
THE IMPORTANCE OF DIGITAL LEADERSHIP IN DIGITAL ERA

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Abstract

Companies in the digital age are faced with significant challenges and opportunities. These challenges include digital skills gaps, resistance to change, budget constraints and cybersecurity threats. However, the digital age also offers opportunities such as operational efficiency, business model innovation, improved customer experience and global market reach. Digital leadership is key to overcoming challenges and taking advantage of these opportunities. This research discusses strategies for implementing digital leadership values, including the development of a culture of innovation, collaboration, effective communication and data-driven decision-making. The results of the study show that the application of digital leadership values can improve company performance, encourage innovation and ensure sustainability in the digital era.

Keywords: Digital Leadership, Digital Era, Organizational Growth

A. INTRODUCTION

The period of development of modern technology can be understood as a period in which computing processes played an important role in almost all aspects of human life. During this time, various activities can be conveyed, accessed, and socialized through computer-based technology, especially multi-screen devices. The technology allows information to be presented in various forms of representation, visual formats, numerical data, and rich and varied narrative models, creating a more dynamic and flexible experience for its users (Budiantoro, 2017). Experts often describe the digital age as a time when people's lives are dominated by the use of various multi-screen devices such as smartphones, laptops, and televisions. During this period, public attention was focused on digital media that provided extraordinary convenience in accessing information. With fast and wide access, the public not only receives information easily, but also becomes an active part in various strategic issues that are being hotly discussed. These issues include diversity, multiculturalism, politics, economics, legal justice, and a variety of other important topics that continue to grow in public discussion. The digital era has brought significant changes in various aspects of life, including in the business world. Very The Company is currently faced with challenges as well as great opportunities in line with the rapid development of information and communication technology. Digital transformation forces companies to adapt to new ways of working, customer consumption patterns, and increasingly complex market dynamics (Malo & Suryani, 2024)

The challenges faced by digital leadership in the digital era are crucial for companies, despite implementing various innovative strategies, many companies still face a number of significant challenges, namely:

1. Digital Skills Gap

One of the main obstacles is the lack of digital skills among staff. Training and development of digital skills requires a large investment of time and money.

2. Resistance to Change

Many companies, especially those with complex organizational structures, face employee resistance to change. Rapid change, especially when it comes to the adoption of new technologies, often creates inconvenience for employees who lack mastery of the technology. This emphasizes the importance of cultural transformation to support the success of digitalization.

3. Budget and Resource Limitations

For the sake of cost efficiency, small companies often opt for more affordable technology solutions, even if they do not fully meet their needs. In addition, there are opportunities obtained in companies in digital leadership in today's digital era. The opportunities obtained, namely digital transformation and automation, have had a significant positive impact on the company's operational efficiency (Sudiantini et al., 2023)

1. Operational Efficiency and Speed of Innovation

With automation, companies can run their operations more efficiently. Collaboration with AI-based startups allows companies to launch new products faster, providing a competitive advantage in the market. This innovative technology-based strategy allows companies to respond to market needs more agilely.

2. Business Model Innovation

The transformation of the digital economy opens up opportunities for companies to create business models that were previously unthinkable. For example, e-commerce platforms allow sellers to market their products online, while the concept of a sharing economy allows individuals to utilize and share resources more efficiently.

3. Development of Innovative Products and Services

Digital technology provides the ability for companies to create more creative and engaging products and services. Examples include mobile applications, online games, and music streaming services that offer a modern and relevant digital experience.

4. Improved Customer Experience

By leveraging technologies such as big data, artificial intelligence (AI), and analytics, companies can improve customer interactions. Customer behavior data can be collected and processed to provide more personalized, relevant, and tailored services to their specific needs.

Technology continues to evolve rapidly, so leaders must be able to adapt to rapid and constant changes. The digital era has brought about a major change in the world of leadership. The role of leaders in transforming businesses towards digital is very important. According to certain theories, what top leaders think and understand will greatly affect the results achieved by the company. So, leaders have a big role to play in managing all company resources so that they can continue to survive and thrive in this all-digital future (Pokhrel, 2024). By utilizing digital tools, researchers can gain a better understanding of leadership phenomena and develop models that are more relevant to the current context. Digital leadership refers to the use of digital resources owned by an organization in order to achieve business goals, both at the organizational level and for individuals (Wujarso et al., 2023). Leadership has an important role to play in dealing with digital change, as explained by the Upper Echelon theory. This theory states that organizational results are greatly influenced by the decisions that leaders make based on their interpretation and understanding as decision-makers. Therefore, leadership is a key element in resource management to ensure business sustainability in the future. In the context of digital disruption, companies must be able to improve digital leadership capabilities (Pokhrel, 2024). Digital leadership is critical in leading change in companies to ensure that technology is used effectively and sustainably.

