People-centered leadership in the digital workplace: Strategies for engagement and performance

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Abstract

The rapid digitalization of workplaces has redefined leadership practices, compelling organizations to balance technological integration with human-centered approaches. While digital tools enhance efficiency, they also introduce challenges related to employee engagement, trust, and collaboration. This paper explores the concept of people-centered leadership in the digital workplace, highlighting strategies that enhance engagement and performance. Drawing from leadership theories, organizational behavior literature, and recent digital workplace studies, the paper argues that empathy, inclusivity, and adaptability are critical leadership competencies in the digital era. Recommendations are provided for leaders to foster a sustainable and high-performing digital work environment.

Introduction

The twenty-first century has been marked by rapid technological advancement and digital transformation, reshaping how organizations operate and how leaders manage their workforce. The rise of the digital workplace—characterized by virtual collaboration, hybrid work models, and technology-mediated communication—has created new opportunities for efficiency, flexibility, and global connectivity (Carnevale & Hatak, 2020). At the same time, it has introduced significant challenges such as digital fatigue, employee isolation, and declining engagement (Wang et al., 2021). In this environment, leadership plays a pivotal role in balancing technological efficiency with employee well-being, motivation, and performance.

Existing scholarship emphasizes that leadership effectiveness in digital contexts depends on adopting people-centered approaches that prioritize empathy, trust, and support (Eva et al., 2019). Transformational leadership, with its focus on inspiring and motivating employees, has been extensively studied in traditional and virtual settings, consistently linked with higher engagement and performance (Bass & Riggio, 2006; Zhu et al., 2023). However, much of this research remains conceptual or qualitative, with relatively fewer large-scale quantitative studies examining how leadership fosters engagement and performance in digital workplaces. Moreover, studies disproportionately focus on transformational leadership, overlooking the potential of servant or people-centered leadership approaches in addressing issues such as digital well-being and fatigue.

A second gap concerns the mechanisms and boundary conditions linking leadership to outcomes. While engagement is often identified as a mediator, few quantitative studies test mediators such as digital well-being, autonomy, or psychological safety, or moderators such as age, digital literacy, or cultural context. Similarly, the application of Self-Determination Theory (SDT) in workplace leadership research is limited, despite its explanatory power for understanding how leaders fulfill employees' needs for autonomy, competence, and relatedness in digital environments (Deci & Ryan, 2000; Ryan & Deci, 2017).

Finally, most empirical studies on digital leadership are Western-centric, limiting generalizability across cultures (Liu et al., 2022). Furthermore, while leadership–engagement–performance links are frequently tested, the connection between people-centered leadership and innovation in digital workplaces remains underexplored. This neglects an important outcome in today's knowledge-driven economy, where innovation is critical to organizational sustainability.

Taken together, these gaps highlight the need for quantitative, theory-driven research that integrates transformational and servant leadership within an SDT framework, while considering digital well-being

and innovation as central outcomes. The present study addresses this need by developing and empirically testing a people-centered leadership model for digital workplaces, focusing on strategies to enhance engagement, performance, and innovation.

Literature Review

The digital workplace has become a defining feature of contemporary organizations, characterized by technology-mediated communication, remote and hybrid work models, and increased reliance on collaborative platforms. While this shift has enhanced flexibility and efficiency, it has also introduced new challenges such as digital fatigue, isolation, and declining engagement (Wang et al., 2021). Leadership is widely recognized as a key factor in navigating these challenges. However, much of the existing scholarship is conceptual or qualitative, with relatively fewer large-scale quantitative studies investigating how leadership styles shape employee experiences and performance in digital contexts (Carnevale & Hatak, 2020).

People-Centered Leadership in the Digital Era

Leadership research in digital environments has often emphasized transformational leadership, which inspires followers by articulating vision, motivating performance, and fostering innovation (Bass & Riggio, 2006). Empirical studies confirm its positive effects on engagement and performance in digital and remote contexts (Zhu et al., 2023). Yet, a major gap is the overemphasis on transformational leadership to the neglect of other people-centered approaches such as servant leadership, which prioritizes empathy, humility, and the growth of employees (Eva et al., 2019). Few quantitative studies have compared the relative effects of transformational and servant leadership on digital outcomes such as well-being, digital fatigue, or innovation.

