



## Strategic Leadership; Issues & Challenges (A study in secondary iron & steel industries in Karnataka)

Dr. Subhakanta Nayak.

*Thriveni Earthmovers Pvt. Ltd., Central Office: At-Unchabali, Joda, Keonjhar(Odisha) India.*

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**ABSTRACT:-** Strategic leadership has been evolved as an innovative approach to the management practices during present competitive landscape. The secondary Iron & Steels sector in Karnataka, on the other hand, seemed to have failed for gaining advantages out of this innovative approach & appeared to be crippled with conditions of uncertainty for their existence & growth.

This paper focuses on understanding the concept & role of strategic leadership as an instrument for organization's sustainable growth compared to other styles of leadership, based on previous studies conducted by other scholars. Further, this paper highlights on the perception of the leaders of higher management of the secondary iron & steel industries in Karnataka on the significance of strategic leadership for gaining competitive advantages during this changed economic scenario. Besides, this study also explores the issues & challenges exist in the existing leadership pattern of those industries examining their management practices to leverage their human resource, technology & other physical resources for gaining competitive advantages.

**Keywords:-** Competitive advantages, innovation, management practices Strategic leadership, supportive culture.

### I. INTRODUCTION

1.1 Understanding towards the concept & role of the strategic leadership: - Strategic leadership is an innovative approach for competitive advantages & different from two other traditional leadership styles existed in the business organizations i.e. managerial & visionary. While the managerial leaders concentrate on day to day activities to gain the short term objective / profitability of the organization only, the visionary leaders do focus on the future growth plan / long term growth of the organization lacking the efforts for present value creation. Subsequently, the organizations especially the large & diversified business concerns adopted an integrated approach of leadership style i.e strategic leadership in their management practices in order to leverage their resources gainfully through eliminating the short comings of above said two traditional style of leadership. Thus, the newly evolved strategic leadership approach enhanced the long term viability of their companies through articulation of a clear vision & at the same time, maintained satisfactory level of short term financial stability.

Further, the changing business scenario, mainly driven by the factors like globalization, innovation & technology advancement etc, has influenced all functional areas of Indian industries which resulted some conditions of uncertainty & challenges for their survival & future growth. The secondary steel industries in India particularly in the state of Karnataka appeared to be crippled with similar problems during this changed economic & competitive landscape. As reported by the timesgroup.com, with china devaluing its currency twice during the recent months & cheap imports, the Indian steel making companies may be forced to go slow on output, a move that not only clouds India's target of producing 300 Million tons of the alloy by 2025, but also poses a potential threat for survival of many domestic steel makers in secondary steel sector in India.

In this highly competitive environment, the utilization of organizational resources thus, is considered very decisive & strategic. The study conducted by HR.com & sponsored by ORACLE during 2012 on "Driving successful HR leadership; Talent Management's role in core business strategy", suggests three important components required for a successful business i.e (1) right strategy (2) operation in place to execute that strategy, and (3) best people in the world to execute those operations. The study explains on critical role of HR leadership which not only confined to finding the best people for industry, finding best people at low cost, with

the lowest possible attrition & the best possible performance also. Since the human capital has been considered as most important element of competitive advantage during this period of globalization, the progressive business houses have started focusing on innovative culture within their organizations to leverage their human capital for their business value creation. Thus, the role of leadership in the successful organization has been shifted from transactional to strategic [1]. The scholars in Human Resource Management are in accord with the view that the transformation of business during today's complex business scenario is possible only through its strategic leadership which implements the right HR practices effectively & creates a supportive culture / environment within the industry & across the functions for innovation.

1.2 Strategic Leadership & Innovation: - Strategic leadership & innovation are co-related social phenomenon. While strategic leadership is considered as the instrument for innovation, innovation is the gateway to the organization's sustainable growth. Many scholars have offered different connotation to the concept & functions of leadership / strategic leadership as well as innovation.

Before understanding how the role of the strategic leadership is pivotal to create a culture of innovation, we need to understand the meaning of innovation. Michael Stanleigh in his article "Innovation : A strategic HR imperative " has given a broader outlook to the concept of innovation. According to him, the connotation of the word doesn't confined to introduction of new technology & innovations; it also goes beyond technology & requires collaboration from many areas to come together to achieve success. Innovation is thus, a collaborative process, where employees from all fields / departments contribute to the implementation of new ideas to accomplish the organization's goal. Susan Meisinger, former president and CEO of the society for Human Resource Management relied on HR leaders / professionals who could be strategic to foster the above said process of innovation in their organizations adopting the following three interventions:

- i) To understand the importance of hiring for innovation.
- ii) To understand how to create a culture of innovation
- iii) To understand the importance of Training & reward for innovation.

