

Chapter 7: Strategic Leadership

Strategic leadership has become increasingly critical in today's fast-paced, ever-changing business environment. The ability of leaders to not only guide their organizations through periods of stability but also to navigate crises and uncertainty has proven to be a defining factor in organizational success. This chapter explores the evolving role of strategic leadership, drawing on recent research to provide practical insights for organizations seeking to strengthen their leadership capabilities. We will examine how boards of directors can act as sources of strategic leadership and introduce a new model for strategic leadership, emphasizing its application during crises and beyond.

The Strategic Role of Boards of Directors

Traditionally, boards of directors have been viewed as governance-focused bodies, primarily concerned with oversight and compliance. However, recent research by Castellanos and George (2020) highlights the growing recognition of boards as pivotal players in strategic leadership.¹² This shift reflects an understanding that boards, when actively involved in strategy formulation and execution, can significantly enhance organizational performance and long-term success.

Boards of directors bring a unique perspective to strategic leadership due to their diverse expertise and broader view of the organization's position within its industry and the global market. Their involvement in strategic decisions ensures that the organization's long-term vision and objectives are consistently aligned with its day-to-day operations.

Theoretical Frameworks and Board Involvement

Castellanos and George (2020) explore several governance theories that shape the board's role in strategic leadership. For example:

- **Agency Theory:** This theory traditionally restricts the board's role to oversight and monitoring, minimizing direct involvement in strategy. The focus is on ensuring that management acts in the best interests of shareholders.
- **Stewardship Theory:** In contrast, this theory encourages boards to take an active role in strategy formulation, working collaboratively with management to drive the organization toward its goals.
- **Resource Dependency Theory:** This theory highlights the board's role in providing access to essential resources and networks, thereby influencing the organization's strategic direction.

Understanding these frameworks is crucial for organizations as they define the role their boards should play in strategic leadership. The right approach can vary depending on the organization's size, industry, and specific challenges.

Board Involvement Typologies

The article by Castellanos and George (2020) also introduces typologies of board involvement in strategy, ranging from minimalistic approaches to continuous strategizing. These typologies help organizations identify the most effective level of board engagement in their strategic processes. For