

Conference Paper

The Effects of Leadership Style and Work Environment on Digital Leadership: A Literature Review

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Abstract.

This paper thoroughly reviews the literature on the link between leadership style, digital leadership, and the climate of a company. As more and more organizations embrace digital developments, it's important to know how leadership styles and digital leadership affect the environment of a company. This study aimed to combine what we already know about leadership styles with digital leadership. This will help us understand how corporate climate affects the relationship between leadership style and digital leadership. The results showed that the organizational climate, which is affected by how leaders do their jobs, significantly affects how well digital leadership practices work in a company. Different types of leadership have different effects on a company's culture, which can help or hurt the success of digital leadership initiatives. The results also showed how important it is to understand and change the organization's culture in order to use digital tools and lead teams well in the digital age. By creating a positive and helpful environment, organizations can make it easier for digital leadership practices to be adopted and used successfully. This will improve the effectiveness of leadership and the results of the whole organization.

Keywords: Leadership Style, Digital Leadership, Organizational Climates

1. Introduction

Digital technologies have transformed organizations, necessitating effective leadership to navigate technology-driven environments successfully. A leader's style can significantly impact organizational climate and, consequently, employee behavior and performance outcomes. Studies on leadership style and organizational climate have long examined its effects, yet digitization has introduced a novel form of leadership known as digital leadership. Digital leadership requires leaders to utilize digital technologies effectively, prompting a reevaluation of traditional leadership styles. However, relatively limited research has examined the interactions among leadership style, digital leadership, and organizational climate - in particular its mediating function - as they pertain to organizational climate. This comprehensive literature review seeks to fill these

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gaps by exploring the relationship among leadership style, digital leadership, and organizational climate; particularly with regard to its function as a mediator. By drawing upon existing research, this study offers insight into the unique challenges and opportunities associated with digital leadership when shaping organizational climate. Understanding how organizational climate moderates the outcomes of leadership styles and digital leadership practices is integral for creating supportive work environments. Previous studies have investigated the influence of leadership style on organizational climate [1, 2] as well as digital leadership concepts [3, 4], yet no research has systematically reviewed their relationship through organizational climate as an intermediary. Therefore, this research provides a unique and comprehensive analysis that connects these research areas and provides valuable insights for academia as well as practitioners alike.

2. Literature Review

2.1. Leadership Style

Leadership style is how and what a leader does to influence and guide the people who follow them or are on their team. It includes the leader's thoughts, beliefs, and actions, which shape how they interact with others and make decisions in a company. Leadership styles have a big effect on how motivated, engaged, and productive employees are [5]. Transformational leadership is a way of leadership that is well known. Transformational leaders inspire and encourage their followers by setting a compelling goal, showing charisma, and giving each follower personalized support and mentoring. [6] They support creativity and new ideas, which helps organizations grow and change. Transactional leadership is another type of leadership. Transactional leaders give awards and punishments based on how well people do their jobs. They tell people what to expect, give them feedback, and use contingent benefits to get people to do things. [6] Transactional leaders focus on getting tasks done and closely watch performance to make sure that standards are met. The third type of leadership is called "let it go." Laissez-faire leaders don't try to control what their people do and give them very little direction. They trust their employees to make choices on their own, and they rarely make decisions themselves. [7] say that if workers don't have clear goals or support, this style can make them less productive and less good at their jobs. In the end, "leadership style" refers to how and what a leader does to influence and guide those who follow them. There are three types of leadership that have been studied a lot: transformational, transactional, and laissez-faire. Understanding these styles of

leadership is important for leaders who want to inspire and engage their followers and, in turn, change the way an organization works.

2.2. Organizational Climate

Leadership style affects the climate of an organization because it sets the tone for how employees treat each other and the company as a whole. Organizational climate is the general atmosphere or culture of an organization, which can be good or bad based on things like how well people communicate, how much they trust each other, and how happy they are with their jobs. [8] say that organizational climate is made up of the general perceptions, attitudes, and behaviors that shape the work environment in a company. It is affected by many things, like how people talk to each other, how decisions are made, and how employees talk to each other.

