

# Chapter 10

## Digital Leadership: Characteristics, Challenges, and Opportunities

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## **ABSTRACT**

*The authors define and set in context the digital transformation process and how it affects the development of companies, the appearance of digital leadership and the characteristics predominantly recognized in this new type of leadership. A qualitative methodology was employed to understand the triangular alignment and involvement, composed of organization, digital transformation, and leadership. The authors verify there are different top leaders in the most diverse areas of activity and that there are indeed substantial changes in the leadership process. It allowed the identification of a set of characteristics, mainly from the communicational point of view, which is essential for the effective pursuit of the objectives of both the different work teams and the organizations themselves. The authors fill a gap in the extant literature because they present the decisive leadership characteristics in the context of an increasingly digitalized work environment, and have verified they are not yet strongly anchored in the extant literature.*

## **1. INTRODUCTION**

The organizational environment and the dynamics of work have changed significantly over the last decade due to the constant evolution of technology and innovation, which invade the modus operandi of professions and influence relationships and productivity. These changes are understood as the Fourth Industrial Revolution, which makes use of the internet and many other digital tools as a means of production, which consequently requires the reinvention and creation of new jobs, as well as the emergence of new professional skills. The leader of this new digital age needs specific skills to be able to prepare the organization for all the transformations that the market is observing, where quality, price and speed are fundamental to be successful. Information technology is increasingly present in the daily life of every individual and has been gradually transforming the socio-economic environment and human behaviour, just as it did with the emergence of the steam engine or electricity in the past (Leduc and Ponge 2018). This process, called digital transformation has been recognized as one of the main drivers of change in society and business (Parviainen et al. 2017) and is related to the need for organizations to use new technologies in order to remain competitive in the digital age, where services and products are delivered online and offline (Mergel et al. 2019). The main reason for companies to invest in technological development is essentially due to outdated and obsolete work processes that clearly do not keep up with market trends. Nowadays, to maintain or improve the competitiveness of companies and the quality of procedures, it is essential to continuously invest in processes, mainly through technology (Cho et al. 2019).

## **2. DIGITAL TRANSFORMATION**

The term “digital transformation” can be defined as the transition from physical to digital, or the process of transforming information. Digitalization has similarities to the concept of “globalization” and is difficult to describe by a single meaning. Digitalization is described as a global trend that fundamentally changes the existing value chains in the various sectors and institutions, be they public or private (Khan 2016). However, digital transformation cannot be achieved without checking two requirements: first, the

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