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THE DEVELOPMENT OF MODERN LEADERSHIP STYLES THROUGH DIGITALISATION

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Abstract: *The digital transformation has not only influenced leadership styles and models but has also fundamentally changed the structure of organizations. It has led to an expanded competitive environment for companies and altered profit distribution through new business models. Professor Dr. Isabell Welpe, holder of the Chair of Strategy and Organization at the Technical University of Munich, has accompanied several companies in restructuring their leadership approaches by integrating digitalization into the process. Traditional leadership styles have been reconsidered, and Welpe has co-authored several readings, both with and without her research team, to highlight the consequences of the digital age concerning corporate hierarchies. Generally, a development in corporate governance has emerged that has far-reaching implications for the overall market. New startups place great emphasis on customer retention and utilize digitalization to develop a precise understanding of the individual needs of their target audience. Instead of replicating the entire value chain, they focus on analyzing its end. Highly skilled professionals working freelance for various companies are integrated into this process, with so-called "clickworkers" taking on tasks traditionally performed by permanent employees. These freelancers specialize in capturing the specific needs of end customers and offering tailored products. Moreover, today's end customers unconsciously play an active role in the work process by directly providing companies with suggestions for new products and improvements to be implemented. For instance, Tchibo presents newly developed designs for voting on its homepage, leaving decision-making to its target audience. Professor Dr. Thorsten Petry authored a guide on successful leadership in times of the digital economy. Both Welpe and Petry aim to provide insights into this type of leadership. Subsequently, a discussion will address the advantages and disadvantages that have arisen and how existing challenges can potentially be overcome.*

Keywords: *Leadership style, Digitalization, Digital Leadership, Management*

INTRODUCTION: THE CHANGING ECONOMY DUE TO DIGITALIZATION

The increase in digitalization can no longer be denied today. The advancement of AI and other programs, as well as the transition from analog media to the digital world, demonstrate an ongoing upward trend. KPMG published a paper on revenue growth and increased customer acquisition when successfully managing digitalization. The goal is to simplify workflows and strengthen customer and employee loyalty. Social media content and systems that monitor and analyze customer satisfaction are at the forefront of companies' focus. KPMG surveyed 115 firms, finding that over 50% already utilize digitalization for revenue enhancement and believe that new technological innovations are expected across all departments within a company (KPMG 2015, p. 9). Digitalization can be understood in two ways: On a technical level, it refers to "the preparation of information for processing or storage in a digital system". When considering all consequences of digitalization, it can be defined as a technological development that enables a transformation process for companies, resulting in organizational, strategic, and sociocultural changes (Petry 2019, p. 23). If customers and employees respond positively to technological developments, companies must also adapt to continue establishing themselves successfully. For example, if a company's target audience frequently engages with social networks, advertising is best placed there. The most successful companies of the 21st century represent platform-based businesses that connect online user groups (e.g., Meta Platforms Inc.) for interaction while also communicating with the offline world via the internet for faster process handling (e.g., Uber) (Petry 2019, p. 25). If digitalization is indeed the solution for increasing company profits, leaders must be willing to market their products or services online while also digitizing workflows to

keep pace with internet speed. To underscore this situation, Petry defines the VUCA environment in which leaders now operate (Petry 2019, p. 46).

THE "VUCA-ENVIRONMENT"

The acronym stands for Volatility, Uncertainty, Complexity, Ambiguity. Volatility refers to instability; frequent changes should be expected. If this is not possible, flexibility is required to quickly adapt to situations. Uncertainty represents opaque situations that necessitate information-seeking behavior; leaders should be prepared to experiment amid ignorance. Complexity pertains to balancing fundamental rules that need establishment with processing mechanisms designed to address atypical situations that cannot be reduced to basic rules. Ambiguity signifies contradictory environments where hypotheses must be tested and mistakes reflected upon (Bendel 2021). In such a VUCA environment, forecasting business development becomes increasingly challenging; particularly in the digital age do all four components simultaneously impact a company. According to Petry, this necessitates a change in corporate leadership structures; previously successful analysts who adhered strictly to long-term planning must now be "reconsidered" (Petry 2019, p. 46).

THE MODERN LEADERSHIP STYLE OF "AGILE LEADERSHIP"

According to Petry, the VUCA environment leads to new expectations placed upon leaders – one core aspect being agility – which has given rise to a new leadership style: Agile Leadership. This style describes the ability to embrace change and adapt current situations accordingly; it is part of modern leadership paradigms. Agility – originally a term from software development – describes within the VUCA environment a leadership theory characterized by constant adaptability. The Haufe publishing house refers both to organizational structures and processes as well as management behaviors necessary for adapting radically changing conditions effectively. Role modeling replaces authoritative leadership as traditional hierarchies dissolve; high-ranking positions should act as pioneers by embodying corporate vision through their actions.

Instead of rigid directives being imposed from above, only frameworks are established allowing employees room for individual development experiences. Self-responsibility is cultivated within cross-functional teams where decisions are made directly by team members engaged in self-organized work processes – creating space for progressive ideas which can be trialed without immediate repercussions.

Although this leadership style may initially resemble transformational leadership theories predating digitalization, agility remains distinct: Leaders operate on equal footing with their employees while fostering an environment conducive to agile work practices.

By enabling direct implementation of new ideas based on lessons learned from mistakes – and possessing an inherent capacity for rapid adaptation amidst external changes – agile leaders exemplify modern management principles (Rutz 2017).

SHARED AMBIDEXTROUS LEADERSHIP

In today's fast-paced world driven by digitalization, Petry discusses implementing "shared leadership", also referred to as "ambidextrous leadership", which aims at enhancing efficiency through quick decision-making processes alongside self-leadership capabilities among team members.

