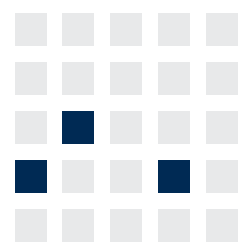# Management in the digital age

Lecture 6: Management and Leadership

**Chair of Business Informatics
Processes and Systems**
University of Potsdam

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Management in the digital age

Learning goals:

- Understand what is meant with management and leadership, especially their difference
- Learn about specific leadership and management competencies in the digital age
- Understand what are specific challenges in the (partly) digital organizational setting for leadership and management
- Understanding the facets of change management
- Understand the importance and possibilities to focus on sustainability aspects while leading

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Understanding management and leadership

Impact of digitalisation on management and leadership

Shaping change in organisations

Managing a sustainable company

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Understanding management and leadership

Management

- Planning
- Decision making
- Delegation

Leadership

- Communication
- Motivation
- Feedback

Simplified: Managements concerns numbers, leadership concerns people.

Source: Drucker (2020)

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E D U C +M

Understanding management and leadership
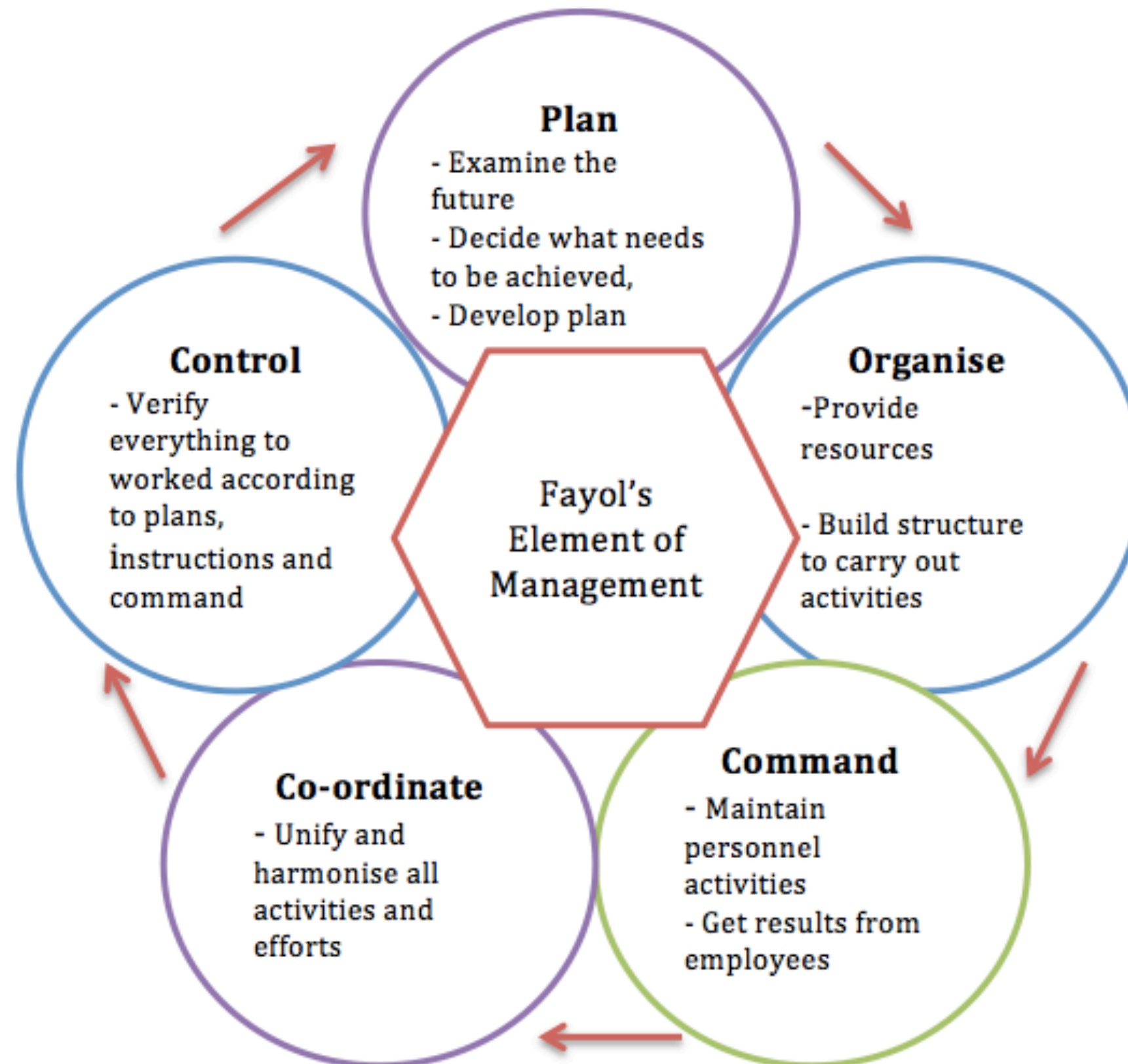# Principles of management