The supportive climate, the creative climate, and the participative climate are the three most important aspects of an organization's climate that affect digital leadership practices. Trust, respect, and care for workers are all signs of a supportive environment. It helps people get along, makes communication easier, and gives people tools and chances to grow. [1] found that a helpful environment makes employees happier, more engaged, and more committed to the organization's goals.

An innovative climate promotes creativity, experimentation, and risk-taking. Organizations with an innovative climate value and reward innovation, provide autonomy and resources for exploring new ideas and encourage a learning orientation. Such a climate is conducive to embracing digital technologies and encourages employees to adopt innovative approaches [9].

A participative climate values employee involvement, collaboration, and shared decision-making. It empowers employees, solicits their input, and fosters a sense of ownership and engagement. A participative climate encourages active participation in digital transformation initiatives, as employees feel valued and are more likely to support and contribute to the adoption of digital technologies [10].

The organizational climate significantly influences digital leadership practices. A supportive climate promotes employee well-being and commitment, an innovative climate encourages the adoption of digital technologies; and a participative climate fosters active participation in digital transformation initiatives. Understanding and cultivating these dimensions of organizational climate is crucial for effective digital leadership and successful digital transformation efforts.

2.3. Impact of Leadership Style on Organizational Climate

The leadership style adopted by leaders has a profound impact on the organizational climate. Research has consistently demonstrated that transformational leadership positively influences the organizational climate [11]. Transformational leaders inspire and motivate their followers, fostering a positive work environment characterized by high employee engagement, job satisfaction, and organizational commitment [6].

In contrast, transactional leadership, which is characterized by a focus on rewards and punishments, tends to have a mixed impact on the organizational climate. While contingent reward behaviors positively affect the climate by establishing clear expectations and feedback mechanisms, passive management-by-exception behaviors can create a negative climate due to micromanagement and a lack of autonomy [6].

Laissez-faire leadership, which employs an ineffectual hands-off approach, often contributes to an unhealthy organizational climate. It often leads to a lack of direction, poor communication, and perceived neglect among followers [12].

2.4. The Role of Organizational Climate in Facilitating or Hindering the Effectiveness of Digital Leadership Practices

Positive and supportive organizational environments enhance the effectiveness of digital leadership practices. Employees perceive high levels of trust, open communication, and collaboration within such environments. Digital leaders can take advantage of this knowledge to communicate their vision effectively, foster innovation, and encourage employees to embrace digital technologies. An environment conducive to innovation fosters psychological safety, which in turn fosters risk-taking and experimentation—key elements for successful digital transformation [13]. However, an unfavorable or hostile organizational culture can disturb the effectiveness of digital leadership practices. Environments characterized by fear, mistrust, and resistance to change may lead to employee skepticism, disengagement, and limited adoption of digital technologies. Digital leaders may face challenges in obtaining buy-in and collaboration from employees, impeding the successful implementation and utilization of digital initiatives [14].

Strong leadership and management practices are important for shaping the culture of a company and making sure that digital leadership practices work well. Leaders can make it easier for digital change to happen if they put open communication first, encourage teamwork, and give digital projects the resources and support they need.

[15] They can motivate employees, get them more involved, and encourage a mindset of always learning and changing.

The effect of a supportive environment on digital leadership: A supportive organizational atmosphere has a positive effect on digital leadership practices by making a place where people can trust each other, work together, and talk openly. In a supportive environment, workers feel free to talk about their thoughts and worries about digital technologies. This makes it easier for leaders to be good at digital leadership because they can share their vision, answer questions and concerns from employees, and build trust in the digital change process. [16] A supportive environment pushes employees to be engaged, committed, and actively involved in digital projects. This creates a culture of innovation and continuous learning.

