills, but also fosters cultural understanding and the ability to work effectively in globally diverse teams. (Powell, 2024).

Multinationals should also focus on leadership development at all levels of the organisation, not just at the executive level. Building a strong and sustainable leadership pipeline requires investing in leadership development at the middle manager and first-line level. Companies can achieve this through a combination of classroom learning, experiential learning, and actionable development programmes. (Hoa, 2023). This approach allows managers to develop leadership skills while applying them to real business challenges, thus creating an immediate impact on organisational performance. In addition, multinational companies can utilise technology, such as online learning platforms and virtual collaboration tools, to deliver leadership development consistently across geographical locations. (Kim & Yoon, 2024).

Finally, creating a culture of growth and learning that supports leadership development is critical for multinational companies. The company culture should value self-development, continuous feedback, and learning from failure. Senior leaders should be role models for these values and be actively involved in developing the next generation of leaders. In addition, multinationals should align their HR practices, such as performance evaluation, compensation, and succession planning, with leadership development goals. By creating an environment that supports growth and provides clear career paths, multinationals can attract, develop and retain the best leadership talent from around the world, thus ensuring a competitive advantage in the long run.

### **Challenges and Solutions in HR Leadership Development**

Human resource (HR) leadership development in multinational companies faces a variety of complex challenges. One of the main challenges is cultural and geographical diversity. Multinational companies operate in various countries with different cultural norms, values, and business practices. (Nurani et al., 2023)..

Developing leaders who can adapt and succeed in these multicultural environments requires a culturally sensitive and inclusive approach. The solution is to incorporate cultural awareness and competencies in leadership development programmes, as well as providing cross-cultural exposure through international assignments and virtual teams. (G.P. et al., 2024).

Another challenge in HR leadership development is maintaining relevance and engagement. With the rapidly changing business landscape, the leadership skills required are also constantly evolving. Leadership development programmes must be flexible and responsive to emerging business trends and priorities. (Naumova-Mihajlovski & Petkovski, 2023).. The solution is to adopt an agile learning approach, where content and format are regularly adjusted based on feedback and needs analysis. Involving participants in designing their own learning and applying new skills in real-life projects can also increase relevance and engagement (Sahu, 2024).

Identifying and developing diverse leadership talent is also a challenge for multinational companies. Unconscious bias in selection and development processes can lead to a lack of diversity in leadership ranks. The solution is to implement inclusive practices, such as unconscious bias training for managers, using objective selection criteria, and setting diversity targets for development programmes. (Strubler et al., 2024). In addition, providing targeted support and resources, such as affinity networks and mentoring programmes, can help advance diverse talent.

Finally, measuring the impact and return on investment (ROI) of HR leadership development initiatives can be challenging. Linking leadership development outcomes to tangible business performance metrics is critical to ensure continued buy-in and investment. The solution is to design a robust evaluation framework from the start, aligning learning objectives with the organisation's strategic goals. Using a combination of metrics that include participant reaction, learning, application and business impact can provide a holistic picture of the programme's effectiveness. In addition, involving senior leaders in evaluating and communicating the impact of leadership development can increase visibility and accountability.

## **Conclusion**

Human resource (HR) leadership development is becoming increasingly important in the face of complex and dynamic global economic challenges. Competent and adaptive leaders are essential to navigate organisations through market changes, technological disruptions, and geopolitical uncertainties. To prepare future leaders, organisations need to implement a comprehensive and visionary leadership development strategy. This involves identifying potential leadership talent, providing relevant learning and development opportunities, and creating a culture that supports leadership growth and innovation.

Investment in HR leadership development is not only a strategic imperative but also a competitive advantage. Skilled and influential leaders can drive team performance, increase employee engagement, and align the organisation towards a common goal. They can also serve as brand ambassadors to attract and retain the best talent. However, leadership development must be an ongoing and evolving endeavour, responsive to changing business realities and emerging needs. By embracing a proactive and forward-looking approach to HR leadership development, organisations can position themselves for success in an increasingly competitive global landscape.

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