Based on the discussion in the previous introduction, the focus of the discussion in this article is:

- What are the challenges and opportunities faced by companies in the digital era?
- What is the role of digital leadership as a support for company performance in the digital era?
- What is the strategy for implementing digital leadership values in the company?

B. LITERATURE REVIEW

In this regard, understanding organizational behavior is becoming increasingly important in the era of globalization and rapid technological change. Organization can be traced back to the Greek word organon which means tool. The concept of organization has been the subject of research by many experts. According to (Ambarwati, 2018) In his book, there are several opinions according to experts, namely

- Stoner conceptualizes organization as a system in which individuals work collectively under authority to achieve predetermined goals.
- Mooney, on the other hand, defines an organization as any form of human group that unites to achieve a common goal.
- Pradjudi Armosudiro stated that an organization is a structure that regulates the division of labor and working relationships among a group of people who have a certain position and work together to achieve a common goal.
- Malayu S.P. Hasibuan views an organization as a structured, formal, and coordinated system, where a group of people work together to achieve a specific goal. According to him, organizations are only tools or containers to achieve these goals.
- Sondang P. Siagian defines an organization as a formal partnership involving two or more people who work together to achieve an agreed goal, where there is a formal relationship between superiors and subordinates.
- Stephen P. Robbins describes an organization as a social entity that is consciously coordinated, has clear boundaries, and operates continuously to achieve one or more common goals.
- Chester I. Bernard in his book *The Executive Function* explains that an organization is a system of cooperation between two or more people that involves coordinated activities.
- Paul Preston and Thomas Zimmerer describe an organization as a collection of individuals grouped into specific teams and working together to achieve a common goal.
- James D. Mooney stated that organization is a form of cooperation between people that aims to achieve common goals.

Among the opinions of the experts above, it can be concluded that organizational behavior is a system of cooperation between individuals or groups that is structured and coordinated to achieve common goals. Organization involves the division of duties, formal relations between the parties involved, and the management of activities collectively under certain authorities or rules. In essence, the organization functions as a tool or container to optimize joint efforts in achieving agreed goals.

Among the definitions described earlier, it can be seen that elements of the organization have undergone significant development in recent decades. Experts have identified a variety of factors that affect organizational performance, from formal structure to organizational culture. The elements of the organization according to (Ambarwati, 2018) In his book, namely:

- Male (Personnel)

In the context of an organization or institution, the term "human" often refers to employees or personnel consisting of all members of the organization. Based on their functions and levels, they are divided into three main groups: Administrators, which are the highest leaders in the organization. Managers, who lead work units according to their respective functions.

- Cooperation

In this case, the actions help each other in carrying out work or activities to achieve common goals. In an organization, all members, from administrators, managers, to workers, contribute together to form a solid workforce to realize organizational goals.

- Shared Goals

Goals are the goals that the organization wants to achieve. This goal is a reference in carrying out procedures, programs, strategies, policies, budgets, and regulations. In other words, a goal is an end point that describes what is expected and must be achieved through predetermined steps.

- Equipment

The fourth element is equipment, which includes all supporting facilities in the form of materials, money, and other capital goods such as land, buildings, or offices. This equipment functions as the main support in carrying out organizational activities.

- Environment

The environment includes external factors such as social, cultural, economic, natural wealth, and technological conditions. This element includes conditions or situations that can directly or indirectly affect the activities and survival of the organization.

- Natural wealth includes various aspects such as climate, air, water, weather (geography, hydrography, geology, climatology), flora, and fauna. According to Davis (1981) in his book *Human Behavior at Work: Organizational Behavior*, the elements of an organization can be classified into three:

1. Emotional and Mental Participation: Participation in an organization involves emotional and mental involvement, not just physical presence.

2. Volunteerism: The existence of a voluntary attitude to help the group achieve certain goals.

3. Responsibility: A strong sense of responsibility in carrying out the role of a member.

The organization itself is a gathering place for individuals with various interests, which then gives rise to a common goal in the organization.

