

Digital leadership – a totally new approach or just another change management fad? A brief literature review

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Abstract: Digital transformation and digital leadership are ubiquitous terms that have recently invaded the public space in TV shows, in business press, also in academic books and articles. The term transformation in itself is not new – for decades now consulting companies and academics have coined terms like corporate transformation or „business process re-engineering” (Hammer, 1990) to brand and to customize some specific organizational interventions’ frameworks used on commercial basis. Data collected so far suggests that digital transformation is not fundamentally different from the change management interventions that were so popular before the 1990s and even more so in the 1990s. What is different is the massive presence and impact of the technology in every aspect of organizations today. As noted by David Rogers from Columbia University, „Digital transformation is fundamentally not about technology but about strategy” (Rogers, 2016, pp. 239)

Keywords: Digital transformation, digital leadership, change management, organizational transformation

JEL classification – D21, D22, L2,M1, O33

1. Introduction

Organizational scholars noted long time ago the imperative of business leaders and managers to be able to steer their organizations through change and, like ship captains, sail in uncharted waters. The pressure to do this was accentuated with the speed of technological adoption by business and to a smaller extend by public institutions.

Management consulting companies were also in the forefront of the research and practice method dealing with organizational change. Bruce Henderson, the founder of Boston Consulting Group, that together with McKinsey are the two giants of strategic consulting, wrote in a January 1968 article that „All organizations, like all organisms, must adapt to changes in their environment, or die. All organizations do change when put under sufficient pressure. This pressure must either be external to the organization or be the result of very strong leadership.” (Henderson, 1968, pp. 2) Reactive organizations will change when it will be impossible to avoid this, pro-active and visionary companies will change while leaders will understand the need and anticipate economic and competition trends while still enjoying good economic performance.

Given the widespread perception that business success is becoming more and more coupled with digitalization, it is not surprising that the need for digital transformation and digital leadership have also increased. Although digitalization affects all functional areas of an organization, the research suggests that it poses considerable challenges for top management, particularly in regards to digital strategy and digitizing traditional business models. There is a gap between the relevance of digital transformation in our changing world and the capability of managers to perform it.

Romanian contributions to this topics were done by Ionescu (2015) and Veith (2020) among others.

The established management models in the 20th century

The two major scholars on management and administration in the early 20th century were Frederick Winslow Taylor (1856-1915) in the United States and Henry Fayol (1841-1925) in France. Taylor main work, *The Principles of Scientific Management*, was published in 1911 and was for most of the 20th century the reference book for generations of managers and students. While working for Midvale Steel Co. as an engineer, Taylor made a series of experiments about time and motion on the production line, that lead him to define „one best way” for industrial engineering and production management.

Henry Fayol, engineer and practicing manager and in a later stage of his life writer, born and educated in France, developed a model of business management as it is detailed in his 1916 seminal work. (Fayol, 1949). Also Fayol is the first to define in his work the five primary functions of the management, namely Planning, Organizing, Commanding, Controlling and Forecasting.

While Taylor enjoyed fame during his lifetime, Fayol acknowledgement in the US did not happen than until after the 2nd World War, according to Wren et al. - “It was not until the Storr’s translation that Fayol’s (1949) *Administration Industrielle et Générale* reached a wider audience,

especially in the USA and established Fayol as a major authority on management.” (Wren et al., 2002, pp. 907)

Both Taylor and Fayol professional life and work spanned decades of relatively stable economy, with slow rate growth – for instance the UK economy grew with barely 217% from 1800 to 1920. From 1920 onwards the UK economy needed only 44 years to achieve a similar growth by 1964 while the provided data series show that in the 100 year leading to 2016 the UK GDP grew by an aggregated 504% (author research results, based on data available at <https://ourworldindata.org/economic-growth>)