Hiring for innovation implies that the leadership / management of the organization should select & recruit employees with that aptitude to learn always. They should be always open & think about things in a different way. According to Late Dr. APJ Abdul Kalam, Former President & so called vision man of India, "Everybody may not have equal skill : but everybody has equal opportunity to develop their skill".

The second most role of a HR leader/professional is the ability to help, create, protect & build organizational culture as it is a major driver for innovation. However, the leadership of the organization needs to support, plan for & nurture an innovative culture for innovation to be successful.

Finally, the 3<sup>rd</sup> intervention for promoting innovation is the implementation of the right reward & recognition system through proper mechanism such as compensation strategy, performance management tools & other targeted recognition programmes to develop the employees & culture of the organization.

The studies on innovation, on the other hand have identified the lack of leadership support as the major barrier for creating a culture of innovation. It is now imperative, to review the definition & functions of the leadership /strategic leadership which optimizes the organization's sustainable growth with the right HR practices effectively supported with the strategic initiatives.

The management practices & functions are influenced by the style of leadership that the organization has. Leadership is an approach to the functions of the management of the organizations. Different leadership approaches impact the vision & direction of growth & potential success of an organization. To deal with changing environment the executives/leaders of the organization need to possess the skills & tools for both strategy formulation and implementation. Strategic leaders, thus, provide a sense of direction; build ownership & alignment within their workgroups to implement change. It is the leadership which set the goal, formulate strategic plan & polices regarding the future of the organization. Successful & effective implementation of such plan & policies is however dependant on the approach of leadership towards their group members/followers. Kim & Yuki (1995) is of the view that the role of leadership should be supportive in recognizing the efforts of human resources [2]. Because the effective management & mobilization of human resource can ensure sustainable competitive advantage [3].The relationship of leadership with subordinate employees is thus considered very important. Hemphill & Coons (1957) describes that leadership is the behavior of individual directing the activities of group towards shared goals [4]. Emphasizing on the collaborative dimension of strategic leadership. House & Mitcheli (1974) explain that effective strategic leaders concentrate on the development of skill of the human capital of all segments to create a value for the organization rather than focusing on certain section of employees [5]. Agarwal & Ferret (2001) advocates that in order to prepare the workforce which would provide competitive advantage, the strategic leaders of the firm need to create environment that would provide knowledge, motivation & engagement [6]. Thus, the leadership of the organization should be able to create vision for the firm & bring unity, pride & belongingness in all employees, motivate & inspire the fellow subordinate to accomplish that vision in a shared manner. The foregoing

discussion depicts the fact that the strategic leadership is an innovative approach to the management practices where all leadership approaches are integrated & aligned with business strategy & objectives. Accordingly, it may be concluded that the strategic leadership creates sustainable growth of the organization through an attitude of innovation on their human capital management practices & other source of competitive advantage like technology & management of physical resources & pay focus to maintain satisfactory short term financial stability simultaneously.

