CHANGING LEADERS IN THE DIGITAL AGE. ORGANIZATIONAL CHANGE

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Abstract: The success of any organization depends most of all on decisions of those at different levels of management and in the current social and economic conditions making the right decisions has become a difficult task. If the initial decision making in management theory was considered exclusively human activity, after increasing the amount of data and the difficulty of their management and processing, decision-making is supported by information and communication technologies. This has led to interdisciplinary approaches to the study of decisions in the computerization decision and the development of decision support systems .

Digital technology is transforming businesses, economies, societies and increasingly affecting the accountancy profession. This presents many opportunities to serve businesses and the wider public interest better by improving the way accountants work, enabling valuable new services and providing access to fresh markets and networks. But the digitization of the economy also raises risks of marginalization and irrelevance if the profession fails to adapt. To maximise the opportunities and manage the risks of a fast-changing business environment, it must evolve to deliver valuable and relevant tasks, build differentiated skills and encourage responsive organizations.

Key words: digital age, organizational change, managers, leadership, decision making process.

Different epochs produce different kinds of leadership – with different patterns of hierarchical authority, different skill sets and attitudes, and different institutional incentives. Societies today are experiencing significant changes potentially as far reaching as the transition from agricultural to industrial societies. Today's epoch is in the

early stages of a transition from an industrial based society to a post industrial, digital society, and leadership patterns are beginning to reflect that transition. The new society -- variously called information society, knowledge society or networked society -- is marked by four key structural changes reshaping leadership rapid and far reaching technological changes, especially the digitalization of information and communications technology accelerated globalization; a shift toward knowledge as the central factor of production (i.e. from brawn to brains); and more distributed, less hierarchical organizational forms with greatly accelerated movement within and across organizations and sectors. In this highly dynamic environment, leadership innovation and adaptability are critical, especially the leader's capacity to channel the right knowledge to the right people at the right time in the right place.[1]

The technological advances of the digital age have allowed the global workforce to be better connected, more collaborative, and have greater personal impact than ever before. When we think about leadership in the digital age, we must distinguish between two related but different leadership categories. The most inclusive is "leadership in the digital age", which refers to leadership in any institution or sector embedded in the broader transitions toward a more knowledge intensive society. All leaders whether leaders in health, the arts or in manufacturing must be aware of the new constraints and opportunities ICTs provide, and use them effectively. The second, "digital leadership" refers to leadership in the core sectors of the knowledge society – the three 'C's of computing, communications and content (broadcasting and print), and now multi-media. The two styles of leadership are closely - many leadership innovations originated in the core ICT sectors and diffused from there, such as the use of website portals to link customers and suppliers. Digital leaders can be defined functionally by their contributions to the transition toward a knowledge society. These include awareness building, resource mobilization, operational leadership and structural leadership. Awareness building leaders convince sections of the population to attend to the new ICTs as resources that can help them achieve their goals. Resource mobilizing leaders convince social actors to obtain and deploy valuable resources to spread ICT more widely, whether money or high

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[1] http://www.cidcm.umd.edu/leadership/Leadership_in_the_Digital_Age.pdf

level political support. Indeed, mobilizing an effective pro-diffusion political coalition is an essential element of digital leadership and leadership in the digital age more broadly. Leadership is also expressed through operational activities, whereby leaders, often in government or private companies, actually provide and manage the hard and soft infrastructures, and the applications, at the core of the knowledge society. When some notables are able to convince audiences that the information revolution is not only about using ICT tools but shifting toward a new kind of distributed, digital society, they are engaging in structural leadership. [2]

Digital leadership innovation is not static but changes through time. (cf. Rogers) Since technology innovation is so highly dynamic the mix of leadership skills required also changes. For example, the Internet industry passes through pre commercial, commercial, competitive and consolidation phases. Each has a slightly different mix of leaders interacting across the public, private, research and civil society sector. First driven by campus and think tank-based leaders in the research and development community, later in the commercial and competitive phases leadership initiative shifts to entrepreneurs. In each phase the technological, political and resource challenges are rather different and demand different mixes of leaders. In the early period of the transition awareness building and resource mobilizing skills are useful. In later period, operational skills are especially valued. In Silicon Valley, the development, manufacture, commercialization and marketing of silicon chips and the personal computer was variously led by such leaders as William Hewlett (Hewlett Packard), Andy Grove (INTEL), and Steve Jobs (Apple Computer).[3]

 Clearly, workplaces are now optimized for high levels of workforce engagement. Or are they?

According to the results of Gallup's 2013 Global Workforce Study, only 13% of people in 142 countries reported they were engaged in their work, while nearly a quarter reported they were "actively disengaged."

