

DIGITAL LEADERSHIP: BUILDING ADAPTIVE ORGANIZATIONS IN THE DIGITAL AGE

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ABSTRACT

The digital era has changed the business and organizational landscape significantly, triggering rapid changes in technology, work culture and market dynamics. In facing the challenges and opportunities presented by the digital era, adaptive leadership is critical in ensuring the survival and success of the organization. Leaders who have the ability to lead and utilize technology are called digital leaders. This study aims to analyze the role of digital leadership in building adaptive organizations in the context of the digital era. This research will use a qualitative approach with descriptive methods. The results show that digital leadership is not only about understanding technology, but also about formulating a vision that integrates technology into business strategy, builds a culture of innovation, develops employees' digital skills, focuses on customers, and creates organizational flexibility. Digital leaders need to have the ability to adapt quickly to change, design responsive organizational structures, and maintain data security and privacy. By applying these digital leadership principles, organizations can optimize the potential of technology, achieve sustainable business goals, and adapt successfully to the relentless changes of the digital transformation era.

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1. INTRODUCTION

The digital era has raged on, inspiring many organizations to make significant investments in Information Technology (IT). Then, the acceleration of digital transformation echoed even more when the pandemic came (Kawiana et al., 2021). The impact of the pandemic, such as social distancing rules, has moved all aspects of life to the digital realm. This extraordinary dynamic of change is known as "double disruption" (Dominguez et al, 2022).

However, this change is not only an opportunity, but also a formidable challenge for the resilience and continuity of the organization. These challenges have guided organizations to formulate strategies for survival and adaptation. The key to adaptation lies in an organization's ability to respond to societal dynamics, including shifts in consumer behavior that are increasingly leading to digital transactions (Kraus et al., 2021).

As business activities enter the digital realm, organizations become data holders on an unprecedented scale. However, these opportunities also present gaps that organizations need to address urgently (Teece & Linden, 2017). Therefore, organizations must design a strategic response consisting of two main pillars: digital business strategy and digital transformation strategy. Digital business strategy involves adapting business models to suit the digital environment, while digital transformation is the shift towards a fully digital ecosystem from the traditional or analog era (Trischler & Li-Ying, 2023).

Digital transformation presents profound changes that involve various aspects of the organization, such as flexible organizational structures, adaptive culture, innovative leadership, and

new employee roles and competencies (Deni, 2023). Although important, this transformation process can face significant challenges, creating obstacles that hinder effective adaptation (Yulianah, 2022). The two main identified risks are "organizational inertia", where the organization is reluctant to change due to comfort with the status quo, and "employee resistance", where employees refuse to adapt to proposed changes (Hasanudin & Budiharjo, 2021). Managing these risks is an important priority on the journey to successful adaptation in an era of relentless digital transformation (Li et al., 2016).

Leadership is central in adopting the use of technology in the digital era (Kawiana et al., 2023). Leaders need to be well equipped with digital and emotional agility to operate in an uncertain and complex environment (Tulungan et al, 2022). Today, in process decision-making and innovation, efficient leaders work in fast learning cycles (Supardi & Yulianah, 2023). Leadership can now be easily studied in virtual contexts, in non-virtual contexts but leveraging digital technologies such as machine learning and topic modeling, and using computational modeling. Digital leadership is increasingly opening up the possibility for leadership to materialize in informal ways, such as through the media (Wujarso et al, 2023).

In anticipating disruptive digital, companies are required to develop digital leadership capabilities. Digital leadership capability is combining leadership skills consisting of visionary leadership and transformational leadership with digital attitude capabilities consisting of digital knowledge and digital experience (Rudito & Sinaga, 2017) The concept of digital leaders as leaders with characteristics of creativity, visionary, deep thinking and leaders curious. Digital leadership is the ability and capacity to manage volatility, uncertainty, complexity and ambiguity to create general and dynamic challenges in digital transformation (Farunik, 2019). Transformation objects are influenced by digital leadership to change business.