Every individual has the same goals as organizations and companies, to become a medium to achieve their goals. Organizational goals are directions and objectives that are formulated to provide guidance in achieving the vision, mission, and sustainability of an organization. In addition, organizations need to have clear goals to achieve. These goals can be evaluated through several aspects, such as methods, paradigms, and programs, until reaching the final stage of the work done by the members of the organization. According to the Great Indonesian Dictionary, goal means the direction or direction that is headed, which can also be interpreted as desire. This meaning shows that the goal is not something that stands alone, but a better condition that we want to achieve in the future. To achieve these better goals, more optimal performance is needed. Performance is an indicator that shows the direction for the achievement of goals carried out by organizations, groups, or individuals. (Aliefiani Mulya Putri et al., 2022)

After understanding organizational behavior in the previous description, leadership is a key factor in directing and developing the organization. Leadership has evolved over time, encompassing a variety of theories and approaches that explain how leaders influence, direct, and inspire individuals or groups to achieve a common goal. Various literatures on leadership provide in-depth insights into the roles, qualities, and styles of effective leadership in the context of organizations and communities. According to (Ashiva Noor Rachmayani, 2015) Leadership is a form of influence between individuals that takes place in a certain context, directed through the process of communication, to achieve specific goals or objectives.

Effective leadership includes formal interaction skills, confidence, empathy, and the potential to make wise decisions. In addition, the leadership according to (Hamsal et al., 2023) It is the ability of an individual, called a leader, to exert influence on others, known as followers. Thus, the followers will behave according to the wishes of the leader. In this case, leadership has a purpose, namely according to (Hamsal et al., 2023) In this context, the goals of leadership include creating a positive social atmosphere, assisting the group in formulating ways of working, supporting group self-organization, making collective decision-making, and providing opportunities to learn from experience. In addition, leadership values include honesty, a sense of responsibility, a leader's vision, wisdom, being a role model, maintaining dignity, courage, communication skills, and a commitment to improving the quality of human resources.

In addition to the very important leadership goals, the leadership function is important in achieving the goals of the organization and the company, including the element of leadership. The leadership function is closely related to the definition of a leader. According to Wahjosumidjo in (Ashiva Noor Rachmayani, 2015), the function includes several important aspects, namely: building the trust and loyalty of subordinates, conveying ideas to others, influencing others, becoming a respected, admired, and proud figure of subordinates, creating effective changes in group performance, as well as encouraging others to voluntarily do what the leader wants.

In addition, leadership and digital leadership have a close relationship, digital leadership has a meaning, according to (Wujarso et al., 2023) Digital leadership refers to the use of digital resources owned by an organization to meet business goals, both at the company and individual levels. Digital

leadership can also mean the ability needed by a leader to direct the organization he leads towards digital transformation (Andriani, 2021). From the above understanding, it can be concluded that leadership and digital leadership have a strong relationship, where digital leadership is one of the relevant forms of leadership in the modern era. Digital leadership refers to the use of digital resources in an organization to achieve business goals, both within the company and individuals. Leaders who have digital leadership skills are expected to be able to integrate digital technology into organizational strategies, thereby supporting the achievement of operational efficiency, innovation, and competitiveness. In addition, digital leadership is the ability of a leader to lead an organization towards digital transformation. This includes not only the adoption of technology, but also changes in work culture, ways of collaborating, and data-driven decision-making. In other words, digital leadership requires leaders to have strong technological insights, high adaptability, and skills to motivate teams to face the challenges of the digital era. Through digital leadership, organizations can be better prepared for rapid changes in the business world, ensuring their relevance in an increasingly competitive market, while creating added value for all parties involved.

In an organization, having a crucial goal is the same as digital leadership that has a purpose. According to (Goreta et al., 2020) Digital leadership goals include the ability to: create a vision that utilizes digital technology to achieve organizational goals; designing strong transformation governance by aligning systems, processes, data, technology, and employees so that the vision can be realized; and build synergistic and harmonious relationships among all elements in the organization, thereby creating a dynamic, innovative and sustainable digital ecosystem. In addition, digital leadership has functions, according to the goals of digital leadership, namely: developing digital vision and strategy, managing data and analytics, inspiring and motivating teams, and developing a culture of collaboration.

C. METHOD

This research is a descriptive analysis research. Descriptive analysis is a statistic used to analyze data by describing or describing the data that has been collected as it is without intending to make generalized conclusions or generalizations. Descriptive research is a form of research aimed at describing existing phenomena, both natural and man-made phenomena

D. RESULTS AND DISCUSSION

1. Challenges and Opportunities for Companies in The Digital Era

Companies in the digital era have several element characteristics, where digital technology is for operations and communication, relying on data and analytics for decision-making, and developing digital products or services. Companies in the digital era also use digital platforms for marketing and sales, in addition to collaborating with startups and technology companies to develop an innovative digital culture. Based on the presentation of challenges and opportunities in previous companies, the challenges of digital leadership in the digital era can be summarized as follows:

1. Digital Skills Gap: It takes a significant investment of time and money to improve the digital skills of staff.
2. Resistance to Change: Technological changes often face obstacles from employees, so cultural transformation is essential to support digitalization.
3. Budget and Resource Constraints: Companies, especially small ones, are often forced to opt for technology solutions that are not entirely ideal due to cost constraints.