Innovative Climate and Its Effects on Digital Leadership: An company with a culture that values and encourages creativity, experimentation, and taking risks is more likely to have good digital leadership practices. Digital leaders are more likely to be open to new ideas and tools in an environment that encourages innovation. They can encourage and help workers to try out and use new digital technologies. A culture of experimentation and learning grows in an environment that encourages innovation. This lets digital leaders drive the organization's digital change and adjust to new technologies and market trends [17].

The effect of a participative climate on digital leadership: A participative organizational culture improves digital leadership by giving employees a feeling of ownership and involving them in decision-making. In an environment that encourages participation, digital leaders look for and value employee feedback on the digital transformation journey. This makes employees more interested, motivated, and committed to digital projects. Digital leaders who encourage a participative environment encourage collaboration, sharing of knowledge, and co-creation, which leads to better use of digital tools and new solutions [18].

2.5. The Impact of Leadership Styles on the Adoption of Digital Technologies in Organizations

Transformational leadership has long been acknowledged as a key contributor to digital technology adoption in organizations. According to [19], transformational leaders provide their followers with encouragement and motivation to accept change and take risks, an

integral component of successful digital transformation. These leaders promote experimentation, foster an encouraging environment, and empower employees to actively take part in digital adoption processes.

Conversely, transactional leadership characterized by routine tasks, rewards, and punishments may impede the adoption of digital technologies. Transactional leaders tend to rely on established processes and resist change, hindering the implementation of digital tools and strategies [20]. This leadership style may create resistance among employees and limit their willingness to embrace digital technologies.

Furthermore, laissez-faire management, which features minimal involvement and no hands-on approach can impede digital technology adoption. Laissez-faire leaders may lack the vision, direction, and support required for successful digital transformation [21]. Their passive approach could cause chaos among their staff as a result of poor coordination or insufficient resources; further limiting an organization's capacity to fully leverage digital technologies.

2.6. Conceptualization and Dimensions of Digital Leadership

Digital leadership is the set of skills, habits, and abilities that are needed to lead well in a digital world. It means using digital tools, teaching team members how to use them, encouraging collaboration and sharing of knowledge through digital platforms, and being open to new ideas [22]. In the digital world of today, where things change quickly, leaders need digital communication skills to work well with their team members, stakeholders, and users [22].

[23] also stress the importance of technological proficiency as a part of digital leadership. In order to drive innovation and create value for their organizations, leaders need to be good at knowing and using digital tools and resources. Being open to change is also a key part of digital leadership, as it helps leaders navigate the ever-changing digital landscape and take advantage of new possibilities [24].

Finally, it's important to have a strategic mind when using digital tools, because digital leaders need to find and use digital skills to gain a competitive edge [24]. at work and came up with a thorough plan for judging. In their study, they found that digital leadership is based on four key areas: technology skills, digital communication, digital creativity, and managing change. Through a number of surveys and interviews with leaders in different fields, researchers came up with a set of scales to measure how effective leaders are in each area. The study showed how important it is for leaders to be able to keep up with digital changes and use digital tools and tactics to help their organizations

succeed. The results of this study gave us important information about how to measure digital leadership and set the stage for more research.

2.7. Organizational Climate and Digital Leadership

Research suggests that digital leadership has a significant impact on organizational climate. Effective digital leadership can create a positive climate characterized by increased employee engagement, collaboration, and empowerment [24]. Leaders who embrace digital tools and technologies and encourage their use throughout the organization foster an environment of openness, transparency, and continuous learning [25]. Digital leaders also facilitate cross-functional communication and break down hierarchical barriers, promoting a more inclusive and supportive climate [26].

Several factors influence the relationship between digital leadership and organizational climate. First, the availability and effectiveness of technological infrastructure within the organization play a crucial role [24]. Adequate technological resources and support enable the successful implementation and adoption of digital leadership practices, which, in turn, can enhance the organizational climate.

Second, effective change management processes contribute to the relationship between digital leadership and organizational climate. Communication, training, and employee involvement in the digital transformation process influence employees' perceptions of digital leadership initiatives [23]. By employing robust change management practices, organizations can shape a positive organizational climate during the digital transformation journey.