The digital revolution not only involves changes in technology, but also brings profound transformations in the way organizations operate, interact and innovate (Aisha, 2022). This transformation sparked a new concept of leadership, known as digital leadership. Digital leadership involves the ability to recognize and respond to change quickly, utilize technology to increase efficiency and creativity, and lead organizations towards sustainable adaptation amidst continuous change (Magfiroh et al., 2023).

The main objective of this research is to analyze the critical role of digital leadership in forming an adaptive organization in the digital era. This research will identify the strategies, competencies, and leadership attitudes needed to lead organizations towards successful and sustainable adaptation in an increasingly digital era. This research will focus on analyzing the role of digital leadership in forming adaptive organizations. This research will not only involve the conceptual aspects of digital leadership, but will also analyze the practical implications of organizational transformation in the digital era.

This research is expected to provide significant benefits for understanding the importance of digital leadership in forming adaptive organizations in the digital era. The findings from this research can provide in-depth insights to organizational leaders, business practitioners, and academics in developing effective and relevant leadership approaches in facing the challenges and opportunities of the digital era.

2. METHODS

This study focuses on a descriptive-qualitative approach, in which researchers analyze inductive thinking processes and understand the dynamics of the relationship between observed phenomena in the context of digital accounting transformation in the era of the industrial revolution 4.0. The qualitative approach emphasizes exploring the hidden meanings behind reality, and descriptive methods are used to provide systematic, factual, and accurate descriptions of the phenomena being investigated (Moleong, 2014). The purpose of this research is to produce an in-depth picture of digital leadership as an adaptive organizational development effort in the digital era.

Data collection in this study involved primary and secondary data sources. Primary data were obtained from involved informants and related documentation, while secondary data came from sources such as books, journals and other related research. The data analysis technique used is descriptive analysis, where the data obtained from various sources is processed and described in detail. This analysis involves information from various sources, including literature, interviews, and field data, which is ultimately used to formulate conclusions related to digital leadership as an effort to build organizations that are adaptive in the digital era.

3. RESULTS AND DISCUSSION

A. Concepts and characteristics of Digital Leadership

Digital leadership is the ability to lead organizations in the digital era by utilizing technology and innovation to achieve organizational goals. This includes the formulation of the vision and strategy of the organization as well as the management of employees within the organization. For example, such as creating a vision and strategy that integrates digital technology into it, leading a team and managing resources to achieve goals, and building an organizational culture that is able to adapt to change (de Araujo et al., 2021).

To be able to lead well in this digital era, it requires the ability to think systematically and analytically. A *digital leader* must be able to understand how technology can help their organization, make smart decisions, and quickly integrate technology into the organization's business processes. This of course requires a deep understanding of technology and how it can help achieve organizational goals (Sheninger, 2019)

A digital leader must understand what customers want and create solutions that meet their needs, for example in the form of mobile applications, chatbots, or better customer service using technology. Finally, being a digital leader means you have to be willing to continuously adapt and learn. The digital era is developing very fast nowadays. New technologies and innovations continue to emerge every day. A digital leader must be ready to learn and adapt to these changes (Albanese & Manning, 2015)

Things that can be done to adapt include being involved and following the latest technological developments, participating in technology communities, or joining training programs related to the use and utilization of technology. By understanding and applying *digital leadership* principles, a leader can lead his organization towards a better future. That is, it creates better products and services for customers, builds an innovative and open organizational culture, and ensures businesses keep growing and adapting to change (Utaminingsih, 2014).

In general, a digital leader must have several important characteristics, including:

- a. Have a Clear Vision of Digitalization

Digital leaders have an urgent need to understand deeply about technology and its transforming impact on the business world. They are required not only to have strong technological knowledge, but also to be able to clearly describe how technology can become the vehicle that drives an organization to achieve its goals. The ability to formulate a clear vision of how technology can shape and advance various aspects of an organization is something that digital leaders cannot ignore. Digital leaders must have a special aptitude for designing future technology-inspired images. Their ability to visualize how technology will shape operations, product development, customer engagement, and the entire ecosystem of an organization is a critical foundation in driving digital transformation.