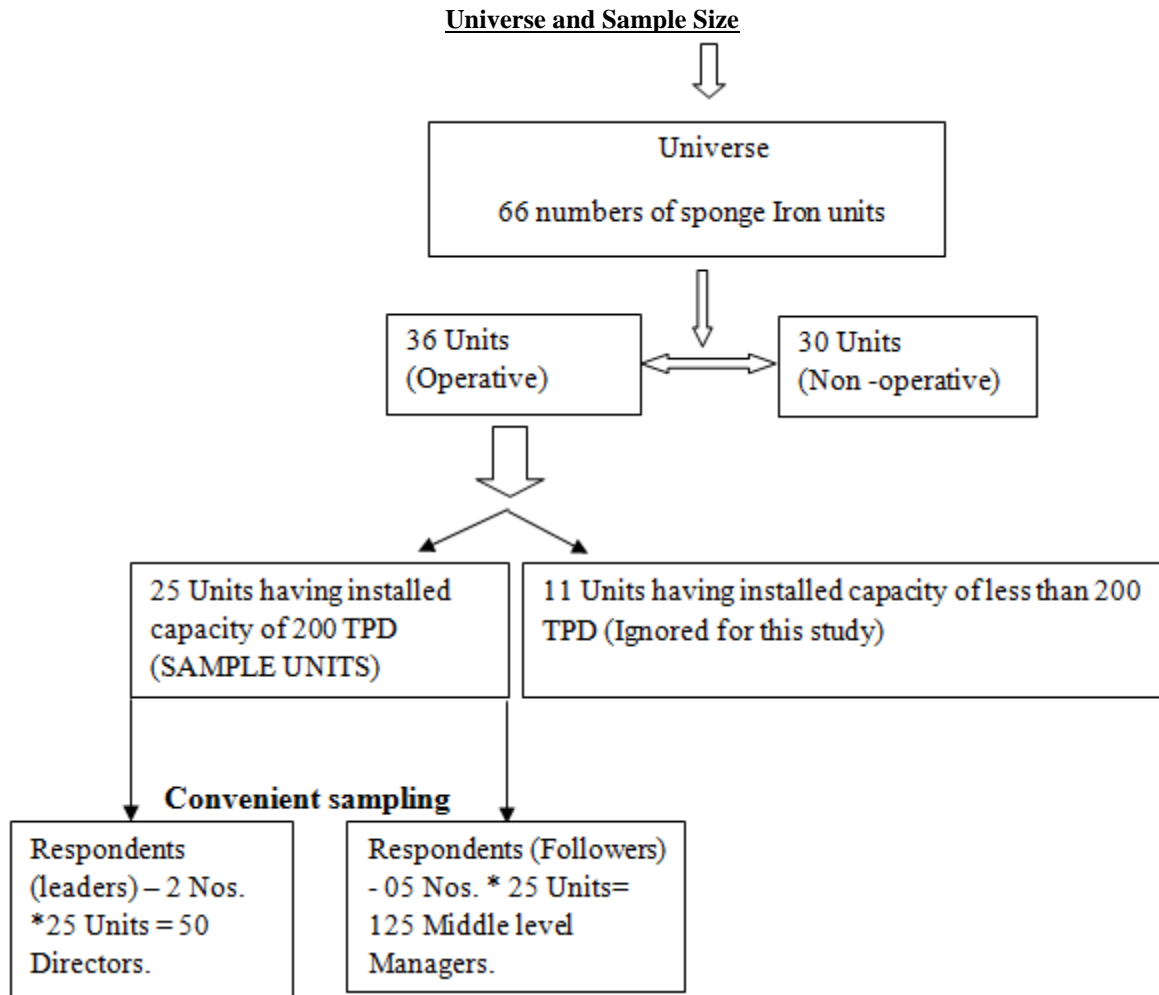
## **II. OBJECTIVE OF THE STUDY**

The secondary Iron & Steel industries in Karnataka (India) as perceived, have failed for gaining advantages out of this newly evolved integrated style of leadership. These industries appear to be crippled with conditions of uncertainty for their existence & growth. Thus, this author was tempted to study their management practices in the light of above theoretical orientation as discussed in the introduction chapter to explore the issues & challenges which hinder for effective leverage of their human resource, technology & other physical resources for sustainable value creation. Thus, the specific objective of the study is as follows:

- To understand the socio-cultural & professional back ground of the leaders at higher management level.
- To determine the mind set of those leaders examining their perception on concept & relevance of strategic leadership & innovation for gaining competitive advantages during present crises.
- To determine/study the existing HR practices for fostering innovation.