Essential functions within a company:

- Technical activities (e.g., production, manufacture, adaptation)
- Commercial activities (e.g., buying, selling, exchange)
- Financial activities (e.g., search for optimum use of capital)
- Security activities (e.g., protection of property and persons)
- Accounting activities (e.g., stocktaking, balance sheet, costs, and statistics)
- **Managerial activities (e.g., planning, organization, command, coordination, control)**

Source: Golden Pryor & Taneja (2010)

Understanding management and leadership
Principles of management

Fayol´s 5 principles to address those functions:

Source: Golden Pryor & Taneja (2010)

Understanding management and leadership
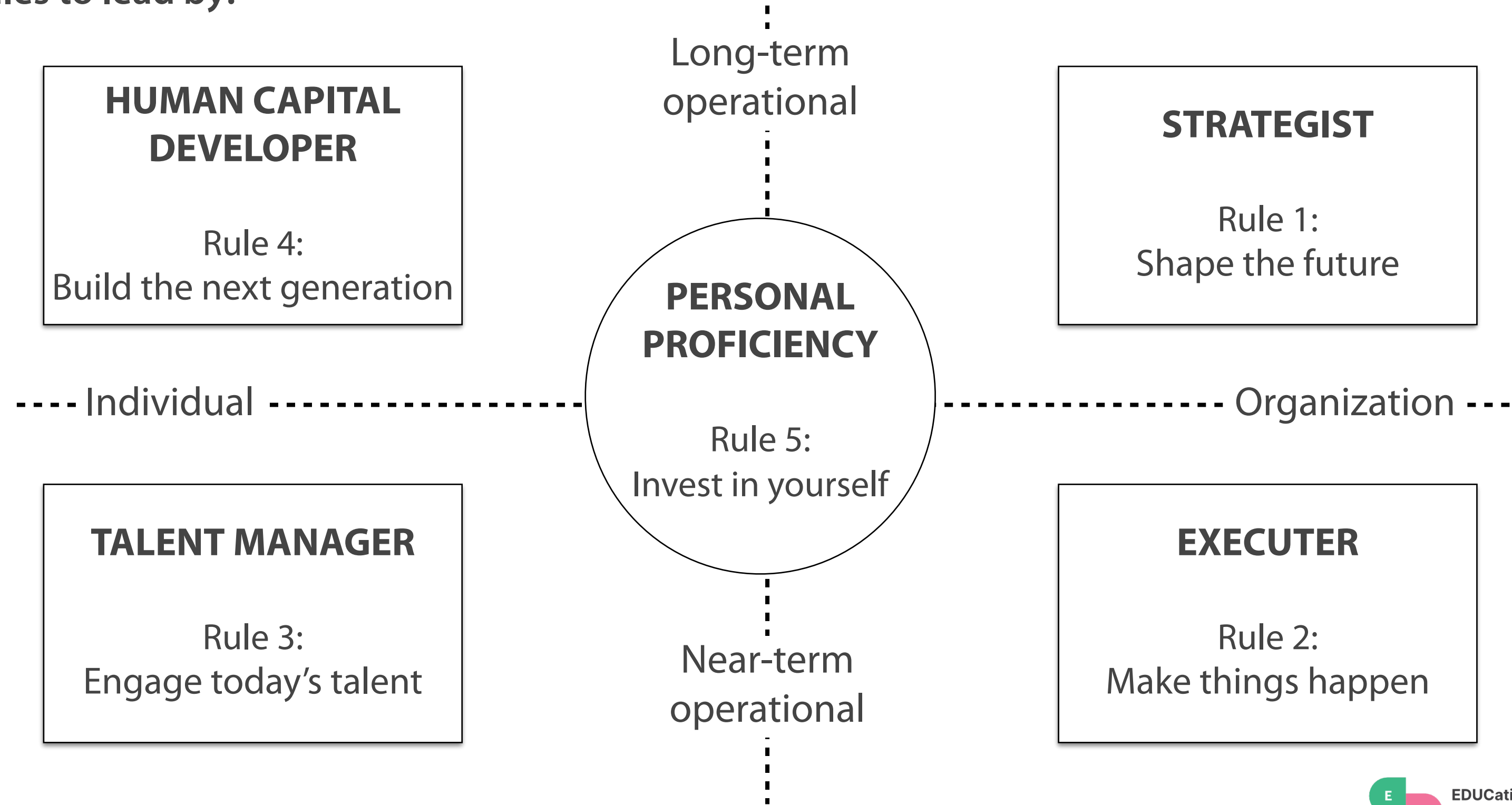## Principles of leadership

