

**Review**

## Corporate Leadership in the Digital Era: Core Competencies and Practical Strategies

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**Abstract:** With the rise of the digital tide globally, the structure and management pattern of the competitive logic of enterprises are going through a revolutionary change. The role of leaders is no longer limited to being strategists and allocators of resources, and instead has become the engine that promotes the digital change and a leading force. This article employs a systematic literature review approach to systematically sort and compare the achievements of studies related to digital leadership and enterprise digital change globally over the past ten years. Studies have discovered the true meaning of digital leadership is not the management of the technology itself, but the way and manner leaders employ the use of the technology to facilitate learning within the organization, encourage innovation, and improve adaptability of the company's culture. Based on a general understanding of the literature, the paper also aims to put forward specific

strategies for the enterprise's digital change. It's been discovered through research that digital leadership represents a complex expression of the understanding of technology and management, and it's a very important determining factor of the success of the digital transformation of the enterprise.

**Keywords:** digital leadership; digital transformation; core competence; organizational culture; leadership strategy

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## 1. Introduction

The accelerated development of digital technologies is having a profound effect on the way businesses carry out operations and the competitive environment of the business world. Technologies such as artificial intelligence, big data analysis, cloud computing, and the Internet of Things are increasingly entering the production and management activities of such businesses at a pace that has never been witnessed before. Moreover, during the course of digital transformations occurring within enterprises, the degree of uncertainty and the pace of change are greater (Westerman et al., 2014). It is within such a backdrop that the position of leaders is also changing.

The classical leadership style is, to a large extent, focused on the idea of “command-control”. As the environment that the business operates within becomes ever more dynamic and complex, the classical leadership model has proved to be less than adequate. It has been found that organizations operating within the digital world require a more flexible and “learning-oriented” culture than ever before, and such a culture demands that a leader be able to “stimulate team creativity and the attitude of experimentation and cross-border collaboration” (Kane et al., 2015).

It has already been found that the success or failure of digital transformation may depend upon the leaders' ability to integrate the potential of the technology with the resources of the organization, and not merely invest in the latter (Kane et al., 2019; Rogers, 2016). This is to say that the transformative power cannot be attributed to the technology itself. The answer to the puzzle of digital transformation and change management is linked to the way the leaders are able to translate digital ideas into actions at the level of the organization.

At the academic level, the study of “digital leadership” is gradually emerging as a system. The “e-leadership” concept of early studies largely revolved around the influence of information and communication technology (ICT) that shapes the manner in which leaders of organizations communicate and interact with their groups (Avolio et al., 2014). This early stage of research highlights the importance of leadership behavior and trust management using virtual spaces and the effect of various forms of technological media that influence the relationship that exists between leaders and their followers. The emerging differing view of the research argument suggests that the central role of digital leadership is related to the way that leaders balance the

management of technologies and the company's strategies and culture to unlock digital innovation (Muller et al., 2024; Davenport & Westerman, 2018).

In view of this, this paper takes a systematic literature review as the main research method, comprehensively analyzes the representative research results on digital leadership and enterprise digital transformation at home and abroad in the past decade, and strives to answer the following two core questions: First, what core capabilities does enterprise leadership in the digital age include? Second, how should enterprises promote the digital transformation and continuous innovation of their organizations through leadership practices? Through the induction and analysis of literature, this paper aims to provide new insights into the theoretical construction and management practice of enterprise leadership in the digital age.

## **2. Method**

This research is a literature review study. The steps are as follows:

Literature sources and selection: Mainly based on databases such as ScienceDirect, Emerald, MIT Sloan Management Review, Harvard Business Review, and MDPI.

Analysis program: Read each piece of literature one by one, extract the core viewpoints, ability dimensions and practical suggestions. Based on the theme coding approach, similar opinions are categorized into the same theme to construct a first draft of the capability dimension.

Construction/Synthesis: The entire procedure focuses on the traceability of data and the consistency of the data within the literature and has avoided the use of any external data not retrieved/searched.

The proposed method described in the article is related to a narrative and systematic summary of the literature. The article does not involve empirical data and the reanalysis of data. The research places high emphasis on theoretical logic and practical guidance.

## **3. Results**

Starting with a review of the central literature, the paper sums up the key findings of the studies of digital leadership and organizes these into three categories: the development of theory, key competencies, and action strategies.

### **3.1. The overall context of theoretical evolution**

Based on the overall analysis of existing literature, the trend of studies related to digital leadership has followed a specific phased development. The first phase of these studies has largely centered on the concept of “E-Leadership”. The very premise of these studies revolves around the effect of technological media on leadership behavior, with a special emphasis on the virtual team communication and establishing trust (Avolio et al., 2014). The studies undertaken during the first phase have formed the theoretical basis of digital leadership, related to communications and interaction methods.