## **III. SELECTION OF UNIVERSE AND METHODOLOGY:-**

This study is confined to the Sponge Iron (DRI) industries located in the state of Karnataka in India & based on the data collected during the period August 2015 to October 2015 while the author was serving in one of the sponge iron industries in Karnataka. Selection of Sponge Iron industries in the secondary steel sectors bears a pivotal significance & well reasoned on the following grounds. Karnataka State has 66 such sponge iron industries out of which only 36 numbers of units are in operation either directly or through conversion agents as per the data collected from the Karnataka Sponge Iron Manufacturers' Association. The operation of rest units as reported had been suspended due to financial dead look for various reasons. Even majority of the units under operation are running at low capacity utilization i.e. Avg. 27% of their installed capacity being declared as Non Performance Assets (NPA) by their Bankers. The combined production capacity of all the 66 number of installed manufacturing units as estimated was 4.6 million tons per annum. Complete paralysis of operation of about 50% of those units is a setback for achieving India's targeted steel production of 300 million tons by 2025. However, out of above said 36 numbers of operating units, only those units having the installed capacity of 200 M.T. per day & above had been selected for this study & the sample size is 25 units all together. Further, first 02 directors from each industry (from their Board) were listed chronologically for data collection. Thus, the total respondents (leaders) taken for the study was 50 Directors. Since the author has preferred the group-follower approach of leadership study, 05 numbers of respondents from middle management level from each industry (total 125 numbers) were also selected as followers through convenient sampling method. The leaders and followers in operational terms referred to the Board of Directors and the middle management officers of the sample industries respectively. Data for present study, however, were collected from the primary & secondary source using qualitative research methodology. The primary source includes two sets of separate interview schedules prepared for the leaders & the followers followed by one-to-one interview/discussion with the followers. Schedule-I was used to collect responses from the higher management leaders (Directors & Promoters) to understand their socio-cultural profile, mind set on relevance of strategic leadership during present scenario & the trend of technology innovation in the industries under study. Schedule-II, at the same time was used to elicit response from the middle level managers (followers) to determine the existing HR practices of the sample industries for fostering innovation. On the other hand, the secondary source includes the earlier studies conducted by other scholars, annual report of the sample industries & reports published in the local/national print/electronics media. The study being exploratory in nature has no hypothesis to be tested.



#### IV. FINDINGS

4.1 Socio-Cultural profiles of the leaders: - The socio cultural profile of the leaders influences their thought and approach to the management practices of an organization. Thus, the researcher preferred to study the socio-cultural background of the leaders of the sample industries to have an insight into the factors correlated with the issues and challenges of the strategic leadership those existed in secondary Iron and Steel industries in the state of Karnataka in India. However, the data collected from the respondents / leaders have been depicted below.

**Table 1: Sex distribution of the Leaders**

Total Nos. of Respondents	Male	Female
50	45 (90 %)	05 (10 %)

Out of 50 numbers of leaders selected for this study, 90 % of the respondents are male Directors and the rest 10 % belongs to the female category.

**Table 2: Age distribution of the Leaders**

Total nos. of respondents	21 yrs- 45 yrs	46 yrs- 59 yrs	60 yrs and above
50	14 (28 %)	10 (20 %)	26 (52 %)

The above table shows that majority i.e. 52 % of the directors are senior citizens while only 28 % and 20 % of the leaders/directors are young persons and middle aged respectively.

**Table 3: Domicile of the Leaders**

Total nos. of respondents	Urban	Semi urban	Rural
50	31 (62 %)	15 (30 %)	04 (08 %)

It depicts the fact that majority (62%) of the leaders hails from the urban areas where as 30 % and 08 % of the leaders belong to semi urban and rural areas respectively.

**Table 4: Religion distribution of the leader**

Total nos. of respondents	Hindu	Islam	Christians	Others
50	40 (80 %)	02 (04 %)	08 (16 %)	0

The religion distribution table of the respondents reflects that majority i.e. 80 % of the leaders profess Hinduism while the leaders of Christianity and Islam constitute 16 % and 04 % of the total leaders respectively.

**Table 5: Caste distribution of the Leaders:**

Total nos. of respondents	General	S.C.	S.T.	OBC
50	26 (52 %)	06 (12 %)	04 (08 %)	14 (28 %)

It is evident from the above table that 52 % of the leaders belong to General caste category where as 28 %, 12 % and 08 % of the leaders hail from other backward caste, Scheduled cast and Scheduled tribe category respectively.

**Table 06: Educational background of the Leaders:**

Total nos. of respondents	Matriculation			U.G./Diploma			Graduation & Above		
	Gen.	Profes./Tech.	Total	Gen.	Profes./Tech.	Total	Gen.	Profes./Tech.	Total
50	15(30 %)	0	15(30 %)	04(8 %)	0	04 (8 %)	25 (50 %)	06(12%)	31(62%)

The above data revealed the fact that out of 50 number of Board of director (Leaders) taken for the study, majority of them i.e. 62 % are graduate whereas 30 % & 08 % of the total leaders are undergraduate and matriculate respectively. On the other hand, only 12 % of the total leaders under the study are professionally/Technically qualified while 88 % of the leaders are having the general educational background.