The demands placed upon leaders increasingly exceed what any single individual can offer; thus agile leadership seeks not only strengthening employee capabilities but also facilitating individualized growth opportunities.

Shared leadership delegates managerial responsibilities among those team members possessing requisite competencies – aiming towards mutual guidance within teams striving toward common goals while distributing responsibilities equitably.

The definition of ambidexterity describes executing tasks equally skillfully with both hands; applied within organizations it denotes leaders' ability balancing innovation against efficiency demands – allowing room for errors while simultaneously establishing guidelines around which teams orient themselves.

This blend between establishing routines alongside encouraging free expression gave rise shared

ambidextrous leadership – a model redistributing tasks focused on empowering employees alleviating burdens from managers while amplifying partners' strengths.

Team leads assume responsibility implementing efficiency – or innovation-enhancing ideas within set parameters alongside hierarchical direction defining boundaries whilst horizontal collaboration fosters creative freedom among peers undertaking projects together.

Inter-team exchanges are strengthened yet guided towards intended outcomes through established frameworks (Rudolf, Bruch 2023).

A study conducted at St. Gallen University under Prof Bruch examined 646 work areas across 73 companies regarding creativity – versus efficiency-promoting management styles revealing positive impacts from modern "Shared Ambidextrous Leadership" on both performance metrics related efficiency gains alongside willingness towards innovation initiatives within firms.

Combining open idea exchanges exploring novel thought structures along with implementing frameworks guiding team member interactions yielded ten percent higher ambidextrous behavior amongst staff members – with emotional exhaustion decreasing eleven percent while organizational performance rose nearly identically (Rudolf, Bruch 2023).

Another success factor highlighted by the study is the changing role of the leader. The leader is seen as an inspiration, uniting efficiency with creativity by communicating an overarching goal that every employee can identify with, based on their contributions along the hierarchical structure. Due to the particularly flat nature of the hierarchy, the leader becomes a team member. Such role modeling is believed to enable more employees to adopt leadership roles and even identify with them. A social fabric emerges among team members that is more interconnected than in traditional leadership styles (Rudolf, Bruch 2023).

RESULTS

In the digital age, rapid growth of companies is encouraged, and communication within the value chain is enhanced. Employees are informed more quickly, and there is now the possibility of spatial separation despite high revenue-generating work. However, the labor market is also burdened by the fact that negative aspects within a company can be communicated just as swiftly, making it easier to poach strong employees through digital means. Consequently, new leadership approaches are being sought to strengthen employee retention while leveraging digitalization. Flat hierarchical leadership methods allow employees to grow by expressing creativity and working more efficiently through digitalization. This ambidexterity in leadership fosters employee satisfaction, which in turn boosts company revenue and counteracts employee turnover. The vision is exemplified and integrated into the structure to provide partners with a "why" for their activities and present a common goal. The paths to achieving this goal are freely selectable within established frameworks, allowing innovations to emerge from employees themselves that aim to improve processes in the future. The combination of efficiency and creativity delivers a new way of working that emphasizes freedom for employees.

CONCLUSION

The described leadership style, as well as the impact of digitalization on entrepreneurship, will be elaborated upon using sources that express clear opinions. The investigation into ambidextrous leadership was conducted by St. Gallen University and not personally by the author of this publication. While various readings confirm the theory that digitalization enables more efficient work processes, such statements can never be absolute. Similarly, no single leadership style can serve as a solution for every company; validation within one's own organization is necessary.

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РАЗВИТИЕ НА СЪВРЕМЕННИ УПРАВЛЕНСКИ СТИЛОВЕ ЧРЕЗ ДИГИТАЛИЗАЦИЯ

Резюме: Цифровата трансформация повлиява не само на стиловете и моделите на ръководство, но и променя из основи структурата на организациите. Тя е довела до разширяване на конкурентната среда за компаниите и променя разпределението на печалбата чрез нови бизнес модели. Професор д-р Изабел Велпе, титуляр на Катедрата по стратегия и организация в Техническия университет в Мюнхен, е съпровождала няколко компании в преструктурирането на техните лидерски подходи чрез интегриране на цифровизацията в процеса. Традиционните стилове на ръководство са преразгледани, а Велпе е съавтор на няколко четива както с изследователския си екип, така и без него, за да подчертае последиците от цифровата ера по отношение на корпоративните йерархии. Като цяло в корпоративното управление се появява развитие, което има дългосрочни последици за целия пазар. Новите стартъпи поставят голям акцент върху задържането на клиентите и използват цифровизацията, за да развият точно разбиране на индивидуалните нужди на целевата си аудитория. Вместо да възпроизвеждат цялата верига на стойността, те се съсредоточават върху анализа на нейния край. Висококвалифицираните специалисти, работещи на свободна практика за различни компании, се интегрират в този процес, като така наречените „кликари“ поемат задачи, традиционно изпълнявани от постоянни служители. Тези служители на свободна практика са специализирани в улавянето на специфичните нужди на крайните клиенти и предлагането на продукти, съобразени с тях. Нещо повече, днешните крайни клиенти несъзнателно играят активна роля в работния процес, като директно предоставят на компаниите предложения за нови продукти и подобрения, които да бъдат внедрени. Например Tchibo представя новоразработените дизайни за гласуване на своята начална страница, като оставя вземането на решения на целевата си аудитория. Професор д-р Торстен Петри е автор на ръководство за успешно лидерство във времената на цифровата икономика. И Велпе, и Петри имат за цел да предоставят информация за този вид лидерство. Впоследствие ще се проведе дискусия, в която ще бъдат разгледани възникналите предимства и недостатъци и как съществуващите предизвикателства могат потенциално да бъдат преодолени.

Ключови думи: лидерски стил, цифровизация, цифрово лидерство, управление

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