Main tasks of an effective leader:

- Lead the people to reach the set goals (from management)
- Set short- and longterm goals
- Create a vision and lead the change
- Engage, motivate, and inspire people
- Integrate employees needs and perspectives
- Self-develop as a leader

Sources: Gill (2011); Osland et al. 2018)

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Understanding management and leadership
Principles of leadership

5 rules to lead by:

Long-term
operational

Near-term
operational

Individual

Organization

**HUMAN CAPITAL
DEVELOPER**

Rule 4:
Build the next generation

STRATEGIST

Rule 1:
Shape the future

**PERSONAL
PROFICIENCY**

Rule 5:
Invest in yourself

TALENT MANAGER

Rule 3:
Engage today's talent

EXECUTER

Rule 2:
Make things happen

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Understanding management and leadership
An integration

In complete equilibrium:

Management is about …

Leadership is about …

path following ⟷ path finding

doing things right ⟷ doing the right things

planning and budgeting ⟷ establishing direction

controlling and problem solving ⟷ motivating and inspiring

Effective management integrates both aspects and values them equally!

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Source: Gill (2011)

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Specific challenges within the digital age

Impact on Management

- Agile and network-oriented organizations
- Change as an ongoing process
- Increasing incorporation of technology, smart devices and smart machines
- Widened information base through big data
- Increasing trust in decisions made by algorithms
- Increasing pressure and voice from customers
- Increasing tendency for globalization and decentralization
- Unforeseeable technological capabilities

Overall, digitization requires agility as well as rapid adaptations.

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Specific challenges within the digital age

Impact on Leadership

- Cultural change —> digital mindset
- Digital employee management (including increased influence of social media platforms)
- People analytics for evidence based management
- Trust as the basis for cooperation
- Increased usage of digital learning to enhance life-long learning
- Increased complexity in terms of leadership: leading digital change, digital and agile processes and remote teams

Overall, digitization requires increased flexibility as well as trust.

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New management styles and tasks

Digital leadership

- Actively shaping the digital transformation process in the company
- Guiding the teams through the digital change process

Managing digital diversity

- Different age groups, experience and cultures
- Different requirements when Integrating new technologies and methods

Leading in a complex and agile project environment

- Volatile work and project environment and complex requirements
- More agile and dynamic project management than was the case in the past

Leading virtual teams

- More flexible work models
- Different work locations
- Changing collaboration and communication

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Leadership in the digital age

Collaboration

- Regarding the contents
- Regarding a shared understanding, relationships, and trust

Innovation

- Knowledge integration and exchange
- Shared learning
- Trust and a non stressful environment

Acculturation

- Mutual understanding
- Shared identity

Dedication

- Shared sense of purpose
- Having opportunities to grow professionally

Successful digital transformation demands that leaders measurably transform themselves.

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Multimodal Leadership Roles

	In person	Virtual
External	Champion Advocates externally for their teams	
Team-wide	Catalyst Stimulates collaboration and innovation	Conductor Ensures teams work together well and in
One-on-one	Coach Helps individual team members achieve peak performance	

Successful digital transformation demands that leaders measurably transform themselves.

