Defining the Core of Successful Digital Leadership
Dian Widiyati¹, Anum Nuryani²*
Universitas Pamulang

Corresponding Author: Anum Nuryani anum.3005.zzzz@gmail.com

ARTICLE INFO
Keywords: Digital, Leadership, Strategic, Transformation Digital

Received : 3 May
Revised : 20 June
Accepted: 21 July

©2024 Widiati, Nuryani: This is an open-access article distributed under the terms of the Creative Commons Atribusi 4.0 Internasional.

ABSTRACT
Indonesia continues to face challenges in efforts to encourage digital transformation, especially in the economic sector. Based on the Digital Readiness Index report in 2021, Indonesia's digital readiness level is not satisfactory enough while at the Southeast Asian level, the progress of digitalization in Indonesia is still lagging several countries. This research design is in the form of literature review research or literature review by investigating and analysing relevant text sources to understand certain topics. This research is a descriptive analysis used to collect qualitative data that produces a detailed description of a research topic or problem. The results of this study show that digital transformation requires adaptive, innovative, and inclusive digital leadership. Digital leaders must have a clear vision, adaptability, and customer focus. Digitalization is changing business models, operations, and organizational culture, requiring leadership strategies that drive technological change and empower employees. Inclusive leadership emphasizes the importance of diversity and inclusion in enhancing innovation and organizational effectiveness. Some recommendations that can be addressed to regulators include that regulators should create policies that encourage the adoption of digital technology in various sectors, including incentives for digital training and technological innovation. Policies that promote diversity and inclusion in leadership must be implemented. Regulators should provide guidance and resources for conflict management in a digital environment.

DOI: https://doi.org/10.59890/ijatss.v2i7.2178
E-ISSN: 3026-2410
https://journal.multitechpublisher.com/index.php/ijatss
INTRODUCTION

Indonesia continues to face challenges in efforts to encourage digital transformation, especially in the economic sector. Based on the Digital Readiness Index report in 2021, Indonesia’s digital readiness level is not satisfactory enough, with a value of minus 0.06. This score places Indonesia in 73rd place out of 146 countries surveyed. At the Southeast Asian level, the progress of digitalization in Indonesia is still lagging behind a number of countries, namely Singapore, Malaysia, Thailand, and Vietnam. The Digital Readiness Index is based on seven indicators, namely technology infrastructure, technology adoption, startup climate, human resources, ease of doing business, government and private investment, and basic needs. Among these indicators, Indonesia only scored positively on basic needs, ease of doing business, and human capital. In the 2020-2024, Ministry of Communication and Information show that Strategic Plan document, the government focuses on four policy programs to accelerate digital transformation, namely expanding infrastructure, strengthening technology adoption, increasing digital talent, and completing supporting regulations.

Based on the 2023 Google, Temasek, and Bain & Company Report, around 40% of the total value of digital economy transactions in ASEAN in 2023 will come from Indonesia. Nominally, the value of Indonesia's digital economy reached USD 82 billion or grew 8% from the previous year and is projected to continue to increase, so that Indonesia is considered a big and potential market in the scope of the digital economy. The government relies on digitalization as one of the new economic growth engines that can encourage economic resilience in the future. Therefore, increasing access to technology, improving digital skills, and supporting appropriate regulations are key in ensuring the continuity of digital transformation to support sustainable economic development.

Leadership has a crucial role in supporting digitalization by inspiring, directing, and facilitating organizational transformation towards the use of digital technology. Leaders can lead by example, encourage innovation, and promote a work culture that is open to change. They are also responsible for allocating necessary resources, building appropriate infrastructure, and integrating technology effectively to achieve the organization's strategic goals. Digital leadership is important because it leads organizations to succeed in the ever-evolving digital age. Digital leaders are able to understand and utilize information technology effectively to achieve business goals. They lead digital transformation, accelerate innovation, and improve organizational performance. In a rapidly changing environment, digital leaders can help organizations to stay relevant and competitive in a competitive global marketplace. In addition, digital leadership also facilitates collaboration between geographically dispersed teams using digital communication technology. Leaders who lead well in the digital realm foster a work culture that is innovative, responsive, and open to change. They can also manage information security and data privacy risks, ensure regulatory compliance, and safeguard a company's reputation in a globally connected digital world. Thus, digital leadership is the key to long-term success and organizational resilience in today's digital era.
LITERATURE REVIEW

Digital Transformation

Digital technology has changed our lives. Both interactions, needs and even lifestyles also change. This will have an impact on various fields and services. So, there is a need for changes towards digitalization or known as digital transformation. Digital transformation can be interpreted as the adoption and use of technology in changing the strategy and processes of a business to digital (Rasyad, 2022).

