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## Need of “Digital Leadership” for Virtual Businesses Transformation

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### Abstract

Digital technologies are being embraced by organizations by an accelerating pace and hence need digital strategies and digital leadership accordingly. However, despite widespread efforts to capitalize on digitalization process few companies can actually boast of concrete results. There is an emerging strand of literature that assigns success or failure of digitalization process to digital organizational leadership. This study is based on literature reviewed of 20 digitally transformed businesses using “Digital Leadership. In short, the outcome of the study is the conclusion that leadership does matter in digital transformation process. Successful organizational leaders are able to create a strong vision, align and mobilize employees for change to embrace the new ways of doing business with digitally transformation visions. Some conclusions and recommendations are made based on study outcomes and existing literature on leading digital transformation.

### Introduction

Digitalization and the phenomenon of digital transformation is rapidly and fundamentally changing existing businesses and organizations alike (Collin, 2015). Although considered a prime challenge for leaders of complex and changing organizations, research in the combined field of digitalization and leadership however still remain scarce. As executives are tasked with the leading of digital transformation, this study aims to understand how digitalization effects top management leadership. To achieve this, the study takes a two-folded approach by outlining six characteristics of digitalization and analyzing how these characteristics effect three contemporary forms of leadership: values-based, transformative and authentic leadership. Through a broad literature survey and few depth case studied of with executives and organizational leaders, the observations found that some of identified characteristics of digitalization all effected the three forms of contemporary leadership and need to transfer as “Digital Leadership” from traditional leadership. The different characteristics of digital leadership did not only change how the leaders practiced each of their leadership styles, but also how their leadership manifested itself through the use of various digital tools, methods and processes in order to enhance and empower their leadership. Even the sub-features of each leadership form were subject to this fundamental digital change. What was also found were three complementary perspectives when leading complex and changing organizations: the perspective of holism, virtually and networked-based hubs. Each of these perspectives were premiered aspects to be considered as a contemporary leader. The concept of Digital age according to Cambridge English dictionary is “The digital age, also called the information age, is defined as the time period starting in the 1970s with the introduction of the personal computer with subsequent technology introduced providing the ability to transfer information freely and quickly.”

## Case Studied and Observations

Due to accelerated technological development (Bounfour, 2016) such as Stibitz's introduction of the first digital computer (Tropp, 1993) or Tim Berners-Lee's launch of the 'World Wide Web' in the 1990s (Vogelsang, 2010), the debate regarding the effects of digitalisation and digital transformation has once again re-emerged in general business reviews and among contemporary business scholars (Bounfour, 2016; Fitzgerald et al., 2013; Regeringskansliet, 2015; Vogelsang, 2010; Westerman et al., 2014). Described by Vogelsang (2010) as the 5th Kondratiev wave, or long economic wave that not only change our production processes and possibilities, but also our way of being (Vogelsang, 2010). When listing the Kondratiev waves he concludes that "after the steam, steel, electricity, and petrochemical revolutions, network-based digitalisation is the driving force today on the stage of business and private life" (Vogelsang, 2010, p. 3). The terms digitalisation and digital transformation are often understood as overall encapsulating expressions to describe the larger technically induced changes occurring in society (Chew, 2013). This however, is also often mistaken for terms such as, mechanisation (Bátiz-lazo and Boyns, 2004), automatisisation (Parthasarthy and Sethi, 1992) industrialisation (Murphy et al., 1988), and robotisation (Garsombke and Garsombke, 1989). Digitalisation is also commonly used as an interchangeable term for "Digitisation" (BarNir et al., 2003), but for the clarity of this thesis however, only digitalisation will be utilised. Digitalisation, is furthermore described as the conversion of analogue information into binary number of either 0 or 1: digital digits (Collin et al., 2015). A process of information conversion from the physical to the digital plane in other words. Digital transformation however, concerns the global accelerated process of technical adaptation by individuals, businesses, societies and nations, which comes as a result of digitalisation (Collin et al., 2015; Tapscott, 1996a; Westerman et al., 2014).

## Leadership strategies that leads to digital age

- Digitalization requires an unbiased understanding of the external environment.
- Digitalization may require a reformulation of the firm's mission.
- The meaning and impact of digital to the firm must be clearly stated.
- Digital understanding and capabilities are required across the firm.
- Digitalization must be supported by the firm's corporate culture.
- Digitalization demands a greater level of collaboration.
- Digitalization requires greater engagement with the public.
- Business strategy in the digital age becomes a continuous process.
- Decision-making in the digital age is increasingly data-driven.
- Digitization requires firms to enter uncharted territories.
- Digitalization is about continuous management of change.

Before moving onto digital leadership, if we step back and see what leadership is in general it says that leadership has universal characteristics and theories that are timeless? First is charismatic leadership, a charismatic person possesses a rare gift that allows them to influence followers while inspiring loyalty and obedience. There are several universal skills that are worth mentioning for leadership, such as: (1) motivational skills; (2) team building; (3) emotional intelligence.

Digital leadership can be defined by a leader's contribution to the transition toward a knowledge society and their knowledge of technology. Digital leaders have an obligation to keep up with the ongoing global revolution. They must understand technology, not merely as an enabler but also for its revolutionary force. A leader of the future is more like a community manager rather than an authoritarian. A balanced mix of universal characteristics and digital leadership traits has the potential to guide us through years of transformation with optimism and idealism. Researchers found through many studies that leadership has an impact on digital era that without standard leaders the firm performance is not good and thus though many leadership styles arouse the new leadership i.e. combination of both emotional and intellectual quotients is beneficial for the enhancement of firm performance.

## Conclusion

The process of digital transformation, although very much desired by many organizational leaders but its must digitally as “Digital Leadership”, is a very complicated process. Understanding technology in question and giving green light for its implementation rarely brings successful results. Instead, executives need to understand that digitalization of their businesses often assumes a radical review of the ways in which many organizational processes operate and recognize the necessity of actually leading this complicated transformation. Organizational and leadership theory suggests that there are some important areas without addressing which organizations are unlikely to have the desired results of digital transformation. It starts from formulating clear goals and objectives of digital transformation. Leaders must establish what they expect to achieve with digitalization, where, and how. On the basis of this knowledge, careful framework and mapping of the process should be established. Leaders must possess digital acumen and develop digital imperative which involves a clear vision and the ways to engage everyone in the process. Successful leaders are able to align organizational members around the common goals and vision, empower them for action and coordinate the efforts by being engaged and offering rewards. Just as important is to embrace obstacles and challenges of digital transformation. Successful leaders do not treat them as reasons for failure; rather, they consider them as an additional source of knowledge and take special pride in overcoming them.

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