Third, leadership development and support are significant factors. An integral element of digital leadership development for leaders is providing them with training and support [22]. Digital leaders who receive adequate professional development opportunities and support from their organization are more likely to implement digital initiatives effectively, ultimately improving organizational culture. Employee engagement and participation play an integral role in shaping the relationship between digital leadership and organizational climate. Engaging employees in decision-making processes and encouraging their active participation enhances the effectiveness of digital leadership practices [26]. Doing this creates a sense of ownership, empowerment, and collaboration within employees which promotes an overall positive organizational climate.

Additionally, effective communication and transparency are essential factors. Open and transparent communication channels facilitate the understanding and acceptance of digital goals, strategies, and progress [25]. Transparent communication builds trust

and clarity among employees, creating a positive climate conducive to digital transformation. Furthermore, organizational learning and adaptability influence the relationship between digital leadership and organizational climate. A culture that encourages experimentation, innovation, and learning from digital initiatives promotes a positive climate [22]. Organizations that embrace change, learn from experiences, and adapt to new digital technologies and practices foster an environment that supports digital leadership efforts. Lastly, aligning performance evaluation and incentive systems with digital goals is crucial [26]. Recognizing and rewarding employees' digital efforts and outcomes through performance evaluations and incentives reinforces a positive climate and motivates employees to actively engage in digital transformation initiatives.

These factors collectively contribute to the complex dynamics between digital leadership and organizational climate. Understanding and addressing these factors can help organizations optimize the impact of digital leadership on the overall work environment and achieve positive outcomes.

2.7. Organizational Climate as a Mediator in the Digital Leadership-Leadership Style Relationship

The impact of leadership styles on digital leadership can be mediated by the organizational climate that they create. The organizational climate, as influenced by leadership styles, plays a crucial role in shaping the effectiveness of digital leadership practices within an organization. Different leadership styles can have varying effects on the organizational climate, which, in turn, can either facilitate or hinder the successful implementation of digital leadership initiatives. [27] Research has shown that leadership styles like autocratic leadership can get in the way of digital leadership by creating a controlled and rigid work environment. In this kind of environment, workers may feel limited and less likely to use digital technologies and take part in digital projects.

On the other hand, leadership types like democratic/participative and transformational leadership can help digital leadership by creating an organization-wide environment that is supportive and open to new ideas. A democratic/participative style of leadership encourages employee participation, collaboration, and shared decision-making, all of which add to a participative climate [10]. This environment encourages open communication, participation, and a sense of ownership among workers, which makes them more likely to adopt and use digital technologies. In the same way, a transformational leadership style, which is marked by inspiration and vision, develops a climate of enthusiasm, commitment, and new ideas [6]. In this kind of environment,

workers are more likely to support digital transformation projects, take risks, and look for ways to keep getting better.

On the other hand, [7] found that a laissez-faire leadership style, which doesn't give much direction or advice, can hurt digital leadership by making the organization's environment unclear and unstructured. In this kind of environment, workers may not have clear goals, accountability, or support, which makes it harder for them to focus on digital projects and makes it harder for digital transformation efforts to move forward. Another study has also shown that the organizational climate can have an effect on how digital leadership changes the way a leader acts. [28], for example, found that digital leadership was linked to a style of leadership called transformational leadership, which is characterized by inspiring and motivating employees to work toward a shared goal.

In companies with a more traditional and hierarchical culture, on the other hand, digital leadership was more like transactional leadership, which focuses on rewarding and punishing people based on how well they do their jobs. Recent studies have looked into the role of corporate climate as a moderator in the relationship between digital leadership and leadership style. [29] added to what they knew by looking at more aspects of organizational climate. They found that digital leadership was more closely linked to transformational leadership styles in organizations where digital readiness and adaptability were high. This shows how important it is to create a flexible and agile work environment to support digital leadership practices. In contrast, in organizations with a climate characterized by resistance to change and risk aversion, digital leadership was more likely to be associated with transactional or even laissez-faire leadership styles.