However, this ability must be balanced by skills in communicating effectively to all stakeholders. From employees to business partners and investors, digital leaders must be able to articulate this vision clearly and convincingly, so that all parties understand and adopt the desired direction of change. Communicating a technology vision clearly is no easy task. Digital leaders must be able to convey complex ideas and concepts in a language that everyone can understand, even those who may not have an in-depth technology background. This involves the ability to identify the critical elements of technological change and relate them to the added value that will be generated for the organization and its stakeholders.

b. Able to adapt to existing changes

In the ever-changing digital era, digital leaders are at the forefront of dealing with complex business dynamics. Flexibility is one of the main pillars that digital leaders must have. They must not only be prepared to deal with unexpected changes, but must also have the ability to adapt quickly to evolving situations. Flexible digital leaders can identify new opportunities, respond to challenges with innovation, and steer organizations in the most profitable directions. This flexibility also allows them to look ahead, analyze industry trends and anticipate market changes so that the organization can remain a competitive player.

In addition to flexibility, the ability of digital leaders to make the right decisions and take the necessary actions is key in maintaining organizational competitiveness. In an era where information is available in large quantities and in almost instant time, digital leaders must have a strong instinct in processing data and information to make decisions based on facts and analysis. This ability is also closely related to the courage to take measurable and strategic risks. Digital leaders must be ready to take bold steps that support organizational transformation, even if it means leaving old, tried and tested ways behind. With the right decisions and actions, digital leaders will be able to guide organizations through dynamic changes and turn them into a force capable of facing challenges and maintaining relevance in a changing business world.

c. Have Sufficient Technical Capability

In the ever-evolving digital era, digital leaders play a central role in carrying out a fundamental task: leading organizations towards the adoption of technology with deep understanding and effective implementation. The success of a digital leader is not only determined by strong technological knowledge, but also the ability to operate this technology in a strategic and measurable manner. Their in-depth understanding of technology allows them to recognize the latest trends, identify relevant technology solutions and evaluate their impact on the overall operations of the organization.

In addition, digital leaders must have a holistic view of how technology can be a tool to increase efficiency and provide added value to customers. They need to be able to identify weak points in operational processes and leverage technology to optimize workflow. This not only results in time and resource savings, but also allows organizations to adapt more quickly to changing environments. On the customer side, digital leaders must be able to understand customer needs and preferences, then combine technology with creativity to design better and more relevant experiences. By combining deep technology understanding with intelligent and strategic use, digital leaders will establish organizations as dynamic actors in optimizing technology for business success and customer satisfaction.

d. Have Effective Communication Skills

Digital leadership involves more than understanding technology; Effective communication is an irreplaceable pillar. Digital leaders must have the ability to interact with employees, business partners and other stakeholders in ways that inspire, guide and build partnerships. Good communication skills include not only being able to convey information clearly and accurately, but also being able to listen empathetically and understand other people's perspectives.

As leaders, their main task is to motivate and drive the team to innovate and work together towards the set business goals. The ability to motivate employees is a critical aspect of digital leadership, as innovation and collaboration are key to dealing with rapidly changing business dynamics. Digital leaders must be able to articulate an inspiring vision, highlight organizational values, and relate them to the roles and contributions of each individual on the team. Additionally, they must build an environment that encourages experimentation and new ideas, provides the freedom to create, and celebrates team accomplishments on an ongoing basis.