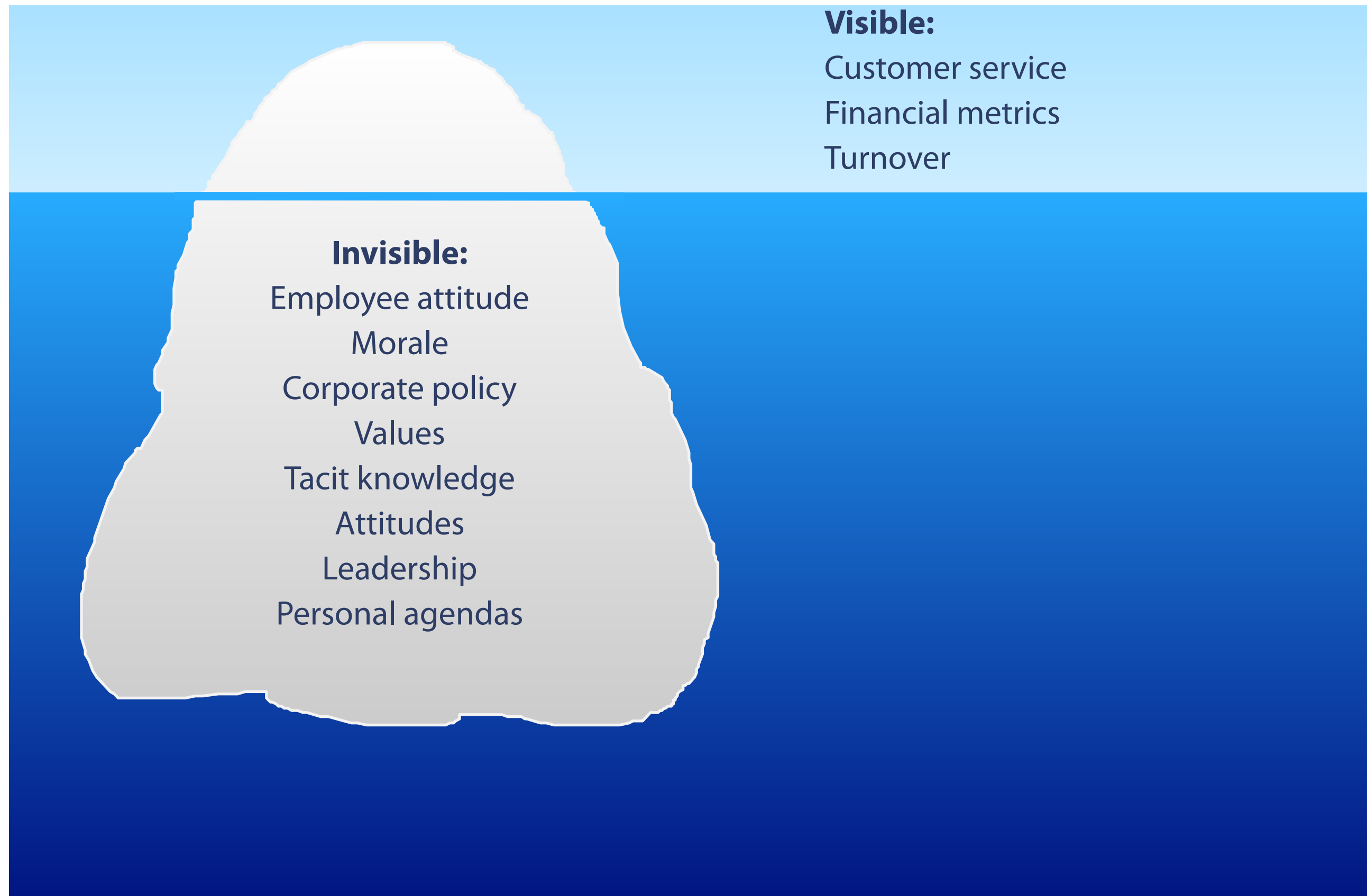EDUCating for Positive Management
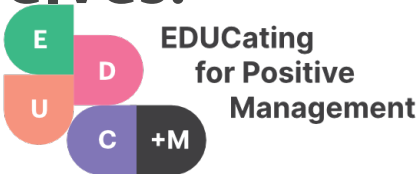
Energizer