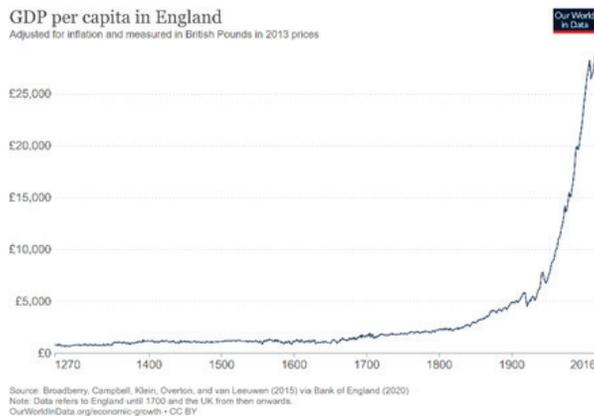


Figure 1 – growth of England GDP from 1270 to 2016. (<https://ourworldindata.org/economic-growth>)

What does this rate of growth mean for companies? How does this pace of growth affect their functioning according to 1915 one best way as defined by Taylor? Are the 14 management principles defined by Fayol equally valid when a company is confronted with new competitors or challenged to enter totally new markets?

The next major theoretical milestone comes from the German-American psychologist Kurt Lewin (1890-1947) and his three steps of his very simple and intuitive change model – un-freezing, change and refreezing. The first step is to acknowledge perception for the need for change in any given organization. Change refers to „tends to be achieved by adjusting attitudes and beliefs, and modifying the processes, systems and structures that shape behaviour.” (Hayes, 2014, pp. 50). Although now more than 75 years since the death of Lewin, his model is a reference and further analysis of newer approaches show these were build on Lewin’s ideas.

Darryl Conner, an american psychologist and consultant, already 30 years ago analyzed the „magnitude of change” and identified 7 main reasons that contribute to the changes human-kind faces –

„1. Faster communication and knowledge acquisition; 2. A growing worldwide population; 3. Increasing interdependence and competition; 4. Limited resources; 5. Diversifying political and religious ideologies; 6. Constant transitions of power; and 7. Ecological distress.” (Conner, 1992, pp. 39)

Fast forward 2022 – after two years of COVID19, Brexit, with a huge energy crisis and with a potential global conflagration ignited by Russia in Ukraine at the end of February 2022. Ironically 30 years since Francis Fukuyama published „The end of history and the last man” we do know that liberal democracy is not the “endpoint of mankind’s ideological evolution” (Fukuyama, 1992, pp xi).

The most widely publicized change management model is surely the model defined by John Kotter and first published first as an article (Kotter, 1995) and developed in a book in the coming year (Kotter, 1996), with a half of dozen books ever since to further develop it. John Kotter’s model, also referred as Eight Steps Process – as summarily presented below:

Eight Steps to Transforming Your Organization



Figure 2 – the Kotter „Eight Step to Transforming Your Organization” (Kotter, 1995, pp. 4)

Our analysis – shows that Kotter model as compared with the Lewin model – shows that stages 1 to 4 of Kotter model are similar with the Unfreeze state for Lewin, Kotter stages 5 and 6 – correspond de Change state for Lewin and Kotter stages 7 and 8 correspond to Re-freeze state for Kurt Lewin.

The context of Kotter work in the 1990s and his affiliation to the Harvard Business School allowed him to have a much bigger media visibility and access to large cohorts of MBA students and executives enrolled in HBS Executive Education programs.

Another notable theory of change management was developed by Darryl Conner and published in his main book „Managing at the speed of change – how resilient managers succeed and prosper where others fail” (Conner, 1992).

Precisely 30 years ago Conner puts on the cover page of his book the term resilience that is widely used these days, it was not the case then. Conner also first introduces in the business

language the notion of burning platform based on his very personal interpretation of a deadly industrial accident happening on an oil drilling platform in the North Sea. Experiences described on TV by survivors helped Conner define this widely used concept. (Conner, op. cit., pp. 92)

Conner is defining the change proces building on the model defined by Kurt Lewin – see figure below.

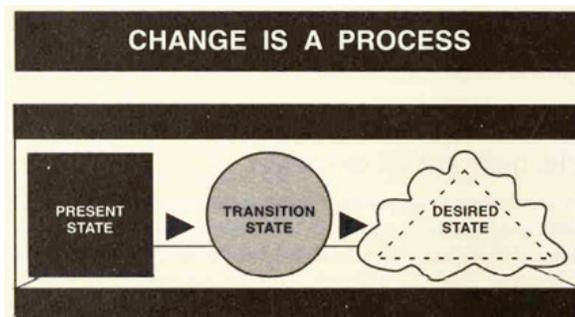


Figure 3 – the Daryl Conner „Change process” (Conner, 1992, pp. 88)

Conner defines „present state is the status quo” (Conner, 1992, pp.87-88) while the „transition state is the phase during which we disengage from the status quo” (Conner, 1992, pp. 88). Moving from present state to desired state, Conner states that „...we must pass through the uncertain, uncomfortable phase of the transition state” (op. cit., pp. 88).