B. Building an adaptive Organization in the digital era through Digital leadership

Digital transformation is a necessity that touches all aspects of human life with the use of Information and Communication Technology (ICT) today. In digital transformation, business people adopt innovative digital technology that brings changes to the culture and ways of working that are effective and efficient for better customer satisfaction and public services. Digital transformation driven by disruption is not only driven by technological progress itself but is also influenced by demands for global competitiveness. The success of digital transformation is not only determined by how an organization adopts technology but how this transformation penetrates all aspects of the organization, namely leadership, service, change, human resources, innovation, and culture (Nurcholis, 2015)

The role of leadership is one of the key factors for the success of digital transformation in an organization as the definition of a leadership role is a person's capacity to turn shared ideals into joint action (Bennis, 2008). Facing the dynamics of disruptive change today requires digital leadership or technology-based *digital leadership*. Digital leadership is needed in the digital transformation process that the government is currently promoting to oversee change, policy making, use of technology, control and supervision. The presence of this digital leader can accelerate transformation within the organization.

Building an adaptive organization with digital leadership involves a series of steps and a holistic approach. Here are some ways you can create an adaptive organization in the digital era through digital leadership:

a. Form a clear digital vision of the organization

A strong vision is the cornerstone of successful digital leadership. Digital leaders have an important role to play in formulating a vision that bridges the gap between the rapidly evolving world of technology and the organization's strategic objectives. This vision must be more than a set of words; he must be a magnet that attracts, inspires, and guides every individual in the organization toward a common goal.

A clear and inspiring vision of how technology and innovation will shape the future of the organization not only tells about the expected results, but also outlines the changes that will occur within the organization. This involves embracing digital transformation in every operational aspect and organizational culture. For example, a vision could include using technology to streamline business processes, create new products or services, increase customer engagement through digital platforms, or optimize efficiency through automation.

However, this vision must not only be inspiring, it must also have practical appeal that every member of the team can relate to. Digital leaders must clearly describe the concrete benefits that will be obtained from implementing this vision. This can include an increase in productivity, an increase in market share, an increase in customer service, or even an increase in the quality of life for employees. By providing a rich and meaningful picture of what digital transformation will achieve, digital leaders ensure that every individual in the organization has clear and understandable goals.

b. Development of Innovation Culture

Creating a culture of innovation that blooms across the organization is one of the key roles of digital leaders in developing adaptive organizations. The digital leader must be the catalyst that encourages employees to think outside the box, develop new solutions, and pilot ideas that can change business paradigms. They must build an environment that provides space for experimentation and exploration, where individuals feel allowed and supported to explore new concepts without fear of punishment or negative judgment.

Embracing failure as an integral part of the learning process is a key element in building a culture of innovation. Digital leaders must develop the belief that failure is an opportunity to grow and learn, not the end of the journey. By providing a safe place for employees to try and sometimes fail, digital leaders help create an environment that fosters creativity and dares to innovate. They must also provide the necessary support and direction to learn from failures, identify mistakes, and implement improvements.

c. Developing Employee Digital skills

In the role of a guide in the digital era, digital leaders have a great responsibility to present a team that is competitive and ready to face the demands of ever-evolving technology. One important way to achieve this is to invest in developing employee digital skills. Digital leaders must recognize that technological prowess is no longer just an advantage, but a prerequisite for organizational success amidst continuous change.

Through training and education that focuses on digital literacy, understanding the latest technology, and the practical application of technology in work routines, digital leaders help employees develop a strong foundation to quickly adapt to technological developments. The digital skills acquired will enable employees to contribute more effectively to the challenges related to

digital transformation. With the right knowledge and skills, employees can understand, integrate and utilize technology to increase productivity, respond to market changes and provide added value to customers.

d. Customer Focused

In an increasingly connected and sophisticated business environment, digital leaders have a crucial role to play in understanding and responding to changes in consumer behavior. In-depth understanding of consumer preferences, expectations and needs becomes the basis for informed and strategic decision making. Digital leaders must be able to read trends and consumer behavior patterns that may change rapidly in a changing world, so they can direct business strategy and technology implementation in the direction needed.