Dance :)

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The Change Management-Iceberg

Visible:
Customer service
Financial metrics
Turnover

Invisible:
Employee attitude
Morale
Corporate policy
Values
Tacit knowledge
Attitudes
Leadership
Personal agendas

Source: Gronau (2022), p. 311

Phase of Change Management

Motivation or general well-being

Rejection

Completion

Immobility

Acceptance

Anger

Experimentation

Bargaining

Depression

Time
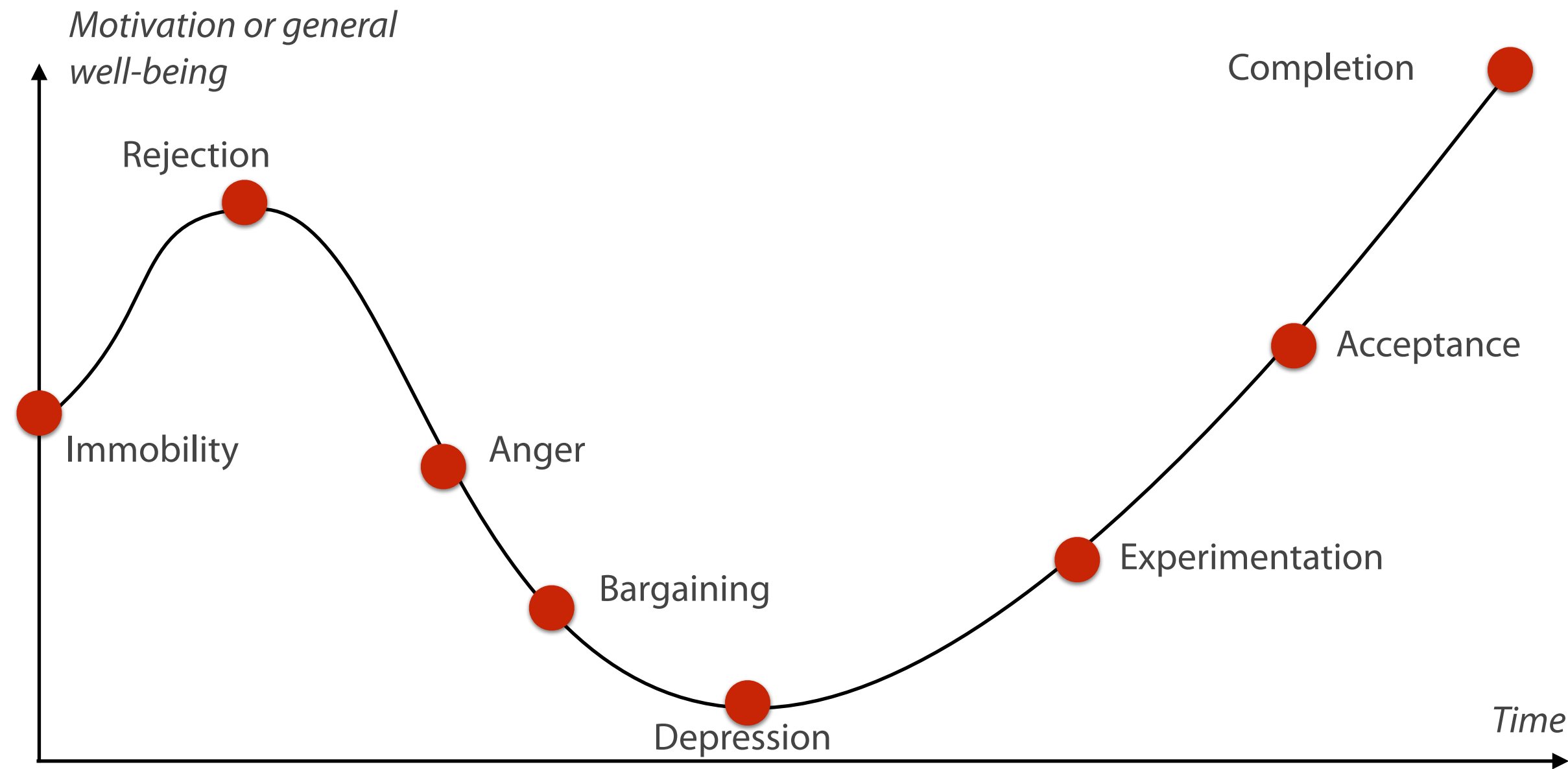
Interventions during Change Management

