# Chapter 10
# The Aspects of Leadership Development in the Digital Economy

**Lavinia Essen**
*University of Lapland, Finland*

## ABSTRACT

*The economic environment of the Digital Age, characterized by the acceleration of technology innovation, fierce competition in gaining competitive advantage, increasing consumer expectations, and emerging market pressure, leads leadership to adapt Vision and Entity Strategy to new performance standards. Thereby, Leadership is the key active force that motivates and coordinates an organization to accomplish its objectives. A leader creates a vision for the others and then directs them towards achieving that vision. To be a leader, you must have followers who have confidence in you and who give you their support and commitment to a goal. The objective of this chapter is to demonstrate the role of contemporary leader in the digital economy.*

## INTRODUCTION

Numerous people think that leadership and management have the same meaning, but in fact they are different (Lazear, Saiz-Alvarez, Coduras, & Cuervo-Arango, 2013). Leadership is the key active force that motivates and coordinates an organization to accomplish its objectives (Sarasvathy, 2001). A leader creates a vision for the others and then directs them towards achieving that vision. To be a leader you must have followers who have confidence in you and who give you their support and commitment to a goal (Alvarez, & Barney, 2005). On the other hand, management is the process of getting things done, effectively and efficiently, through and with other people (Douglas, & Shepherd, 1997).

Managers deal with difficulty through planning and budgeting (Gaglio, & Katz, 2001). They put goals, determine how to meet those goals and gather resources to meet those goals. Leaders start with the vision and put strategies to meet this vision (Saiz-Alvarez, 2015). Managers organize and staff their employees to meet their goals. They create jobs to achieve the requirement of plans. Leaders try to recruit

and keep the employees who participate their vision. Finally, managers control the employees' behaviour to ensure that employees meet the goals (Baron, 2007).

Some contemporary motivation issues facing today's leaders include motivating a diversified workforce, pay for performance programs, motivating minimum wage employees, motivating professional and technical employees, and flexible work schedule options (Saiz-Alvarez, 2018).

Management needs to think in terms of flexibility to motivate a diversified workforce. For instance, studies tell us that men place considerably more importance on autonomy in their jobs than do women (Anna, Chandler, Jansen, & Mero, 2000; Johnson, 1990). In contrast, the opportunity to learn, good interpersonal relations, and convenient work hours are more important to women than to men. Managers need to recognize that the motivation of a single mother with two dependent children, who are working full time to support her family, may be quite different from the needs of a young, single part time worker or the needs of the older employee who is working to supplement his or her pension income. Employees have different personal needs and goals that they're hoping to satisfy through their jobs (Audretsch, 2003).

However, it is also important to look at the fact that doing a job that is the same day in and day out can become quite boring (Silva, 2007). When employees are given a job with different tasks and ability to grow, they tend to stay more motivated. Unfortunately, many workers are unused and do not get challenged or the ability to show their creativity to its potential. Leaders can motivate their work force by improving design of jobs, empowerment, assess fairness through the implementation of the equity theory and finally by implementing a quality of work life by providing safe and healthy environment and fair treatment of their workforce and designing a psychological contract that is used in exchange for the employees' contributions (Wagner, 2003).

This chapter discusses the coordination and motivational aspects of leadership. Two research questions have been selected: What are the coordination aspects of leadership development? and What are the motivational aspects of contemporary leadership development?

## BACKGROUND

A review of the leadership literature shows an evolving sequence of schools of thought from Great Man and Trait theories to "Transformational" leadership (Barnes, Dang, Leavitt, Guarana, & Uhlmann, 2018). Although early theories focused on the characteristics and behaviors of successful leaders, later theories begin to consider the role of followers and the related nature of leadership (Drucker,1985; Gnyawali, & Fogel, 1994).

One of the first studies of leadership behaviour explore three leadership styles: autocratic, democratic, and laissez-faire (Schumpeter, 1942; Schumpeter, 1934; Kirzner, 1979).

Autocratic style where a leader has centralized authority, state work methods, makes independent decisions, and puts limit on employee's participation.

Democratic style where the leader involves his employees in the decision making, share his authority with employees, and share the decision making with his subordinates. Democratic style is divided into two other styles, consultative and participative.

Laissez-faire style where the leader gives complete freedom to his employees to do their job and make decisions. Laissez-faire leader basically provide material to employees and answer questions only.

On the other hand, to promote empowerment, leaders must create an environment in which employees feel that they have influence over performance and effective in the areas of their responsibility (Thorton,

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