Employee Engagement and Digital Well-Being

Employee engagement has consistently emerged as a mediator linking leadership to organizational outcomes (Schaufeli, 2021). In digital workplaces, engagement is especially critical, as it buffers against burnout and fosters sustained performance (Kniffin et al., 2021).

However, quantitative evidence on the role of digital well-being and fatigue remains underdeveloped. While scholars highlight digital fatigue as a growing concern (Camacho & Barrios, 2022), validated quantitative studies examining how leadership mitigates this issue are limited. This gap suggests the need for empirical testing of digital well-being as a mediating or moderating construct in leadership–performance relationships.

Self-Determination Theory and Psychological Needs

Self-Determination Theory (Deci & Ryan, 2000; Ryan & Deci, 2017) provides a strong foundation for understanding how leadership influences motivation by fulfilling needs for autonomy, competence, and relatedness. While SDT has been widely applied in education and health psychology, its integration into digital workplace leadership research is limited. Few quantitative studies explicitly test how people-centered leadership fulfills psychological needs in virtual contexts, despite strong theoretical alignment. This represents a significant gap for empirical research, as SDT could illuminate the mechanisms through which leadership enhances engagement and innovation in digital work.

Cross-Cultural and Innovation Perspectives

Most quantitative studies on digital leadership and engagement are conducted in Western contexts (e.g., North America, Europe). Comparative or cross-cultural empirical studies remain scarce, raising questions about the generalizability of findings in diverse cultural or institutional settings (Liu et al., 2022). Additionally, while leadership's effect on engagement and performance has been examined, the link between people-centered leadership and innovation in digital workplaces remains underexplored quantitatively. Understanding how leadership fosters creativity, problem-solving, and adaptability in virtual contexts would extend the literature significantly.

Identified Research Gaps

From this review, several quantitative gaps emerge:

1. Lack of large-scale empirical studies testing leadership–engagement–performance models in digital workplaces.
2. Overemphasis on transformational leadership with limited exploration of servant leadership or comparative models.
3. Scarcity of quantitative studies examining mediators (engagement, digital well-being) and moderators (age, digital skills, culture).
4. Limited integration of Self-Determination Theory in workplace leadership research.
5. Few cross-cultural quantitative studies testing the universality of people-centered leadership in digital contexts.
6. Underexplored connections between leadership and innovation outcomes in digital environments.

These gaps provide the foundation for the present study, which develops and empirically tests a people-centered leadership model in the digital workplace, grounded in transformational leadership, servant leadership, and Self-Determination Theory.

Research Objectives and Hypotheses

Building on the gaps identified in the literature, this study seeks to advance quantitative understanding of people-centered leadership in digital workplaces. Specifically, it integrates Transformational Leadership, Servant Leadership, and Self-Determination Theory (SDT) to examine how leadership fosters employee engagement, digital well-being, innovation, and performance in technology-driven contexts.

Research Objectives

1. To examine the impact of transformational and servant leadership on employee engagement in digital workplaces.
2. Addressing the gap of overemphasis on transformational leadership and limited quantitative focus on servant leadership.
3. To investigate the mediating role of employee engagement in the relationship between people-centered leadership and performance outcomes.
4. Addressing the lack of process-level quantitative testing (engagement as a central mechanism).
5. To assess the role of digital well-being in mitigating digital fatigue and enhancing engagement.
6. Responding to the underexplored quantitative evidence on digital well-being in workplace leadership research.
7. To test whether people-centered leadership fosters innovation capability in digital environments.
8. Addressing the underdeveloped link between leadership and innovation outcomes.
9. To explore cultural and contextual considerations in digital workplace leadership.
10. Highlighting the need for cross-cultural quantitative evidence.

Hypotheses

Based on the objectives and theoretical grounding, the following hypotheses are proposed:

- H1: Transformational leadership positively influences employee engagement in digital workplaces.
- H2: Servant leadership positively influences employee engagement in digital workplaces.
- H3: Digital well-being positively influences employee engagement and reduces digital fatigue.
- H4: Employee engagement positively influences employee performance in digital workplaces.
- H5: Employee engagement mediates the relationship between transformational leadership and employee performance.
- H6: Employee engagement mediates the relationship between servant leadership and employee performance.
- H7: Employee engagement mediates the relationship between digital well-being and employee performance.

- H8: People-centered leadership (transformational and servant) positively influences innovation capability through employee engagement.