**Table 07: Background of the Leaders on various training:**

Total nos. of respondents	No. Of leaders who have attended leadership training	No. of leaders who have attended entrepreneurship /business development training	No. Of leaders who have attendee
50	10 (20 %)	12 (24 %)	06 (12 %)

Training/seminars /workshops are the HRD processes through which leadership qualities and entrepreneurship capability of the management positions gets sharpen. However, analysis of above data depicts insignificant training records of the Board of Directors/Leaders of the sample industries. 24 % of the total respondents have attended entrepreneurship/ Business development training while 20 % of the respondents have attended leadership development training only. On micro analysis of the data, it shows that only 12 % of the total respondents have attended both leadership development training and entrepreneurship development program during their occupancy.

#### 4.2. Mindset of the Leaders on the concept & relevance of Strategic leadership & innovation:-

It is an established fact that the world has undergone sea changes in it's various aspects in view of globalization of economy, advancement of technology & multinational business approach/culture etc.To accelerate the process of sustainable development in the changing environment, the traditional & existing approach of the management needs to be modified as per the emerging business need & new culture. Innovative mindset of the leaders at higher management drives the required modification in their management

practices/approach while Orthodox mindset does not yield in bringing any change in their attitude & approach which keeps the organizations lagging behind other innovative competitors for gaining advantages in the changing business environment. However, to determine the mindset of the leaders at higher management of the sampled industries, following questions were asked & their responses have been tabulated below for due analysis.

“Which one of the followings is absolutely correct function of Strategic leaders (SL)?”

- (i). SL should only emphasize on achieving the immediate target for survival of the industry.
- (ii) SL should set the target of all his team members & ensure to achieve the target by hook & crook following his instruction.
- (iii) SL should focus on immediate target achievement of the organization as well as it’s future growth.
- (iv) SL should involve his team members for the short term/immediate target achievement & not required to involve them on working out the future development plan of the organization since it is the management’s concern.
- (v) SL should seek the suggestion of all his team members in deciding the short term/immediate target & working out the planning for future growth of the organization.
- (vi) The above statements under (i),(ii)& (iv) are correct.
- (vii) The statements under (iii) & (v) are correct.

**Table 8: Distribution of responses on the concept of SL.**

Total nos. of respondents	Statement under (i)	Statement under (ii)	Statement under (iii)	Statement under (iv)	Statement under (v)	Statement under (vi)	Statement under (vii)
50	0	0	0	0	0	33 (66%)	17 (34%)

The analysis of the above data revealed the fact that 66% of the leaders expressed their views that the strategic leader should set the goal of his team & pass down necessary instruction to all his team members/followers for accomplishment of their immediate target only. As per them, the SL should not involve his team members in the planning for future growth of the organization attributing that as management’s concern. On the other hand, only 345 of the leaders expressed their views that SL should ensure to achieve the immediate target fixed for his team as well as work out the planning for future growth of the organization. Further, the opined that SL while setting target and working of the plan for future growth of the organization should involve his team members seeking their suggestion.

Decides above, following questions were also asked to assess their mind set/ perception on the concept and relevance of innovation for gaining competitive advantages during the existing scenario and their responses have been presented below the table no. 9 & 10 respectively.

“Which one of the following statements do you mean by innovation and strategic leadership approach in the context of your industry ? ” .

- (i) Automation of the plant and machinery adopting new technology.
- (ii) Developing a climate of transparency and openness, where the suggestion of all team members is given space to improve the production and productivity.
- (iii) Both the statements as indicated above under (i) & (ii).
- (iv) None of the above statements are correct.

**Table-9: Distribution of responses on the concept of innovation:-**

Total nos. of respondents	Statement under (i)	Statement under (ii)	Statement under (iii)	Statement under (iv)
50	0	08 (16%)	42 (84%)	0

“Which one of the following statements do you feel correct for adoption of innovation in your industry for gaining competitive advantages?”

- (i) Acute financial crisis is the only constraint for adoption of innovation.
- (ii) Apprehension of loss of production in absence of skilled persons in case new technology is adopted.
- (iii) The expected return is very insignificant against the required investment which may turn the financial health of the industry worsen than the existing situation.
- (iv) None of the above statement is correct.