This digital transformation process is of course inseparable from the use of technology to increase company productivity and innovation so that there is a change in its business model. AW Mitra (2021) said that this digital transformation caused a shift in business models from previous business models, giving rise to new business models.

Digital transformation for organizations is an important process to adapt to a rapidly changing environment and be able to compete superiorly (Menzes, 2023). This digital transformation involves fundamental changes in products, services, people, and processes, so as to improve organizational performance (Spyridon, 2023). The complexity of digital transformation in organizations is not only in the scope of technology, but also includes business model changes and cultural changes (Bozbura, 2023). As was the case in India, during the Covid-19 pandemic, in the service sector, especially the tourism sector, the sector took advantage of digital transformation in overcoming social restrictions which were a challenge at that time (Batola, 2023). In terms of digital transformation, of course, leadership shows an important role towards digital transformation, making organizations to develop, be competitive, and thrive in the market (Pedro, 2023).

In each country, the digital transformation process can be different. This is due to the factors that exist in the country. There are several factors that influence the digital transformation process such as culture, social, economic and political in each country (Parmiggiani, 2022). In addition, there are many challenges faced in digital transformation such as upskilling and organizational change. However, this digital transformation will contribute to significantly increasing productivity and economic growth (Batola, 2023).

Digital Leadership

Digital Leadership is defined as one of the types of leadership that is quickly able to adapt to technological developments which is the key to the arrival of the industrial revolution era 4.0 (Budiarti, 2022). Digital leadership requires leaders to not only have technical skills in technology but also a digital mindset to navigate the opportunities and challenges caused by digitalization in this modern era (Hensellek, 2020; Lizio, 2021). Digital leadership has an important role in achieving organizational success by carrying out digital transformation, adjusting business strategies and utilizing existing digital assets effectively (Fatima, 2019). According to Hasan (2022), the characteristics of digital leaders include broad imagination, high intellectual aspects, high digital competence, the basis for virtual organizational structures, and working remotely. According to Bolte (2018) there are several attributes that affect the
success of the company and employee leadership. These attributes include communication, knowledge and understanding, methods and standards, training, expectations and orientation, openness and transparency, trust, employee focus and wrong culture. Research on digital leadership has found that keeping employees motivated is important, especially in uncertain industries like oil and gas, through traits such as creativity, inspiration, credibility, knowledge, collaboration, and trust (Turgut, 2022).

The existence of this digital leadership will have an impact on the delivery of culture and vision in the right direction. This is the key to achieving an optimal financial position (Turk, 2023). There are three deep foundations that must be possessed in digital leadership, namely the necessity of a digital mindset, having digital skills and a combination of digital mindset and expertise to realize a predetermined vision (Hensellek, 2020). Basically, in his leadership, a leader needs cooperation to create unlimited innovation (Budiarti, 2022).

**Digital Organization**

Digital organization refers to organizations that utilize digital platforms and technologies in the operational and interaction efforts of that organization. A study shows an important emphasis on digital transformation in organizations, paying attention to the need for continuous upskilling and continuous knowledge updates in the effective incorporation of digital technologies (Dzifa, 2023). The use of this digital platform is growing in all sectors, both the technology sector itself and non-technology such as agricultural universities and others. Digital platforms have an important role in facilitating innovative project activities, in marketing innovative technology improvements (Batola, 2023). In the agricultural sector, the concept of digital platform organization can reduce risks such as the consequences of the COVID-19 pandemic by increasing perceptions and production sustainability (Marina, 2023). Overall, it is critical that there is integration between technology and digital platforms for organizations to remain competitive, drive productivity, and adapt to evolving digital insights (Lishi, 2023; Spyridon, 2023).