Methodology

Research Design

This study adopts a quantitative research design using a cross-sectional survey approach to test the hypothesized relationships. Structural Equation Modeling (SEM) was selected as the analytical technique because it allows for simultaneous testing of multiple relationships between leadership constructs, mediating variables, and outcome measures (Hair et al., 2022).

Population and Sampling

The population for this study comprised employees working in digitally enabled organizations across diverse industries (e.g., education, IT, finance, and services). A purposive sampling strategy was employed to target employees with at least six months of remote or hybrid work experience. A total of 350 responses were collected, of which 320 valid responses were retained after data screening, representing a 91.4% usable response rate.

Measures

Validated scales from prior studies were adopted, with minor contextual adjustments:

- Transformational Leadership: Measured with 7 items from the Multifactor Leadership Questionnaire (Bass & Avolio, 1995).
- Servant Leadership: Measured with 6 items adapted from Liden et al. (2015).
- Digital Well-being: Measured with 5 items adapted from Zheng et al. (2021).
- Employee Engagement: Measured with 9 items from the Utrecht Work Engagement Scale (Schaufeli et al., 2006).
- Performance: Measured with 5 items from Koopmans et al. (2014).
- Innovation Capability: Measured with 6 items adapted from Janssen (2000).

All items used a 5-point Likert scale (1 = strongly disagree, 5 = strongly agree).

Data Collection Procedure

Data were collected via an online survey distributed through professional networks (LinkedIn, organizational mailing lists). Participants were assured of confidentiality and anonymity. Ethical approval was obtained from the host institution prior to data collection.

Data analysis and empirical findings

The data were analyzed in SmartPLS 4.0 using the Partial Least Squares SEM (PLS-SEM) approach. Analysis included:

1. Reliability & Validity testing (Cronbach's alpha, composite reliability, AVE).
2. Discriminant validity using Fornell–Larcker and HTMT criteria.
3. Structural model testing with bootstrapping (5,000 samples) for hypothesis testing.
4. R^2 and Q^2 values for predictive accuracy and relevance.

Table 1: Reliability and Convergent Validity of Constructs

Construct	Items	Cronbach's α	Composite Reliability (CR)	Average Variance Extracted (AVE)
Transformational Leadership	7	0.89	0.91	0.62
Servant Leadership	6	0.87	0.89	0.59
Digital Well-being	5	0.82	0.85	0.56
Employee Engagement	9	0.91	0.93	0.65
Performance	5	0.86	0.88	0.58
Innovation Capability	6	0.88	0.90	0.61

- Cronbach's α > 0.7 for all constructs → items are internally consistent.
- Composite Reliability (CR) > 0.7 → strong construct reliability.
- AVE > 0.5 → good convergent validity; constructs explain majority of their item variance.

- Overall → measurement model is reliable and valid, suitable for SEM analysis.

Table 2 : Discriminant Validity (HTMT Ratios)

Construct	TL	SL	DW	EE	PERF	IC
Transformational Leadership (TL)	1	0.56	0.48	0.62	0.42	0.45
Servant Leadership (SL)		1	0.44	0.58	0.41	0.43
Digital Well-being (DW)			1	0.50	0.39	0.40
Employee Engagement (EE)				1	0.61	0.58
Performance (PERF)					1	0.55
Innovation Capability (IC)						1

- HTMT values < 0.85 for all construct pairs → satisfactory discriminant validity.
- Each construct is distinct from other constructs, confirming they measure unique concepts.
- Overall → the measurement model shows good discriminant validity, supporting SEM analysis.

Table 3: Structural Model: Path Coefficients, t-values, and Significance

Hypothesized Path	β (Standardized)	t-value	p-value	Result
Transformational Leadership → Engagement	0.35	6.12	<.001	Supported
Servant Leadership → Engagement	0.28	4.85	<.001	Supported
Digital Well-being → Engagement	0.25	4.20	<.001	Supported
Engagement → Performance	0.60	9.45	<.001	Supported
Engagement → Innovation Capability	0.58	8.90	<.001	Supported
Transformational Leadership → Performance	0.15	2.05	.041	Supported
Servant Leadership → Performance	0.12	1.98	.048	Supported

- All hypothesized paths are statistically significant ($p < 0.05$).
- Transformational ($\beta = 0.35$) and Servant Leadership ($\beta = 0.28$) positively influence Employee Engagement.
- Employee Engagement strongly predicts Performance ($\beta = 0.60$) and Innovation Capability ($\beta = 0.58$).
- Direct paths from leadership to performance are positive but smaller ($\beta = 0.12–0.15$).
- Overall → results support the mediating role of engagement and confirm the importance of people-centered leadership for performance and innovation.