Conner also defines four major roles involved in the change process – sponsors as „the individual or group who has the power to sanction or legitimize change” (Conner, 1992, pp. 106), change agents as „the individual or group who is responsible for actually making the change”, (Conner, 1992, pp. 106), targets as „the individual or group who must actually change” (Conner, 1992, pp. 106), and advocates as „the individual or group who wants to achieve a change but lacks the powder to sanction it” (Conner, 1992, pp. 106).

In the last two model the communication activity is of essence, see also Voica (2013) for a Romanian perspective on this topic.

2. Research methodology

For the literature review methodology, we have chosen to use the method proposed by Webster and Watson (2002, pp. 15). Therefore, we adopted this three-step structured approach looking after major contributions in reference journals, second go backward by reviewing selected citations from books and articles chosen at the previous step and finally performing a forward search using key terms such as “digital transformation”, “digital leadership” and “transformation”. We have focused on information provided by www.elsevier.com and <https://www.sciencedirect.com/>.

Based on documentary research of available books and articles and using the following key words - “digital transformation roadmap”, “digital transformation methodology”, “digital

transformation approach”, “digital transformation process”, we have retained a total of 187 journals – only 5 of them (see below) with relevant topics searching after “full aims and scope” of each journal.

The summary of the findings is presented below, indicating the name of the Journal and number of articles that indicated covering of „digital” topics.

<https://www.journals.elsevier.com/digital-business>

We have found in our screening process a total 24 articles covering “digital” topics – about digital shipping, digital maintenance, digital twins, digital agri-business, digital innovation, etc. (published in this new Journal since 2020 until 2022).

The one article we have reviews refers to digital transformation and organizational capabilities (2022) “Mastering the digital transformation through organizational capabilities: A conceptual framework”, by Jens Konopik, Christoph Jahn, Tassilo Schuster, Nadja Hoßbach, Alexander Pflaum. The authors argue that in the process of digital transformation they „are viewing organizational capabilities as a central mean for organizations to master digital transformation.” (2022, pp. 4)

<https://www.journals.elsevier.com/the-leadership-quarterly>

We have identified 71 results for “digital” topics published from 1995-2022 such as – leadership in social media, big data, virtual reality, deep learning, collective leadership development, gig economy, leadership styles and stress, storytelling, board leadership. We have identified one 2020 relevant article – “Leading teams in the digital age: Four perspectives on technology and what they mean for leading teams” by Lindsay Larson, Leslie DeChurch

<https://www.journals.elsevier.com/technology-in-society>

We have screened 66 articles for digital transformation topics – published 2018-2022. Topics include effects of digital transformation, cross-boundary innovation, effects of COVID19 to DT, digital performance assessment, gig economy, remote learning, cloud computing, labor unions in the age of automation, IoT, e-Government, tele-health. No relevant content that includes an actionable framework for digital transformation.

<https://www.journals.elsevier.com/journal-of-world-business>

We identified 6 articles – published 2020-2022. One relevant article “Digital transformation, sustainability, and purpose in the multinational enterprise”, by Gerard George and Simon J.D. Schillebeeck.

<https://www.sciencedirect.com/journal/human-resource-management-review>

We screened in total 70 articles looking for “digital” topics – they are covering about work design, employee experience, gamification in HR, impact of artificial intelligence on workplaces, e-learning but no articles about digital leadership or digital transformation (published between 1992-2022).

3. Results and discussion

The table below summarizes the information about the three articles, authors and journals.