Motivation or general well-being

Support
Be present, offer help when needed, expect irrational behavior

Completion

Praise
Refer to how far they have come and praise them for persevering

Rejection

Acceptance

Immobility

Anger

Experimentation

Listen
Don't try to solve the problem, listen and support. Expect emotional outbursts

Bargaining

Encourage
Help to see the new state, give encouragement to get there

Depression

Time

Prerequisites for the success of organizational changes

Motivation		Fears

Resolve opposition

Implementation success

Engagement of Company Management

Integration of employees

Information of employees
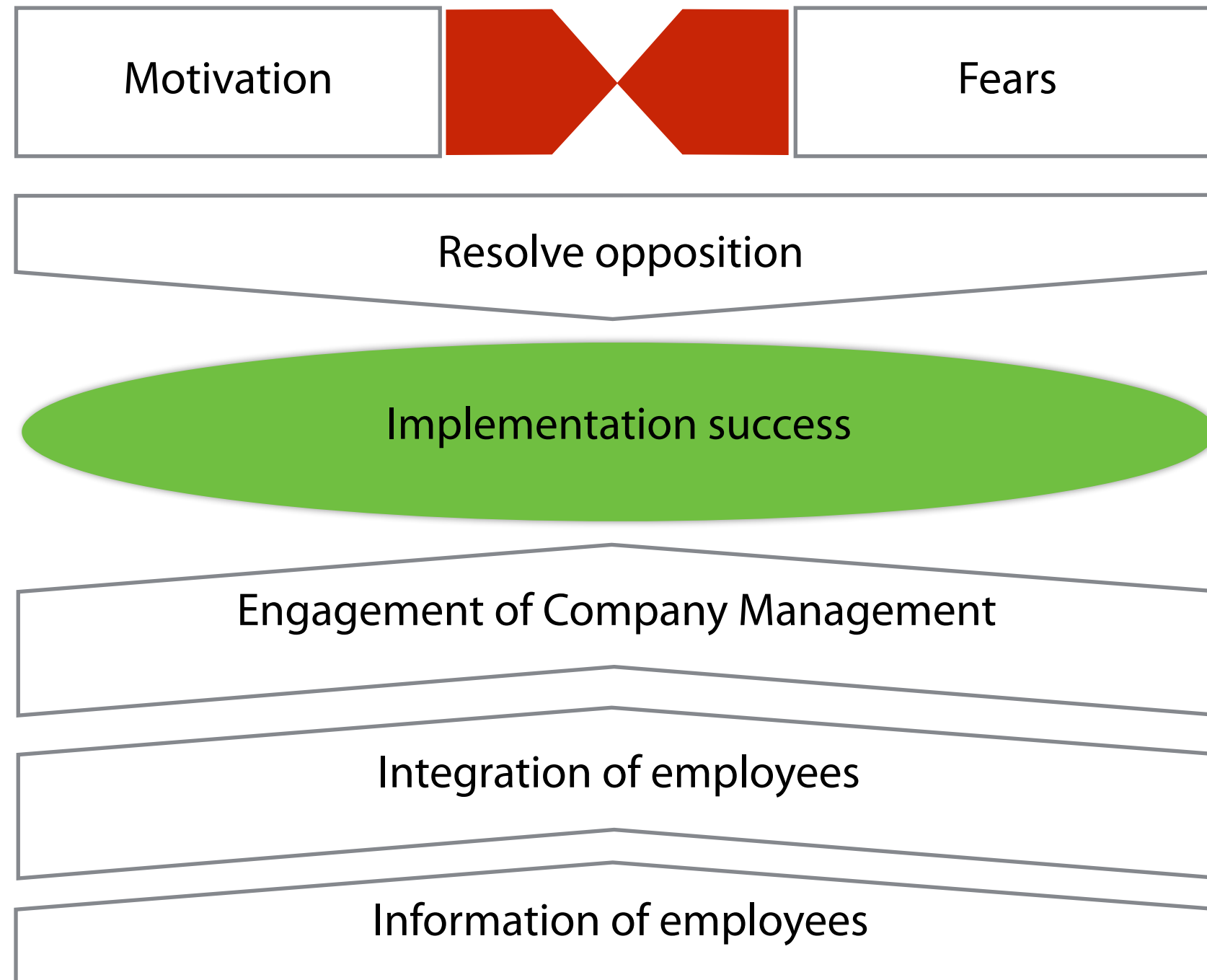
Methods and Techniques of Change Management