These findings highlight the significance of organizational climate as a contextual factor that influences the manifestation of digital leadership and its impact on leadership style. Understanding and shaping the organizational climate becomes crucial for leaders aiming to effectively leverage digital technologies and lead their teams in a digital era. By fostering a climate that embraces innovation, change, and digital readiness, organizations can create an environment that facilitates the adoption and successful implementation of digital leadership practices, ultimately enhancing leadership effectiveness and organizational outcomes. : The prevailing climate within the organization can significantly impact how digital leadership practices are perceived and experienced by employees [26]. A supportive and positive organizational climate can amplify the positive effects of digital leadership on employee attitudes and behaviors, fostering a climate of innovation, collaboration, and adaptability. When the organizational climate promotes openness, trust, and risk-taking, employees are more likely to embrace and

engage with digital leadership initiatives [24]. An ideal work environment creates psychological safety for employees to experiment with new technologies, share ideas, and contribute to the digital transformation efforts of an organization.

On the other hand, an unfavorable or hostile organizational climate may thwart digital leadership practices' effectiveness. Under conditions characterized by resistance to change, fear, or rigid hierarchies, employees can misinterpret digital leadership initiatives as threats to their job security or additional burdens [22]. Therefore, they may resist or undermine digital initiatives and lead to a worsening of the organizational climate. From this view, aligning organizational climate with digital leadership practices is of critical importance. Digital leadership styles that emphasize collaboration, empowerment, and open communication tend to excel in environments that prize these principles [26].

Environments that encourage experimentation and recognize innovation while supporting a culture of learning can support the successful implementation and implementation of digital leadership initiatives. Organizational climate can also play a vital role in the adoption and diffusion of digital technologies within an organization [25]. A supportive culture fosters technological literacy, continuous learning, and adaptability - as well as supports the integration of digital tools that enhance communication, collaboration, and efficiency.

Understanding the moderating role of organizational climate in the digital leadership-organizational climate relationship is crucial for organizations embracing digital transformation. By cultivating a positive and supportive climate, organizations can optimize the impact of digital leadership, create an environment conducive to digital innovation, and foster employee engagement and commitment to digital initiatives.

3. Method

This research method is a literature review. The objective of this study is to synthesize the existing research to provide insights into the role of organizational climate as a mediator in the relationship between leadership style and digital leadership

4. Result and Discussion

One mechanism underlying the mediating effect of organizational climate in the relationship between leadership style and digital leadership is the influence of organizational climate on the social exchange processes between leaders and employees. A positive

climate characterized by trust, respect, and support fosters a positive leader-member exchange (LMX) relationship [11]. In this context, leaders are more likely to exhibit transformational or digital leadership behaviors, and employees respond with higher levels of commitment, satisfaction, and engagement.

Another mechanism is the influence of organizational climate on the norms and values that guide employee behavior. The climate sets expectations for acceptable behaviors and performance standards within the organization [26]. When the climate promotes collaboration, innovation, and adaptability, it aligns with leadership styles that emphasize similar principles, such as transformational or digital leadership. On the other hand, a negative climate may discourage risk-taking and inhibit the adoption of new leadership practices.

Furthermore, organizational climate influences the interpretation and acceptance of change initiatives. In the context of digital leadership, a positive climate can foster a mindset of technological readiness and openness to change [24]. Employees in a supportive climate are more likely to view digital initiatives as opportunities for growth and development, facilitating the implementation and acceptance of new technologies and practices.

In conclusion, leadership styles can have varying effects on the organizational climate, which can either facilitate or hinder digital leadership initiatives. Autocratic leadership can hinder digital leadership, while democratic, participative, and transformational leadership can facilitate it. Recent studies have explored the moderating role of organizational climate. Organizational climate is a contextual factor that influences the manifestation of digital leadership and its impact on leadership style. Understanding and shaping the organizational climate is essential for leaders to effectively leverage digital technologies and lead teams in a digital era. Organizational climate plays a key role in the digital leadership-organizational climate relationship, influencing social exchange processes, norms and values, the interpretation and acceptance of change initiatives, and employee engagement.

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