Table 1 – articles selected from the literature review

Author, year (alphabetically)	Title of the research article	Journal
Gerard George and Simon J.D. Schillebeeck (2022)	„Digital transformation, sustainability, and purpose in the multinational enterprise”	Journal of World Business
Konopik, Jens, Christoph Jahn, Tassilo Schuster, Nadja Hoffbach, Alexander Pflaum (2022)	„Mastering the digital transformation through organizational capabilities: A conceptual framework”	Digital Business
Lindsay, Larson, Leslie, DeChurch (2020)	„Leading teams in the digital age: Four perspectives on technology and what they mean for leading teams”	The Leadership Quarterly

In their article, Gerard George and Simon J.D. Schillebeeck (2022), argue that the COVID19 pandemic forced a slow down of most countries and this allowed nature to recover and benefit from lower CO2 emissions due to reduced overall economic activities and transportation. Nevertheless the global warming continues and sustainability assumed as a paramount objective by companies needs to be supported by digitalization in any possible way. Digitalization comes with its own perils – concerns about data privacy, the taxation of digital activities while from consumer perspective the level of transparency digitalization offers promises almost instant information about companies’ performance, compliance to various targets (see for instance the newly emerged ESG or Environmental, Social and Governance and its EU definition). The paper also looks to a number of „tensions” concerning the operation of multi national companies and does not explore conceptual or practical ways to deal with digitalization challenges.

In the article, Konopik et al., (2022), focus on the concept of organizational competencies and capabilities and the „sensing, seizing and transforming mechanism”. We have analysed this in more detail for the leadership of digital transformation projects. The authors consider that for the „sensing” only a small part of the leaders’ competencies are relevant, more precisely promoting an experimentation mindset and openness to new ideas and technologies relevant for the organization. The „seizing” addresses a topic that is for a very long time on the researchers of organizational culture – how to change it and make companies more open to innovation, risk taking and experimentation. We need to acknowledge a perfect recipe has yet to be invented on this regard. The third and most critical component is the organizational transformation or „transforming” as the authors call it. They focus on „balanced capability development from both externally appointed and internally promoted employees” (Konopik, op. cit. pp. 12) and the emphasis authors put is more on culture than on processes.

In the last articles considered for this review, Larson Lindsey and Leslie DeChurch (2020) consider four complementary approaches for technology when leading teams „(1) technology as context, (2) technology as sociomaterial (sic!), (3) technology as creation medium, and (4)

technology as teammate” (Larson and DeChurch, 2020). The authors analyze mainly the nature of work in the last decade with the emergence of shared and gig economy, virtual, remote and hybrid work and crowdsourcing. Relationships in the team, between managers and team members have dramatically changed as a result. Technology brings advantages and also generates fears in the work force – emergence of companies like the Romanian unicorn UiPath that promise to „make software robots, so people don’t have to be robots” (UiPath.com site) addresses more the decision makers looking to cheaper alternatives to human operators that the worries of the labor force. The research details the implications for the work force and teams that each of the four perspectives brings to workplaces. Equally what leadership need to do to in order to adjust and cope with the changes induces by technology and their effects of human relations. Notably the authors identify a number of 12 leadership implications while the process of digital transformation itself is not in the scope of their research.

Table 2 – themes of Digital transformation and digital leadership

Themes concerning Digital transformation / digital leadership	Description
Organizational capabilities	Competencies related to the strategy of the organization
Innovation	Capabilities and qualification that refer to stimuli and nurturing of innovation in companies
Operational excellence	Competencies allowing companies to permanently improve their operations
Digital leadership	Management competencies of the wider management teams and organizational culture

4. Conclusions and discussion

The author has spent three decades as a management consultant and business executive himself. The approaches I had witnessed firsthand both as an advisor working for large companies and as an executive have exposed me to pragmatic change management approaches as well as theoretical exercises. The brief and modest study performed is confirming an empirical observation done along this professional journey – management consultant and advisory organization focus on improving the strategy, changing the processes, modifying the organizational culture. At the end of most advisory projects, the consultants will try to deliver measurable value for the money the customers pay. The academic research, while more in depth, tends to focus on more specific and narrow aspects from a wider topic.

The challenge for us is to pursue this modest first step with looking at existing digital transformation methodologies and compare and contrast with the established change management methods, likes ones defined by John Kotter and Daryl Conner. An obvious limitation of this piece of research comes from not being able to access larger data bases like the WebOfScience (WoS) and EBSCOhost.

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