

Digital Leadership: A Framework for Successful Leadership in the Digital Age

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ABSTRACT

Advances in digitalization place completely new demands on both political and economic leaders as well as on society as a whole. In addition to technical skills as a basis for dealing with and understanding digital technologies, digitalization demands that relevant decision-makers have a digital mindset so that they can recognize and correctly assess the opportunities and challenges associated with digitalization. Against this backdrop, this article presents a conceptual framework for digital leadership and explains the motives as well as the opportunities and challenges associated with it. It also shows how the critical capabilities of a digital leader contribute to the realization of their strategic vision of successful digitalization. The article concludes by discussing whether and how digital leadership can support successful digital transformation in the economy and society, and it points out possible fields for future research.

KEYWORDS

Digital Economy, Digital Leadership, Digital Transformation, Digitalization, Leadership Styles, VUCA Environment

INTRODUCTION

Currently, digital business models are enjoying enormous success, which can be attributed to the driving force of electronic information and the value it generates (Amit & Zott, 2001; Kollmann & Hensellek, 2016, 2017). The three most valuable companies in the world (Microsoft, Apple, and Alphabet) are not only equipped with a market capitalization exceeding that of all companies in the German DAX30 index but also they are operating in the digital economy and are particularly proficient in dealing with digital information and the associated “information triple jump,” which comprises the three steps of information gathering, processing, and transfer (Kollmann, 2019; Kollmann & Hensellek, 2016, 2017). In addition to their highly digitally oriented business model, these companies also have in common that they were led to success by outstanding personalities. This raises a question regarding which skills and ways of thinking and acting are necessary in the digital age to lead a digital company to success or to successfully lead a company from the classical economy through the process of digital transformation. In this vein, the classic requirements for good leadership are not obsolete, but must be supplemented and transformed.

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The pressure to innovate is reflected in two particularly relevant theoretical approaches in leadership research (Leitch, McMullan, & Harrison, 2013). First, the focus has shifted away from the interest in classic personality traits of a lonely leader at the top toward leadership as a role in itself that is not defined by individuals' traits but by their interactions in a social and organizational context (Day, 2000; Thorpe, Cope, Ram, & Pedler, 2009). Second, leadership, similar to digital transformation, is increasingly understood as a process that involves all members of an organization and is intended to develop leadership competence throughout the entire organization rather than just individual executives, which also points at the importance of good leadership at lower levels of an organization (Day, 2000; Leitch et al., 2013). Together, these two developments highlight the importance of the social and organizational context as an influencing factor for successful leadership (Fiedler & Chemers, 1974; Leitch et al., 2013).

Today, this context is strongly shaped by digitalization (Bharadwaj, El Sawy, Pavlou, & Venkatraman, 2013). On the one hand, this leads to a more complex and rapidly changing environment through which leaders need to navigate their organizations and to which they need to adapt their leadership (Fitzgerald, Kruschwitz, Bonnet, & Welch, 2014). On the other hand, it also offers new ways of work and leadership. For instance, the use of digital technologies in combination with modern leadership styles such as entrepreneurial leadership allow employees on lower levels to enjoy greater freedom and even a certain degree of self-leadership as long as they contribute to the organizational goals (Renko, El Tarabishy, Carsrud, & Brännback, 2015). For leaders, digital technologies mean new forms of communicating and organizing (El Sawy, Kræmmergaard, Amsinck, & Vinther, 2016). Against this backdrop, the present paper argues that digitalization is the driving force for the future success of organizations but classic leadership styles do not sufficiently address the opportunities and challenges arising from digitalization. In more details, I argue that digital leaders need to create an overarching digital vision of the future and possess the necessary skills and mindset to enable a people-centric implementation of this vision.

Since the body of literature on digital leadership is still fragmented and relatively small, this paper draws from existing literature in related fields (i.e., general leadership and digitalization literature) in order to lay the foundations for developing a suitable framework for digital leadership based on prior research. Against this background, the remainder of the article will elaborate on the significance of digitalization as an opportunity and challenge for leadership in the digital age. Existing concepts on leadership styles such as transactional, transformational, and entrepreneurial leadership are briefly discussed and their possible implications in the context of digitalization are derived. Finally, a framework for successful leadership in the digital age is presented. It can serve both researchers as an impetus for further developments in the field of digital leadership as well as organizational leaders in their daily work.

LITERATURE REVIEW: THE IMPORTANCE OF DIGITALIZATION FOR LEADERSHIP

In general, the term “digitalization” can be viewed from two angles (Petry, 2016). On the one hand, it can be understood purely technically as the conversion of analog data into digital information. On the other hand, it can be seen holistically as a development of society as a whole that is driven by technological developments in electronic data processing. It leads to both new challenges and opportunities, as it produces far-reaching changes at all levels of the economy and society, fundamentally changing the way people communicate and interact with each other and the way companies operate in the market.

The Organisation for Economic Co-operation and Development (OECD, 2016) described digitalization as a current megatrend that has an impact on all areas of our lives. In the context of this article, digitalization is understood as a holistic concept, because this is the only way to explain its profound influence on established business models and management approaches (Petry, 2016).

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