In addition, there are still many challenges faced by companies such as rapid technological changes that continue to develop rapidly, making companies have to continue to adapt and invest in new technologies to stay relevant. As for cybersecurity, cyber threats are increasingly sophisticated so companies need to have a strong security system to protect company data and fierce competition where business is increasingly global and intense, so companies must be able to differentiate themselves and offer unique added value, as well as complex data management where companies

generate large amounts of data, which is a challenge to manage and analyze data effectively to gain good insights valuable.

On the other hand, the opportunities in companies in today's digital era are digital transformation and automation have a significant impact on the company's operational efficiency, namely:

1. Operational Efficiency and Speed of Innovation: Automation and collaboration with AI startups improve operational efficiency and accelerate new product launches.
2. Business Model Innovation: Digitalization opens up opportunities for new business models, such as e-commerce and the sharing economy.
3. Development of Innovative Products and Services: Digital technology enables the creation of creative products and services such as mobile apps and streaming services.
4. Improved Customer Experience: Technologies such as big data and AI help companies provide more personalized and relevant services based on customer data analysis.

Among these points, there are many more opportunities that companies get in today's digital era, namely, a wider market reach where the internet allows companies to reach customers around the world, opening up new markets that have more potential. As for product and service innovation, where digital technology allows companies to create more innovative and personalized products and services, as well as easier collaboration, this condition allows companies to collaborate with business partners and suppliers more easily and efficiently. The digital era presents equally great challenges and opportunities for companies. With the right strategy, companies can take advantage of the opportunities that exist and overcome the challenges faced.

2. The Role of Digital Leadership as a Support for Company Performance in the Digital Era

Digital leadership is the use of digital resources in an organization to achieve business goals, both for the company and individuals. A leader who has digital leadership skills is expected to be able to combine digital technology with organizational strategy, so that it can support the achievement of operational efficiency, innovation, and competitiveness. In addition, digital leadership is a leader's skill in directing the organization towards digital transformation. This includes not only the adoption of technology, but also the shift in work culture, ways of collaborating, and data-driven decision-making.

The role of digital leadership in supporting company performance in the digital era is to design a digital strategy that is integrated with overall business goals, in addition to encouraging change where in leading companies in adopting new technologies and changing business processes. The culture of innovation is to encourage employees to think creatively and find innovative solutions as well as build a collaborative and mutually supportive work environment. Data-driven decision-making also plays a role in supporting the company's performance in the digital era where leaders must get used to using data for more accurate and effective decision-making

3. Strategy for Implementing Digital Leadership Values in Company

The implementation of digital leadership values in companies is very important in facing the challenges and opportunities that exist in the digital era, to be able to compete and survive is important for company leaders to apply digital leadership values. In the implementation of these values, it is necessary to create a strong foundation for sustainable innovation and growth.

Therefore, strategic efforts that can be carried out through the creation of a culture of innovation that is an element in the implementation of digital leadership values, where leaders must provide space for employees to experiment with new technologies and develop innovative ideas. Collaboration between departments is very important where this encourages teams to work together in maximizing technology, effective communication is an intermediary to share information and ideas to achieve common goals. In addition, data-based decision-making is even more important, where leaders are required to have data and time analysis so that the company understands trends and customer needs well. By implementing these strategies, companies will not only be able to implement digital leadership values, but also create an environment that supports growth, innovation and sustainability in the digital era.

E. CONCLUSION

Companies in the digital age face significant challenges and opportunities. Challenges include the digital skills gap, resistance to change, budget constraints, cybersecurity, rapid technological change, and complex data management. However, the digital era also offers great opportunities, such as operational efficiency, business model innovation, improved customer experience, and wider market reach. With the right strategy, companies can take advantage of these opportunities while overcoming existing challenges.

Digital leadership is a key element in supporting company performance in the digital era. A digital leader must be able to integrate digital technology into the organization's strategy, encourage a culture of innovation, data-driven decision-making, and create a collaborative work environment. To implement digital leadership values, strategies such as building a culture of innovation, interdepartmental collaboration, effective communication, and decision-making supported by data analysis are needed. By implementing these values, companies can create an environment that supports growth, innovation, and sustainability, so that they are able to compete and survive in the digital era.

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