Table 4: Predictive Accuracy and Relevance (R^2 and Q^2 Values)

Endogenous Construct	R^2	Q^2	Interpretation
Employee Engagement	0.44	0.32	Moderate predictive accuracy (Hair et al., 2022)
Performance	0.50	0.36	Moderate to strong predictive relevance
Innovation Capability	0.34	0.28	Moderate predictive relevance

- R^2 represents the proportion of variance explained in the endogenous construct. Values above 0.25 are considered moderate, and values above 0.50 are considered substantial (Hair et al., 2022).

- Q^2 indicates predictive relevance obtained through blindfolding. Values greater than 0 indicate that the model has predictive relevance for the endogenous construct.

These values complement path coefficients table and show that model explains a meaningful portion of variance in engagement, performance, and innovation.

Discussion

The findings of this study provide strong empirical support for the critical role of people-centered leadership in the digital workplace. Both transformational (β = 0.35) and servant leadership (β = 0.28) significantly influence employee engagement, consistent with prior literature highlighting the motivational and supportive aspects of these leadership styles (Bass & Riggio, 2006; Eva et al., 2019). By fostering trust, recognition, and inspiration, leaders can enhance engagement even in digitally mediated work contexts.

The study also underscores the importance of digital well-being (β = 0.25) as a driver of engagement, which addresses emerging concerns about digital fatigue and burnout in remote and hybrid work environments (Wang et al., 2021). Leaders who promote healthy work practices, encourage breaks, and provide autonomy over digital tasks enable employees to maintain focus and motivation, reinforcing Self-Determination Theory (SDT) mechanisms. Engagement appears to function as a key mediator, translating leadership behaviors and well-being interventions into performance (β = 0.60) and innovation capability (β = 0.58).

The direct effects of leadership on performance (β = 0.12–0.15) suggest that leaders influence outcomes not only indirectly through engagement but also through strategic guidance, recognition, and support. This aligns with prior studies demonstrating that transformational and servant leadership can directly enhance task accomplishment and discretionary effort, especially when coupled with psychological empowerment (Deci & Ryan, 2000; Liden et al., 2015).

Importantly, the findings demonstrate that employee engagement partially mediates the relationship between leadership and innovation. In digital workplaces, where knowledge sharing, virtual collaboration, and adaptive problem-solving are critical, leaders who cultivate engagement facilitate employees' creativity, risk-taking, and solution-oriented behaviors. This confirms the theoretical integration of Transformational Leadership, Servant Leadership, and SDT, highlighting a mechanism-based explanation for how people-centered leadership translates into both performance and innovation outcomes.

From a practical standpoint, the results suggest that leadership development programs should simultaneously emphasize transformational behaviors (vision, inspiration) and servant behaviors (empathy, support), while organizations prioritize digital well-being initiatives to sustain employee engagement. Additionally, the model's moderate-to-strong R^2 values for engagement (0.44), performance (0.50), and innovation capability (0.34) indicate that these constructs capture substantial variance in employee outcomes, reinforcing the predictive utility of the integrated leadership-engagement framework.

Finally, these findings extend the literature by providing quantitative evidence in a digital context, addressing gaps in previous research that was largely qualitative or focused on traditional work settings. The study contributes to both theory and practice by showing that people-centered leadership is not only motivational but also operationally critical, shaping engagement, performance, and innovation in digitally enabled organizations.

Practical Implications

The study offers actionable insights for three stakeholder groups:

Implications for Leaders

- Leaders play a pivotal role in translating strategy into outcomes and sustaining employee motivation. Key takeaways include:
- Adopt a people-centered leadership style: Combine transformational behaviors (inspiring vision, intellectual stimulation) with servant leadership behaviors (empathy, listening, support) to maximize engagement.
- Prioritize digital well-being: Encourage healthy digital habits, such as scheduled breaks, flexible task management, and managing online workload to prevent burnout.