**METHODOLOGY**

This research design is in the form of literature review research, which is the process of investigating and analysing relevant text sources to understand certain topics. This involves an in-depth review of previously published scientific articles in the domain in question to gain a better understanding of the subject under study. The nature of this study is descriptive analysis, which is a research method that aims to describe or explain existing phenomena or circumstances, without manipulating variables or looking for cause-and-effect relationships. This method is often used to collect qualitative data that results in a detailed description of a research topic or problem. Data collection techniques through scientific articles related to the research topic.
RESULTS AND DISCUSSION
Digital Leadership Strategy

The rapid pace of digitalization demands the adoption of digital technology from every leadership. Leaders who can adopt technology easily are able to become superior to global competitiveness. Digital leadership is one of the foundations for every institution to be able to keep up with the global flow of digitalization. Disruptions due to digital transformation can be overcome with digital leadership. Successful digital leaders know how to bring people together, initiate long-term change, and improve business outcomes using technology (Nurshinta, 2023).

Successful digital leadership requires leaders to have a digital mindset more than just technical. In this case, it is related to the ability to change the organization quickly to adjust to the development of digitalization. Leaders driving digitalization must have a clear vision, focus on customers, embrace environmental change, encourage fixed structures, empower employees, and engage with partners.

In the digital age, organizational success requires an important role of digital leadership strategies in adopting technology and changing from conventional services to digital services. Currently, every organization or institution requires adapting and utilizing digital technology in running its business. It seems that in the banking industry, services that previously could only be done in banking offices, can now use e-banking facilities. The emphasis on the importance of this leadership strategy includes managerial, operational, Information Technology and e-collaboration capabilities to achieve competitive excellence. The development towards the digital era 4.0 requires banks to understand how digital customers behave and make customer-focused service changes for the success of digital transformation (Panji, 2023).

The agribusiness industry also demands digitalization. Digital leadership strategies in the agricultural sector, in the use of digital technology are involved to encourage progress in agro-industrial areas (Olga, 2022; Zhu, 2023). The development of the digital economy affects the agricultural industry emphasizing the importance of expanding marketing channels, improving logistics, and upgrading professional talents to achieve high-quality and competitive development.

The success of digital leadership can also be felt in the current millennial era. The development of digitalization requires leaders to be able to use digital media and communicate in organizations. The use of digital platforms such as social media and chat applications is one of the tools that can be used in expanding the network. Today many generations of gen Z are becoming addicted to social networks. So that the success of digital leadership strategies in gen z relates the involvement of personalization, creation of relevant content, and utilization of marketing networks according to the needs and expectations of gen z (Saebah, 2022).
Thus, the implementation of digital leadership strategies requires a digital mindset from the leader himself not only able to use digital media or technology, but also able to innovate and create, even able to understand what customers need in today’s digital era. The ability to utilize technology can help leaders in analysing data digitally including with the help of artificial intelligence that can help for decision making. Digital leaders must also have a clear vision in accordance with the development of digitalization. This means that leaders can adapt to changes in the environment, so that eventually they will change the business model of the organization by following changes in digital technology developments. In addition, leaders must be able to communicate and direct employees to improve digital skills to improve organizational performance, which in turn will change the culture in the organization to be adaptive to digitalization. Digital leaders must also engage directly with partners, to maintain relationships and add to their social networks.

**Organizational Transformation**

Research on how leaders manage organizational transformation in the digital age. Currently, digitalization demands organizational changes to keep up with technological developments. Companies that want to survive and be able to compete inevitably must follow the developments that occur. Organizational transformation is crucial if organizations want to remain competitive and fit to keep up with the rapidly evolving changing environment. In the era of the industrial revolution 4.0, digitalization has become an unavoidable necessity, affecting operational strategies, business models and employee competencies (Rachid, 2023). Fundamental changes in digital transformation have an impact on products, services, human resources, and processes, making organizations different from their competitors (Ferhan, 2023). The success of digital transformation is influenced by various factors, including reshaping processes, redefining human roles, reorganizing operations, to create distinctiveness and gain business opportunities (Spyridon, 2023). The development of technology changes the direction of the organization from how to make the organization as efficient as possible, to how important the organization is to innovate and disrupt. Organizations must adjust to overall transformation in all aspects of business, therefore there is a need for changes in organizational culture that are high performance and technology adaptive (Siddharta, 2023). The application of digital transformation in an organization by following environmental changes can make the organization competitive in the era of digitalization. The weakening of the economy due to the decline in people's purchasing power during Covid-19 caused several sectors to be affected, such as retail stores.