The emphasis of the second stage of the research moves to the role of strategies in the course of digital transformation. Westerman et al. (2014) illustrated that within the environment of digitalization, leaders are encouraged to consider the technology used within the organization not as a operationally oriented instrument but a strategic one. Rogers (2016) continued that a beneficial digital change not only involves investment within the field of technologies but also the capacity of leaders to enable the formation of coordination mechanisms and synchronization across enterprise strategies, business processes, and the culture of the organization. As the research enters the third stage, emphasis shifted first towards the model of combination of competencies and the multi-dimensional perspective of leadership. The idea brought forward both by Muller et al. (2024), and further supported by Lopez-Figueroa (2025), explains that digital leadership within the business world represents a capability system that encompasses a wide range of aspects such as the sense of strategies, understanding of technologies, facilitation of innovation, data-driven decision-making, and definition of culture.

### **3.2. Five Core Competencies of Digital Leadership**

After the coding and thematic analysis of the literature, the five capability dimensions of digital leadership are derived. The first capability dimension of digital leaders is the possession of strategic insight. As the literature suggests, leaders should

be able to foresee and closely combine the trends of technological development with the business model and the strategies of the enterprise (Westerman et al., 2014; Kane et al., 2015). The second capability dimension of digital leaders is the possession of digital literacy and innovation capability. As the definition suggests, digital literacy not only focuses on the basic level of using the tools of the digital world but also involves the understanding of the capabilities and limitations of the technologies (Rogers, 2016; Parker et al., 2016). Leaders should be able to see the applications of the existing technologies in the business processes and should encourage the team to work towards innovative solutions.

The third is the force that drives change. Kotter's (1996) model of change leadership remains widely quoted within the literature, and the importance of leaders having the imperative of implementing change, managing resistance to change, and creating a synergy for change through interdepartmental collaboration cannot be overemphasized. The fourth is the data-driven decision-making capacity. Within a data-driven business environment, leaders must be able to comprehend the importance of data and the importance of data governance and analysis within the decision-making process (Abbu et al., 2020). This entails the development of a data management system that is efficient, the enhancing of information transparency, and the development of a data-driven culture that embodies scientific and practical decision-making.

The fifth is the capacity for culture-shaping. Organizational culture is viewed as a key determinant of the success and failure of a business digital change. It has been observed that a learning culture that focuses on trial and error and interdepartmental collaboration has to be developed (Schein, 2010). These five factors are interlinked and comprise a complete system of digital leadership. The absence of any one of them may undermine the effectiveness of an enterprise's digital transformation. Therefore, leaders should focus on the balanced development and synergy of capabilities in all dimensions.

### **3.3. Summary of Practical Strategies**

Based on literature analysis and case summary, the practical strategies of digital leadership mainly include the following aspects. The first step is to clarify the digital vision and pass it down. Top leaders need to formulate a clear digital strategic vision and transform it into specific and measurable goals to guide the overall actions of the

organization (Kane et al., 2015). Secondly, it is to reshape the talent strategy, emphasizing the construction of digital literacy training, cross-functional job rotation and continuous learning mechanisms (Kane et al., 2020).

The third is to build platforms and ecosystems. Literature indicates that adopting platform thinking can expand the external collaboration network of enterprises and promote the sharing of innovation resources and value co-creation (Parker et al., 2016). The fourth is to embed data governance. By establishing data standards and analytical capabilities, data is incorporated into the daily decision-making process to achieve scientific management (Abbu et al., 2020). Finally, it is to promote agile and experimental culture, advocate the experimental method of "small steps and fast runs", reduce innovation risks and accumulate experience in practice (Westerman et al., 2014; Rogers, 2016).

Literature shows that when the five core capabilities are effectively combined with practical strategies, enterprises can not only enhance their technological application level but also strengthen their organizational learning ability and innovation vitality, laying a foundation for long-term competitiveness.

#### 4. Discussion

Through a systematic review of 20 core documents, this paper draws the following main conclusions. First of all, digital leadership is a composite capability system. Existing research shows that leaders in the digital age not only need strategic thinking, but also possess multi-dimensional capabilities such as technological understanding, innovation promotion, data application and cultural construction (Muller et al., 2024; Lopez-Figueroa, 2025). The five capabilities are interdependent and work in synergy to jointly support the continuous development of enterprises in their digital transformation. The strengthening of a single ability often fails to achieve the transformation goals. For instance, having only technical knowledge but lacking strategic insight may lead to the failure of technical investment to match the business model. Therefore, leaders must integrate various capabilities and incorporate them into the organization's strategy and daily management practices to achieve overall effectiveness.