**Table-10: Distribution of responses on the adaptation of innovation.**

Total nos. of respondents	Statement under (i)	Statement under (ii)	Statement under (iii)	Statement under (iv)
50	38(76%)	04(08%)	08(16%)	0

The data in Table-9 reflects that majority of the respondents (84%) mean the concept of innovation as the automation of plant & machineries adopting new technology whereas only 16% of total respondents specifically the young directors opined in favor of the statement (ii) i.e developing a climate of transparency and openness, where the suggestions of all team members is given space to improve the production and productivity. On the other hand, analysis of the data depicted in table 10 as above revealed the fact that 76% of the total respondents attributed the reason for failure to adoption of innovation in their industries to the acute financial crisis, while few respondents (16%) attributed the reason to the apprehension for loss of production on the event of adoption of new technology due to dearth of skilled hands. In addition to above, while the views of the young directors were sought through an informal discussion on the relevance of the innovation i.e developing a culture of transparency and openness besides adoption of the new technology, they were not found optimistic regarding any positive impact on the improvement of production and productivity during the existing situation of acute financial crisis. They viewed that achievement of targeted production in each month i.e short term target is the needed focus for survival during the existing financial crunch.

Thus, the foregoing analysis of the data revealed that the mindset of majority leader's ( 2/3<sup>rd</sup> of total respondents) at higher management level founds to be orthodox type which does not prefer openness for innovation. Besides the said orthodox type of mindset, acute financial crisis of the sample industries founds to be a challenge for adoption of innovation in those industries. However, it was also evident from the data analysis that the leaders at higher management of the sample industries preferred to focus on achievement of short term target only for the purpose of survival of their industries during the existing financial crunch rather than to focus on the planning for future growth along with the short term target.

#### 4.3. Existing HR Practices for fostering innovation.

HR plays a significant role in monitoring the implementation of fair HR policies in any organization which foster innovation. HR, now-a-days, is treated as champions of process building the commitment of top management, providing training for managers & monitoring those processes. HR has also a social responsibility to ensure the leaders at all level of management to be sensitive to and equipped to deal with global changes which creates a new role for HR as guardian of culture. The culture of innovation is thus can be developed through implementation of fair HR practices in the organization. However, the formulation of fair HR policies & it's successful implementation is dependent on the degree of professionalism & commitment of the higher management leaders. Accordingly the existing HR practices of the sample industries with regard to their hiring process, training & development systems as well as decision making process were examined to determine the extent of strategic and innovating approach of the leaders.

##### i) Process of hiring the employees:-

Human Resource of Management priorities on the fair hiring process to ensure right person in right position in right time. Keeping other resources constant, if the management does not focus on hiring the competent workforce, it would be too hard to achieve the organization's goal. Hiring of employees involves two important process i.e, sourcing and recruitment. In order to determine the hiring process of the sample industries, the managers at middle management level who are taken as the followers in operational terms were asked to indicate which of the methods of sourcing do they adopt for collecting candidatures. The options for their answer were (i) Open advertisement, (ii) Employee and public referral, (iii) Various job portals, (iv) Govt. Employment exchanges, (v) Private manpower consultancy, (vi) Any other (please specify). The responses are tabulated below for clear analysis.

**Table-11: Distribution of responses on sourcing.**

Total nos. of respondents	Response under (i)	Response under (ii)	Response under (iii)	Response under (iv)	Response under (v)	Response under (vi) = ii & v
125	0	100 (80%)	0	0	0	25 (20%)

Then, another question was asked to state as to which of the following process they follow for selection of candidates in recruitment. The given options were (i) Selection through interview board and (ii) Selection by department head. The elicited responses are presented in table - 12 below.

**Table-12: Distribution of responses on selection process.**

Total nos. of respondents	Selection through interview board	Selection by department head
125	40 (32%)	85 (68%)

Data in table 11 & table 12 revealed that as per 80% of the respondents, their industries collect candidates on the event of any vacancy either from employee referral or from public referral sources, where as only 20% of the respondents expressed that their industries collect candidates profile both from employees / public referral and the private manpower consultancy source.

Likewise, Majority (68%) of the respondents told that there was no systematic selection procedure in their industries and the department heads normally finalize the selection of the candidates directly. On the contrary, 32% of the respondents were of the view that their industries used to select the candidates for recruitment through a duly constituted interview board. Thus, it can be concluded that the secondary iron and steel industries don't adopt any fair hiring process in Karnataka.

