

# Digital Leadership and Transformation in Contemporary Times

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## ABSTRACT

Digital business transformation involves incorporating various digital tools into an organization's processes to add value. In line with this article's objectives, key aspects of digital leadership and transformation include strategic approaches, challenges, and success factors. This article comprises a systematic review of 64 peer-reviewed articles, empirical articles, and seminal papers published over the last 20 years. The findings highlight digital leaders' lack of critical competencies, the centrality of data-driven decision-making, and the ethical issues surrounding digital change. Real-life examples from different fields illustrate good practices, organizational change management, and effective strategies, showing that approaches can vary while remaining innovative. Finally, the paper provides a detailed list of research implications and practical recommendations for applying the developed theory in various organizational settings.

## KEYWORDS

Digital Transformation, Digital Leadership, Data-Driven Decision-Making, Innovation Management, Technology Adoption

## INTRODUCTION

Digital transformation aims to leverage digital tools within an organization's processes to create value. In today's environment, businesses must build specific digital leadership capabilities to thrive. This article systematically reviews and explores the fundamental dimensions of digital leadership and digital business transformation to elucidate why some organizations succeed in these areas. A literature review was conducted using systematic review and analysis methods, focusing on the type of publication, relevance of the topic, and date of publication from 2004 to 2024. The highlighted articles provide insights into the practical application of strategic leadership approaches, the challenges and prospects of using digitized technologies in the workplace, and their organizational consequences.

Fragile contextual variables such as technological dynamism and artificial intelligence (AI) (Fountaine et al., 2021), coupled with new inventions like cloud services and data analytics, underscore the urgency of digital business transformation and the need to redesign a firm's internal environment. Organizations must focus on sustainability in the competitive global market while addressing these challenges and changes (Hannah et al., 2011). Consumers now expect personalized, quick, and straightforward solutions due to advancements in the digital world. Failure to meet these expectations will result in organizations losing their clientele to more perceptive competitors. Hence, achieving digital transformation objectives in the context of customer engagement is essential for any business (Verhoef et al., 2021). Digital native companies and agile startups have threatened incumbent industry

DOI: 10.4018/IJDSGBT.352047

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firms. To defend its market share and relevance, an organization must devise digital transformation initiatives that enable it to compete on speed and creativity in these uncertain and rapidly changing markets (Coeurderoy, 2020; Ghemawat & Altman, 2016).

Sardjono et al. (2021) and Tarute and Gatautis (2022) have also argued that digital transformation can increase operational effectiveness and reduce costs due to the capabilities and mobility of e-commerce and mobile applications. Reducing cycle time and repetitive tasks can significantly improve process efficiency and resource utilization within an organization (Morakanyane et al., 2017). Morakanyane et al. (2017) and Sardjono et al. (2021) identified several indexes used to analyze the effectiveness of digital transformation across enterprises, including operational effectiveness, cost reduction, and customer satisfaction. For instance, the time and monetary savings achieved through automation provide measurable results that demonstrate the value of such digital initiatives.

However, leadership also requires flexibility in adapting to the digital environment and the ability to develop effective measures. In this context, the uncertainty and dynamism of a world increasingly dominated by technology mean that leaders must embrace innovation to drive change.

Decision-makers in today's world need to be flexible leaders due to the constantly evolving nature of technology. Leaders must be ready for change and open to new methods. Adaptive leaders can cope with uncertainties and challenges, which are critical for implementing complex change processes and digital transformations (Solis, 2011). Moreover, digital leaders are often identified as having a visionary mindset. They excel at identifying new opportunities and understanding how technology may disrupt their business, industry, and the world. An appropriate vision for the digital transformation process provides a clear direction toward achieving organizational objectives (Sivarajah et al., 2017).

Another essential core competency for digital leaders is critical thinking. Strategizing involves integrating digital tactics with overall business objectives, which relies heavily on critical thinking. Digital leaders must make decisions that move the organization forward, leveraging technology to outpace rivals (Sağbaşı & Erdoğan, 2022). Another key attribute of digital leaders combines two broad categories of competencies: interpersonal and intrapersonal emotional intelligence (EI) (Rüth & Netzer, 2020). This skill requires leaders to comprehend, control, and regulate their emotions and those of their team members. EI enhances interactions, conflict resolution, and group behavior in a virtual environment (Birwatkar, 2014; Jordan & Lawrence, 2009). Finally, leaders in the digital age must embrace a culture of learning. They need to stay informed about the latest technological developments due to the rapid pace of advancement. Consequently, organizations should foster a culture of learning and innovation, especially those involved in the digital sector (De Araujo et al., 2021).

This article explores several vital questions at the intersection of digital leadership and transformation: What are the essential competencies for digital leaders? How does data-driven decision-making influence organizational success? What are the ethical considerations in digital transformation?

This article addresses these questions by examining various facets of digital leadership and digital transformation. It provides insights, approaches, and frameworks that guide individuals and organizations striving for success in the emerging complex environment. The key areas of focus include identifying leadership competencies relevant to digital contexts, understanding data-driven decision-making, and exploring ethical considerations. This article reviews primary literature, including empirical papers, peer-reviewed articles, and seminal works from the past two decades.

The next section provides a comprehensive overview of related work to situate the current research within the broader academic context. It highlights the existing literature and identifies gaps this article aims to address.

## **RELATED WORK**

This research focuses on the extensive literature on digital leadership and transformation. Kane et al. (2015) and Brynjolfsson and McAfee (2014) primarily explored issues related to strategic digital

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