Secondly, leadership is more crucial than technology in digital transformation. The literature consistently indicates that the technology itself cannot guarantee the

success of the transformation. Kane et al. (2019) pointed out that enterprises invest a large amount of money in purchasing advanced technologies during digital transformation. However, if they lack effective leadership, it is often difficult to achieve the expected benefits. Davenport and Westerman (2018) also emphasized that the clarity of a leader's vision, talent strategy, and cultural shaping ability are the core determinants of the success or failure of digital transformation. In other words, technology is merely a tool, while the strategic vision, organizational mobilization ability and cultural guidance ability of leaders are the core forces that truly drive the digital development of enterprises. Effective digital leadership can transform technological advantages into organizational capabilities, thereby enhancing an enterprise's innovation capacity, flexibility and competitiveness.

Thirdly, the practice of digital leadership should be adapted to local conditions. Enterprises in different industries, of different scales and in different regions have different resource endowments and external environments, so leadership strategies cannot be completely replicated. Literature shows that medium and large-sized enterprises have more resources in platform construction, data governance and organizational structure optimization, while small and medium-sized enterprises may be more suitable for achieving rapid innovation through agile experimentation and cross-departmental collaboration (Parker et al., 2016; Abbu et al., 2020). Therefore, when formulating digital strategies and capacity-building plans, leaders should comprehensively consider industry characteristics, organizational scale, technological level and cultural factors, and flexibly select and combine practical strategies to achieve the best transformation effect.

Overall, digital leadership requires leaders to strike a balance between short-term performance and long-term change. Effective digital leadership should organically integrate strategic planning, technology application, talent cultivation and cultural shaping to achieve consistency between short-term goals and long-term development.

## 5. Conclusion

Although this article conducts a comprehensive analysis of digital leadership through a systematic literature review, there are still certain limitations, and several directions are proposed for future research.

## 5.1. Research Limitations

Firstly, this study only included a certain number of representative literatures. Although it covered the main viewpoints in the current field of digital leadership, it might have missed some emerging or non-mainstream research results, especially recently published journal papers, conference papers and grey literature. Therefore, there are certain limitations in the completeness of the research results.

Secondly, the research in this paper mainly relies on secondary literature and does not conduct meta-analysis or systematic metrological tests. This means that although the core concepts, capability dimensions and practical strategies can be summarized, quantitative effect estimates or causal verifications cannot be provided. For instance, although the five core capabilities proposed in the literature are widely recognized, there is still a lack of large-scale empirical data to test the specific impact of each capability on the performance of digital transformation.

Furthermore, the existing literature pays limited attention to small and medium-sized enterprises or enterprises in emerging markets. Most studies have focused on large multinational companies or technology-leading enterprises. However, under the circumstances of limited resources and flexible organizational structures, the leadership practice strategies of small and medium-sized enterprises may exhibit different characteristics. This is also an important direction for future research.

## 5.2. Theoretical and Practical Implications

From a theoretical perspective, the five-dimensional digital leadership model proposed in this paper provides a systematic framework for future empirical research. Based on the above factors, researchers are able to set up scales that enable them to carry out empirical research on various organizations and industries, thus ensuring the accuracy and practicality of the model. Moreover, the model may be used not only for the aforementioned purpose but also for other theoretical studies related to digital leadership.

From a practical perspective, it is recommended that the cultivation of digital leadership be considered a significant element of the overall digital strategies of enterprises. This is because the leaders of the enterprise not only have to concentrate on investment but also concentrate on the development of leaders and talent and the

construction of enterprise culture. This is achieved through training and inter-departmental job rotations, innovative projects, and data-driven decision-making exercises. There are studies that indicate that if the enterprise focuses only on investment and outsourcing, then the formation of long-term competitiveness is not possible, but talent and capacity building increase the sustainable competitiveness of the enterprise (Kane et al., 2015; Rogers, 2016).

Moreover, the development of digital leadership abilities also needs to emphasize flexibility and operability. Based on the specific conditions of different enterprises and the development level of technologies, a suitable way of developing abilities could be decided. Startups could emphasize the enhancement of change drive and innovation abilities, and large-scale enterprises could lay emphasis on the system construction of strategic thinking and decision-making abilities. With the differentiation strategies, the effect of promoting digital transformation could be achieved, and the dual objective of performance and ability accumulation could be attained.

Digital leadership not only represents a theory but also a practical competence through which organizations develop a competitive advantage during the digital age. Future studies should further emphasize the applicability of digital leadership and further develop the theoretical implications so that scientific guidance could be generated for the practical implementation of leadership within organizations.

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