In addition, digital leaders must be able to integrate technology to improve customer experience. In an increasingly connected and digital business environment, customer experience is becoming a determining factor for organizational success. Digital leaders must be able to identify critical touchpoints in the customer journey and use technology to enhance those interactions. From responsive customer service via digital platforms to innovative payment solutions such as digital wallets or new payment methods, digital leaders must ensure that technology is used in ways that create seamless, efficient and satisfying customer experiences.

e. Organizational Flexibility

Designing a flexible and adaptive organizational structure is one of the crucial tasks for digital leaders in dealing with the complexity and dynamics of the digital era. A flexible structure reflects an organization's ability to move quickly, adapting to changing markets, technology, and consumer demands. Digital leaders must play the role of savvy architects in building frameworks that make room for change without sacrificing efficiency or focus.

Facing rapid change, digital leaders need to design layers of leadership that are responsive and adaptive. This involves understanding that decision making does not always have to go through long and complex channels. Instead, digital leaders need to delegate authority more broadly and empower lower teams to make decisions that are appropriate to the context. In addition, easy internal movement is the key to optimizing employee skills and potential. Digital leaders should facilitate mobility within the organization, allowing employees to move between positions, projects or departments according to their needs and interests.

f. Security and Privacy

In the midst of the ever-evolving digital revolution, digital leaders have a big responsibility in securing valuable organizational assets, especially in terms of sensitive data and information. Data security and privacy are becoming key elements in maintaining customer trust, maintaining an organization's reputation and meeting increasingly stringent regulatory standards. Digital leaders must play a frontline role in protecting organizational data from cyberthreats and other security risks.

Digital leaders must develop sensitivity to security and privacy issues, and integrate these protective measures into every aspect of an organization's operations. This can involve implementing strong encryption systems, using advanced cybersecurity technologies, as well as ongoing training for employees to recognize cyberthreats and secure their online behavior. Digital

leaders must also work closely with a team of information security experts and develop strategies that are proactive in dealing with risks that may arise.

In addition, digital leaders must ensure that organizations comply with applicable laws and policies regarding data privacy and security. This involves an in-depth understanding of the legal framework that applies to the use and management of customer data and the organization's obligation to protect individual privacy. Digital leaders must collaborate with legal and compliance teams to ensure that all business practices are within regulatory boundaries and implementing appropriate measures.

Digital leadership plays a crucial role in exploiting the potential of technology and innovation to optimally achieve organizational goals, both in terms of effectiveness and efficiency. In this context, digital leaders who are able to embrace and integrate a deep understanding of business aspects, the application of relevant technology, and adaptive leadership skills will be able to direct their organizations to adapt agilely amid the pace of change in the digital era. Through this combination, organizations can continue to maintain flexibility and even achieve resounding success amidst the challenges presented by digital transformation that continues to move forward.

4. CONCLUSION

Digital leadership describes the ability of a leader to direct and manage an organization in the digital era by utilizing technology and innovation to achieve business goals. Digital leaders must have a clear vision for digitalization, be able to adapt quickly to ongoing changes, have sufficient technical understanding, and effective communication skills. This capability enables them to formulate technology-based strategies, optimize operational processes, motivate teams and create better customer experiences. Digital leadership is the key in facing challenges and opportunities in the dynamic digital era, enabling organizations to transform, innovate and remain relevant in an ever-evolving business environment. In an era of complex and dynamic digital transformation, building an adaptive organization requires strong digital leadership. Digital leaders have a central role in formulating a vision that combines technology with the organization's strategic goals, developing a culture of innovation that encourages experimentation and learning from failure, and directing the development of employees' digital skills. In addition, digital leaders must focus on customer experience, design flexible organizational structures, and ensure data security and privacy as top priorities. With these capabilities, digital leadership is able to shape organizations that are ready to face change quickly, utilize technology effectively, and achieve success in the ever-evolving digital era.

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