One of the retails MSME owners in Tangerang Selatan, previously had a store in a shopping centre located in South Jakarta. However, due to the impact of the decline in mall visitors, the owner was forced to close his store and switch to selling online through marketplaces and social media. Inevitably business owners must adapt, adopt technology, owners also continue to improve their digital skills following the flow of technological developments. In addition, owners also need to improve the digital skills of their employees. They create interesting content in accordance with current trends and live on their
marketplace and social media platforms. Through this adoption, its sales continue to increase and even be able to reopen offline stores and get an award from one of the partners in cooperation with digital platforms and delivery services. This success, of course, involves the owner as leadership by implementing digital leadership to be able to transform his business.

The existence of digital transformation in organizations changes business models and strategies in winning the market. This relates to how the organization can be competitive. The high utilization of digital has eroded some organizations that do not want to adapt to the environment. A study found that MSME players in weaving crafts during the Covid-19 period found it difficult to adjust digital technology, especially those related to online marketing. This of course requires MSME players to make a strategic plan to enter the digital ecosystem. For organizations, digitalization is a challenge that must be faced, the emergence of new competitors who are more innovative and creative, forcing organizations to make changes not only to technology adoption but also to all aspects in the organization.

Inclusive Leadership in the Digital Age

Inclusive leadership represents a paradigm shift from traditional leadership approaches. Inclusive leadership emphasizes the importance of creating an environment where individuals from diverse backgrounds feel respected, valued, and empowered. Inclusive leaders exhibit traits such as empathy, open communication, and a commitment to understanding and harnessing each team member's unique strengths. Research shows that inclusive leadership fosters a sense of psychological safety, increases employee engagement, and enhances teamwork, ultimately contributing to improved organizational performance (Dolphina et al, 2023). The convergence of inclusive leadership, diversity, organizational effectiveness, and innovation forms a dynamic relationship with profound implications for contemporary organizations.

In today’s dynamic and interconnected business environment, inclusive leadership, diversity, organizational effectiveness, and innovation are becoming increasingly important. Inclusive leadership styles have been shown to positively impact team performance and foster a culture of innovation within organizations. This is particularly relevant in the tech startup sector, where diverse perspectives can spark creative solutions and push the boundaries of conventional thinking. In the context of tech startups, diverse leadership can enhance innovation, enhance company culture, and better business outcomes. By embracing diversity and fostering an inclusive workplace, tech startups can benefit from multiple perspectives, experiences, and ideas that can drive innovation and growth. This can be achieved through a variety of strategies, such as improving virtual collaboration, building virtual teams, and promoting digital leadership orientation.

Generation in the work environment refers to the presence of diverse age groups working together in an organization. Currently, there are several generations that interact with each other, such as Baby Boomers (born 1946-1964), Generation X (1965-1980), Generation Y or Millennials (1981-1996), and Generation Z (1997-2012). Each generation brings different values, views, and
work styles, creating complex dynamics in the modern work environment. Baby Boomers are often identified with loyalty to work and a strong hierarchical structure. Generation X, as the bridge between Baby Boomers and Millennials, tends to emphasize work-life balance and independence. Millennials, who grew up with digital technology, pursue meaning in work and prioritize life balance. Meanwhile, Generation Z, who grew up in a digitally connected era, brings a spirit of independence and a desire to contribute to social change (Jannah et al, 2023).

This generational diversity can create communication and management challenges in the work environment. Leaders and managers need to understand these generational differences in values to create an inclusive work culture, motivate employees, and enhance cross-generational collaboration. In the context of organizational communication, this generational diversity creates communication and management challenges. Generational diversity plays a crucial role. Differences in values, technology preferences, and management styles between generations require an adaptive approach to communication. Organizational leaders need to understand and appreciate these differences to ensure messages are delivered effectively to all team members. Managing these differences can improve employee collaboration, productivity, and well-being.

