Chapter 2
Strategic Leadership for New Competitive Environments

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ABSTRACT

The subject of leadership has been addressed by many authors in numerous publications. Nevertheless, the focus has been more on the relationship of middle leaders with their employees than on the role of the strategic leader for the performance of organizations. In this chapter, the authors focus on the importance of top leadership, trying to demonstrate its crucial contribution to organizations. They give special importance to the role of the leader in a changing context characterized by volatility, uncertainty, complexity, and ambiguity – The VUCA environment. They define strategic leadership and highlight its impact on organizational results at the individual, team, and organizational levels. They end by addressing the ethical implications of strategic leadership, which has been given relatively little attention by researchers.

INTRODUCTION

The scenarios of uncertainty and the complexity of the changes to which organizations are constantly subject require high flexibility and speed of response. The ability to respond favorably to these challenges is anchored in their human capital. Admitting and retaining talent, maximizing its innovative potential, is only possible through strong leadership, inspiring and intrinsically committed to organizational strategy. Thinking leadership as a key of organizational success is to devise it as a means to deal with new and ambiguous problems, identifying exceptional solutions, through collaborators and teams encouraged to pursue shared goals. Thus, we speak about a process that develops at the rhythm of the capacity to harmonize multiple needs and desires, promoting individual and collective development and well-being, based on ethical behavior.

In this environment the role of leadership is crucial. The ability of the leader to influence behaviour and mobilize his employees to make them agents of this change, as can easily be predicted, plays a key role. At an early stage, research highlighted the role of the middle leader by ostracizing the contribution of top leadership. Today, authors believe in the importance of this strategic leadership, namely in its ability to perpetuate the future of the organization, develop a long-term vision and mobilize employees. Nevertheless, the importance of this top leadership is not just about their ability to define long-term strategies but also about their ability to operationalize them.

In the organizational context, particularly in large organizations, a special role is reserved for top leaders, namely the Top Management Team (TMT) headed by the Chief Executive Officer (CEO), who is responsible for defining policies and strategies that will allow the organization to operationalize their vision for the organization. Leadership in general and strategic leadership in particular is considered by many to be a key element in the implementation of organizational strategy (Palladan, Abdulkadir, & Chong, 2016).

In this chapter we will focus on this strategic leadership that some consider playing a key role in organizational performance. We will seek to emphasize their role in a context of major challenges for organizations, with ever-changing and greater diversity including their workforce.

LEADING IN VUCA ENVIRONMENTS

The importance of leadership in organizations is undisputed. In fact, the performance of an organization can even be dramatically affected by a small group of people who take on leadership roles as, Banzato and Sierra (2016) point out, it is closely linked to the strategic decisions made by the people who work based on their motivations but also on their own circumstances. A huge challenge is now posed to these leaders that relates to the fact that never in the history of humanity has there been such great volatility of circumstances and such a rapid speed of change. In this context, even the most skillful of leaders see their skills become obsolete as the same time the organizations change (Lawrence, 2013).

Some authors, such as Friedman, (2005) argue that this rapidity of change is leading to the emergence of a new organizational environment that has been called VUCA environment. This designation, which originated in military contexts, is intended to describe the dynamic nature of today's world characterized by Volatility, Instability, Uncertaintly, and Ambiguity (Horney, Pasmore, & O'Shea, 2010; Lawrence, 2013).

With Volatility, authors want to highlight the role of market turbulence, a factor more important to-day than in the past. Organizations today operate in increasingly unpredictable environments where the nature, speed, volume, and magnitude of change do not follow previously established patterns. There are several drivers of this business volatility, including digitalization, market globalization, connectivity, business model innovation, among others (Lawrence, 2013).

On the other hand, changes that occur in organizations are increasingly disruptive. In this context of uncertainty, the past is no longer a good predictor of the future, making predictions is extremely challenging and the process of decision making increasingly difficult. In this environment of uncertainty, it is extremely difficult for organizations and its leaders to foresee and prepare for what will come next (Lawrence, 2013).

Organizations are also increasingly complex and operate in environments at various chaotic levels. Problems often have diverse causes and never tried solutions. An example of the complexity currently

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