(ii) Training and development:-

The objective of HRD is to help the employees to sharpen or acquire capability to perform their present or future roles perfectly. So, the strategic leaders do focus on continues training programs for their subordinates/ employees in induction, safety, behavioral and skill development aspects. The impact of the investment on such training programs although is not visible in terms of its immediate return, it has a cumulative and positive effect on the productivity of the employees which gets reflected in the balance sheet of the company in the long run in terms of improved and sustainable financial performance as well as enhanced employees satisfaction with lower employees turn over.

To know the attitude of the leaders at higher management for investment for such type of training programs, the respondents were asked to answer how frequently the behavioral and skilled development trainings were being organized in their industries. The options for their answer were (a) not at all, (b) sometimes, and (c) frequently and the elicited responses of the respondents have been tabulated below.

**Table-13: Distribution of responses on the frequency of training program.**

Total nos. of respondents	Not at all	sometimes	Frequently
125	110 (88%)	15 (12%)	0

The above table reflects that 88 % of respondents expressed that there was no such practice of organizing induction, behavioral or skill development training for the employee's development in their industries. While an informal discussion was made with the leaders of the higher management to cross verify the reliability of the responses depicted in the above table elicited by the middle level managers, the author was given an impetration that induction safety training was imparted to the newly entrants where as behavioral and skill development training could not be organized due to funds constraint. Thus, a conclusion can be arrived from the analysis of the information gathered from both type of respondents (leaders and followers) under the study that the secondary iron and steel sector in Karnataka did not foster on the training and development activities due to lack of innovative thoughts.

(iii) Decision making process:-

Management practices on decision making process of the organizations reflect about the leadership approach adopted in those organizations. Earlier research suggests that the authoritarian leaders' sets goal for his team members individually and downward the communication to his fellow team members to achieve that target fixed by him. On the other hand the collaborative leaders adopt both upward and downward communication and involve all their team members while deciding goal for entire team/organization.

On the basis of above said theoretical orientation, the middle level managers who were the respondents of this study, were asked to elicit their response as to how frequently did their higher management consult with



them in setting the monthly target. The options for their answer were (a) always, (b) Sometimes, and (c) not at all. However, responses of the respondents have been depicted in the table below.

**Table-14: Distribution of responses on decision making process.**

Total nos. of respondents	Always	Sometimes	Not at all
125	0	20 (16%)	105 (84%)

From the above data it is revealed that majority (84%) of the respondents viewed that the higher management of their industries did not feel proper to involves even to the middle level managers in setting the monthly target which preferred to adopt the down ward communication process to their team members to achieve their target. Only few i.e 16% of the respondents expressed that the leader of their higher management sometimes took suggestion while deciding the monthly target. While the leaders of higher management were interacted in an informal discussion to determine their mind set on the above concept, they opined that during the existing financial crunch, higher quantity and qualitative production with lower expenditure was the need of hours for survival of the industries. According to them if the employees would be involved in deciding the production target, they may focus different problems for achieving the required quantum of quality production. However, again the orthodox type of mind set of majority leader was manifested from the above said analysis of data which jeopardized the process of collaboration an innovation in the sample industries.

## V. CONCLUSION

The foregoing analysis of the data leads to the following conclusion. The secondary iron and steel industries in the state of Karnataka (India) have been striving hard for survival amid stringent financial crisis due to adverse impact of the internal as well as external factors which includes continuous depression in domestic and international steel market. Under the above situation, the industries have failed to overcome from such acute crisis by adopting innovation and strategic leadership approach in their management practices. It was observed that the management of those industries failed to gain competitive advantages out of the said innovative approach due to following issues.

Although majority of the leaders at higher management were found to be graduates, they have not attended any leadership/business development training during their occupancy which is needed to mould their traditional outlook for adopting collaborative approach in their management practices. Due to their orthodox mind set & traditional outlook, they did not recognize the relevance of strategic leadership & innovation during the existing financial crisis confining the the concept of innovation to adoption of the advance technology only. The study also revealed the fact that due to lack of professionalism in the leadership of the sample industries, fair HR practices were not given priority which indicated the indifference in higher management leaders for fostering innovation. However, the study suggests that the sample industries had adopted managerial leadership approach & issues like stringent financial crisis, orthodox type of mind set of the higher management leaders due to traditional outlook & non-implementation of fair HR practices due to lack of professionalism in the leadership structure appeared to be real challenges for fostering innovation & strategic leadership in secondary iron & steel industries in Karnataka. This study has a limitation to a particular time period involving only the operative sponge iron industries in the state in view of limited time & resources & has a further scope to cover an wider range of industries in secondary steel plants.

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