Digital use certainly has inequality in its use which results in inequality of users in accessing things that are digital in scope. This inequality is commonly referred to as diversity. Diversity is defined as things that make a difference between one person and another that creates diversity in a group (Dilasari, 2023). In the digital sphere, diversity has a reference to access to the technology it uses. The difference in technology used will result in inequality in solving something. Therefore, the existence of diversity in the digital sphere also needs inclusion collaboration in its implementation.

**Conflict Resolution in Digital Environments**

Leadership is the process of influencing the activities of an organized group towards the achievement of goals. The ability and skills of a person who occupies a position as a leader of a work unit to influence others, especially his subordinates, to think and act in such a way that through positive behaviour makes a real contribution to the achievement of organizational goals (Maryati et al, 2022). The development of technology has changed organizations a lot. Without mastery and understanding of information technology will cause high dependence with other parties, because agencies are not sensitive to the benefits of technology. These conditions can be created conductively with the support of the leader. However, if a conflict occurs due to a functional imbalance, then the leader must have conflict resolution.

Conflict management is one of the important aspects in the organizational world that has a significant impact on performance and productivity (Ma'ruuffah, 2024). In the context of management, conflict can be considered as a challenge that can disrupt the stability and effectiveness of an organization if not managed properly. This style of conflict management reflects the way individuals or leaders in organizations deal with and manage conflict. Examples of conflict management styles include competitive (where individuals insist on
their own interests), collaborative (where individuals work together to find a solution that satisfies all parties), avoidant (where individuals avoid conflict entirely), accommodating (where individuals give up on their interests to avoid conflict), and compromise (where individuals look for a middle solution). An understanding of this conflict management style is important because it can help organizations choose the most appropriate approach to address the different types of conflicts that may arise.

Leaders must communicate with people through electronic media effectively. Whereas without face-to-face communication and face-to-face interaction it is very difficult to trust someone. Without face-to-face contact, it is very difficult to build trust with followers in virtual communication (Permana et al, 2023). This is a big challenge for leaders because face-to-face communication does not occur between them, making it more difficult for mutual understanding to occur. It is also very difficult for the leader to inspire people, motivate and inspire them to do a good job in a virtual situation because he cannot see their reactions and expressions about his direction and guidance. Even if virtual communication can be done effectively, virtual leaders still must go to great lengths to direct and guide people remotely. This creates a great challenge for leaders to create a collaborative virtual culture which means a culture that helps them be heard by all followers so that they can coordinate with the leader to achieve common goals. Leaders who build a social climate through information and communication technology that makes their followers coordinate with each other and work in different ways are more socially responsible with the other in mind.

CONCLUSIONS AND RECOMMENDATIONS

Digital transformation requires adaptive, innovative, and inclusive digital leadership. Digital leaders must have a clear vision, adaptability, and customer focus. Digitalization is changing business models, operations, and organizational culture, requiring leadership strategies that drive technological change and empower employees. The success of digital leadership is seen in various sectors such as banking, agribusiness, and MSMEs, where digital technologies are adopted to improve services, marketing, and employee skills. Inclusive leadership emphasizes the importance of diversity and inclusion in enhancing innovation and organizational effectiveness, especially in multigenerational work environments. Conflict management and effective communication in the digital environment are also key to successful transformation.

Some recommendations that can be addressed to regulators include that regulators should create policies that encourage the adoption of digital technology in various sectors, including incentives for digital training and technological innovation. Investment in adequate digital infrastructure, such as fast and extensive internet access, is essential to support digital transformation in all sectors. Regulators need to support training programs to improve the digital skills of the workforce, including certification programs and ongoing training. Policies that promote diversity and inclusion in leadership should be implemented, including the promotion of work environments that respect
generational and background differences. Regulators should provide guidance and resources for conflict management in digital environments, including virtual communication and collaboration training.

FURTHER STUDY
Future research could use qualitative research that presents examples of results from MSMEs that have successfully overcome digitalization challenges. Examples include various business sectors of every business scale and cover various business sectors.

REFERENCES
Elena, Parmiggiani. (2022). An Introduction to Digital Transformation. doi: 10.1007/978-3-031-05276-7_1


https://www.kominfo.go.id/index.php/content/detail/35108/Rencana+Strategis+Kementerian+Kominfo+2020+2024/0/pengumuman


Richterich, M. (2023). Digital transformation in the event industry–answering the competence needs of event professionals with Hybrid Ninja.