Controlling

- Goal:
  Continuous feedback on the project status to the project manager and the client leads to effective project control and management

- Description:
  Change projects impact complex objectives, so project controlling improves managers' decision-making by monitoring progress and taking corrective action

- Advantages:
  Fast overview of complex change projects and timely intervention, with easy understanding via good visualization

- Disadvantages:
  Can lead to resistance due to transparency of participants and their actions

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Source: Vahs & Weiand (2020), p. 506-511

Methods and Techniques of Change Management

Debriefing

- Goal:
  The knowledge that exists among the stakeholders in the organization should be made explicit, in order to be systematically imparted to other employees

- Description:
  Is a method to systematically record and share individual and group knowledge gained from experiences. It can be organized by project phases and involve group interaction to facilitate knowledge transfer

- Advantages:
  Can help avoid mistakes, anticipate risks, optimize processes, improve planning, combine individual experiences into shared knowledge and promote a productive learning culture

- Disadvantages:
  Sharing knowledge can be limited by the willingness of different groups

Source: Vahs & Weiand (2020), p. 512-515

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Successes and failures of Change Management

Successes

- Clear vision
- Short-term goals
- Integrative approach
- Top management commitment

Failures

- Resistance of the employees
- Inadequate process control
- Change speed too fast
- Unclear objectives

Sources: Vahs & Weiand (2020), p. 19-20, Lauer (2021), p. 46

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Managing sustainability

Using management tools to measure impact on sustainability

- Managing legal compliance —> to ensure proper legal compliance on environmental and social concerns

- Managing stakeholder relationships —> improve communication, esp. with regulators and local administrative people

- Complexity reduction —> breaking down the complexity of sustainability efforts

- Evaluation and decision support —> aiding business decisions

- Performance improvement —> improve companies' sustainability performance through new environmental and social performance indicators + overall awareness

- Operationalization of strategies —> operationalize sustainability strategies through systematic approaches to implementing environmental, social, and integrated systems into an organization

- Organizational learning and innovativeness —> aiding organizational learning and fostering innovation for sustainable products and services

Management requires understanding on the impact on sustainability - which requires tools to measure that - their usage is rare, and impact is not well understood.

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Ethical leadership as a goal

Ethical leadership and transformational leadership

- Transformational leaders as "role models"
- Four dimensions of transformational leadership: inspirational motivation, idealized influence, individualized consideration, and intellectual stimulation