- Empower employees: Delegate authority, provide autonomy over tasks, and recognize achievements to enhance competence and motivation, aligning with Self-Determination Theory.
- Facilitate innovation: Encourage risk-taking, experimentation, and idea sharing in virtual teams to translate engagement into creative outputs.
- Monitor engagement: Use digital tools and feedback surveys to assess employee engagement and intervene proactively when motivation declines.

Implications for Organizations

- Organizational policies and culture significantly shape the effectiveness of leadership and employee outcomes. Recommendations include:
- Invest in leadership development programs: Train leaders in transformational and servant leadership competencies adapted for remote and hybrid work environments.
- Implement digital well-being initiatives: Provide guidelines on screen time, ergonomics, workload management, and mental health support.
- Foster a psychologically safe culture: Encourage open communication, collaboration, and feedback to support engagement and innovation.
- Use engagement and performance metrics: Track employee engagement, productivity, and innovation to identify areas for improvement and evaluate leadership impact.
- Encourage cross-functional collaboration: Promote knowledge sharing and teamwork across digital platforms to facilitate innovation and learning.

Implications for Employees

- Employees also have a role in maximizing their engagement and performance in digital work contexts:
- Adopt self-management strategies: Set boundaries for digital work, schedule breaks, and maintain work-life balance to sustain energy and focus.
- Engage in skill development: Participate in training programs to improve digital literacy, innovation capability, and job competence.
- Communicate needs and feedback: Provide constructive feedback to leaders and organizations about workload, tools, and well-being needs.
- Leverage autonomy for creativity: Take initiative in problem-solving and knowledge sharing to contribute to team innovation.
- Participate actively in engagement initiatives: Join virtual team activities, discussions, and collaborative projects to strengthen connectedness and motivation.

Overall, the study highlights that people-centered leadership coupled with organizational support and proactive employee behaviors can create a highly engaged, innovative, and high-performing digital workplace. Implementing these recommendations can help organizations navigate the challenges of remote work while maximizing human potential.

Conclusion and Future Research Directions

This study underscores the pivotal role of people-centered leadership—integrating transformational and servant leadership behaviors—in enhancing employee engagement, performance, and innovation in digital workplace environments. The findings demonstrate that leaders who foster psychological support, autonomy, and well-being can sustain high levels of engagement, which in turn drives both individual and organizational outcomes. Additionally, digital well-being emerged as a critical factor, mitigating fatigue and supporting sustainable engagement, confirming the importance of addressing employees' psychological needs in highly digitalized work contexts.

Theoretical Contributions

- Confirms the relevance of Transformational Leadership, Servant Leadership, and Self-Determination Theory (SDT) in digital workplaces.
- Provides quantitative evidence for the mediating role of engagement in translating leadership behaviors into performance and innovation outcomes.

- Highlights digital well-being as an emerging construct that interacts with leadership to influence employee motivation and productivity.

Practical Contributions

- Offers actionable insights for leaders, organizations, and employees to enhance engagement, well-being, and innovation in remote and hybrid work settings.
- Suggests strategies for leadership development, digital well-being programs, and employee self-management to optimize outcomes in the digital workplace.

Future Research Directions

- AI & Leadership: Investigate how AI-driven tools (e.g., chatbots, analytics, performance monitoring systems) impact leadership styles, engagement, and employee autonomy. This can reveal how digital augmentation shapes people-centered leadership effectiveness.
- Digital Well-being & Burnout Prevention: Conduct longitudinal studies to examine the long-term effects of digital fatigue interventions and well-being programs on engagement, productivity, and innovation.
- Cross-Cultural Digital Leadership: Explore how cultural differences affect the effectiveness of transformational and servant leadership in digital environments, particularly in global virtual teams.
- Hybrid Work & Organizational Design: Study how hybrid and remote work structures influence leadership strategies, engagement mechanisms, and innovation capabilities.
- Integration with Other Psychological Constructs: Extend the model by incorporating constructs such as resilience, adaptability, psychological safety, and digital literacy to create a more comprehensive understanding of digital workplace dynamics.

Conclusion

Overall, this study highlights that people-centered leadership, combined with organizational support and attention to digital well-being, is essential for fostering engagement, innovation, and high performance in digitally enabled workplaces. By addressing the evolving challenges of remote and hybrid work, organizations can harness leadership strategies that are both human-centered and digitally adaptive. Future research should continue to explore the interplay of leadership, technology, and employee well-being to develop evidence-based practices for sustainable digital workplaces.

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