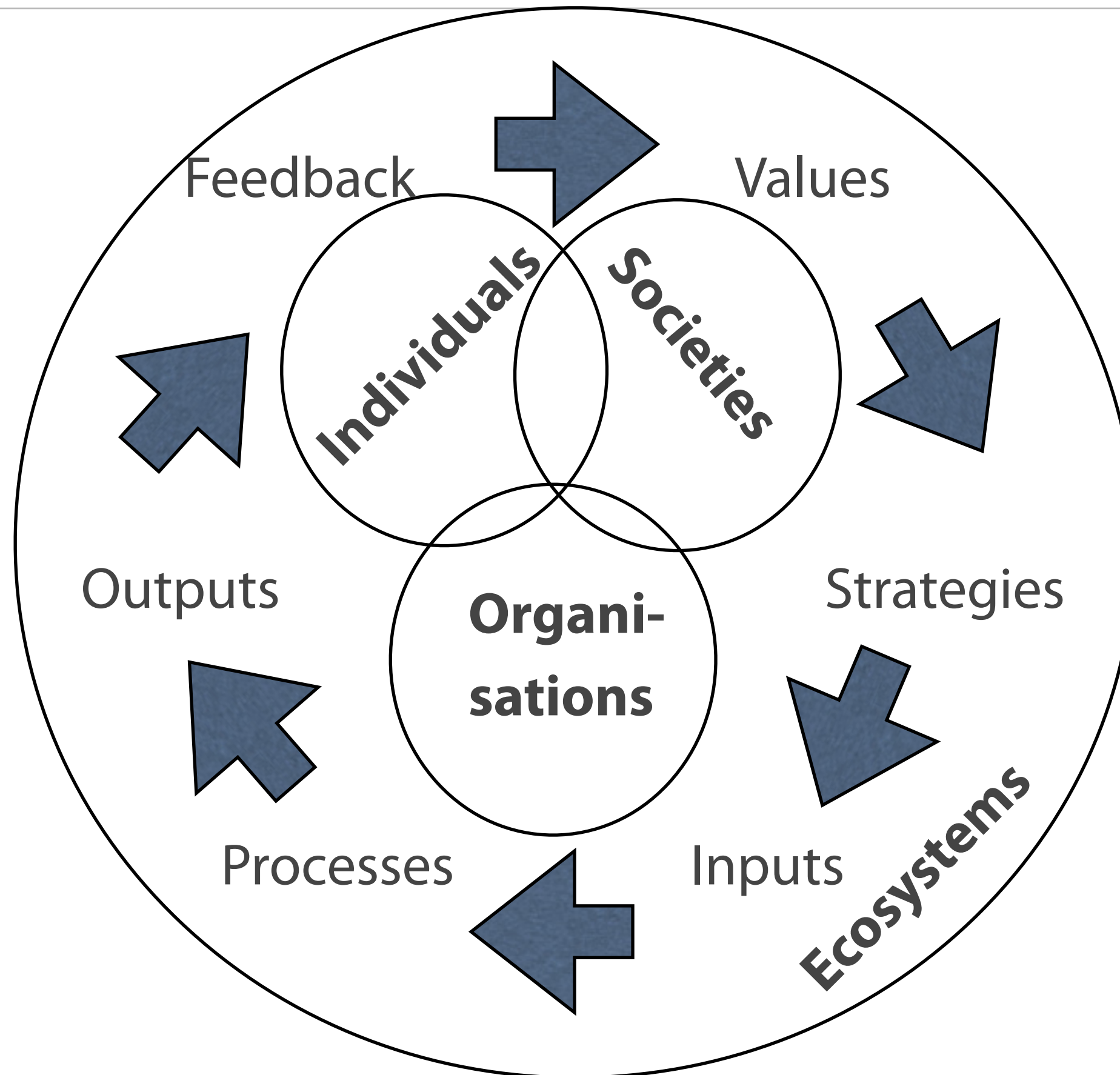## Ethical leadership and leader honesty

- Honesty and integrity as important components of a transformational leader's
- Moral person and moral manager

Ethical leadership and considerate or fair treatment

- Legitimate power, control of resources, and responsibility for important decisions about employees
- Interactional fairness and its focus on treating employees with dignity and respect

Ethical leadership is „the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement, and decision-making."

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Source: Brown et al. (2005)

A multi-level, multi-system perspective of a theory of sustainability management

Source: Starik & Kanashiro (2013)

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The Sustainable Leadership Pyramid (Avery and Bergsteiner, 2011)

Sustainability

Performance outcomes — brand and reputation; customer satisfaction, financial performance; stake- and shareholder value

Key performance drivers — innovation; staff engagement; quality

Higher-level practices — trust, self-management; knowledge sharing; team orientation; culture

Foundation practices — environmental and social responsibility; ethical behaviour; valuing people; vision; CEO/leadership

Building blocks of sustainable leadership

The pyramid structures 23 leadership practices which differentiate between a sustainable and unsustainable organisation.

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Integration of sustainability aspects in corporate functions on the operational management level - CRS meets sustainability

Operational management

Logistic and material management	Production	Maintenance	Marketing	Communication and PR	Human resource management
Social and environmental aspects within the supply chain Use of recycled materials Supplier assessment	By-products, waste, emissions Health and safety Technology, Cleaner Production, Zero Emission Production planning	Minimizing of production losses Sustainability oriented maintenance management	Integration of sustainability in marketing strategy (timing, pricing, market segmentation)	Creditability Transparency Product declaration, labels,Public relations, Sustainability reporting	Competence development Training

CSR is an approach to integrate social and environmental aspects into corporate activities.

This can address sustainable goal on different levels.

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Quiz Session

Literature

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