The theme of the 7th Annual Global Drucker Forum was *Claiming Our Humanity: Managing in the Digital Age.* They said that the first step in claiming our humanity is

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[2] Ibidem
[3] Ibidem

creating workplaces that optimize human engagement. Creating these workplaces starts with leading people differently. Here are four observations about managing engagement in the digital age[4].

1. Managing engagement requires new leadership skills.

This subject was of interest to scholars and practitioners since the time of Frederick Taylor. However, the rise of the global economy and the coming of the digital age have made the engagement question much more complex. Organizations everywhere are coping with unprecedented levels of competition and pressure to perform. These organizations are facing a legion of issues that include the need to become more global, the need to simultaneously become more frugal and more innovative, the need to manage new and different stakeholders, and the need to cope with political uncertainty, energy issues, and other factors over which they have no control. For many organizations, the search for competitive advantage is focused on maximizing human performance — and the question of how to create and sustain a highly engaged workforce is taking on new meaning and urgency.[5]

A hundred years ago, managing employee engagement was a much more stable proposition. Changes affecting the workplace occurred — but at a much slower pace. Today, literally everything in the workplace is changing from the volume and complexity of job-related data to the nature of work itself. In the digital age, managing engagement occurs in an environment of nearly continuous change. New leadership skills are required.

Put yourself "in the middle." Leaders should position themselves between the chaos of change and their people. Engaging leaders use their experience, insight, and knowledge of the organization's business and culture to help people make sense of changes and to better participate in them.

Invest in your people. Leaders should personally invest more effort in talent development during periods of high change. By doing this, engaging leaders use change as a medium for accelerating the professional development of the workforce.

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[4] https://hbr.org/2015/06/managers-in-the-digital-age-need-to-stay-human
[5] ibidem

Focus on a higher purpose. In times of uncertainty, engaging leaders use higher purpose to keep people focused on their ability to shape the future of the organization.

Leave no one behind. "False urgency" is a phrase we use to describe a phenomenon sometimes mentioned by the executives. False urgency occurs when change anxiety becomes so high that fear takes over and the only thing that matters is staying on schedule. Suddenly, there is "just no time" for things like human development and engagement, and the workforce is left behind. Engaging leaders refuse false urgency and stay focused on people when the stakes are highest.

The executives reported that when they followed the above actions, people were able to stay more positive, focused, and engaged during periods of change. An event that was perceived as a personal threat was reframed as an opportunity for personal development — and to shape the future of the organization.

2.Managing engagement starts on the front lines.

Until recently, much emphasis has been placed on the C-suite's role in improving engagement. However, a growing amount of data from Gallup, Bain & Company, the *Wall Street Journal*, McKinsey[6], and others is indicating that supervisors play a key role in workforce engagement. In fact, a recent study by Gallup found that they account for up to 70% of the variance on engagement.[7]

However, in spite of growing evidence of the importance of supervisors in workforce engagement, organizations have been slow to implement changes in how supervisors are developed. But nowadays leadership development activities for first line supervisors are often more transactional than transformational. By this I mean that supervisor development focuses more on building technical skills than on building the higher level capabilities needed to motivate and engage people. Said simply, many current leadership development programs do not adequately prepare supervisors to create work environments optimized for engagement. It may be time to take a careful look at the curriculum your organization uses to train supervisors.

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[6] http://blogs.wsj.com/atwork/2014/06/19/are-you-spending-enough-time-with-your-boss/
[7] http://www.gallup.com/services/182138/state-american-manager.aspx

Senior leadership is also critically important in building workforce engagement in myriad ways. For example, their support in re-creating the role of supervisor is critical. Perhaps even more important is their role in creating, reinforcing, and modelling an organization-wide culture of engagement.

3.**Managing engagement is** *personal***.**

In his study, Gallup found that workforce engagement was higher when managers 1) have some form of daily communication with their employees, 2) make a concerted effort to "get to know" their employees and help them feel comfortable talking about any subject, and 3) personally help employees develop in their jobs. Clearly, a key ingredient in highly engaged workplaces is leaders who are personally involved with people.[8]

4.Managing engagement is about everyone.

About a century ago, the great Mary Parker Follett wrote a classic article entitled "The Essentials of Leadership." The idea of "followership" elevates the role of people in organizations by suggesting that everyone has both leadership power and responsibility. Everyone is responsible for leading themselves — and for being a fully contributing member of their team. To Follett, followership was active and important. It completed the equation that is leadership.

So, for teams to become more engaged, they need to have more than engaging leaders— they also need engaging members. We each have the responsibility to our organization, our team, and ourselves to "self-engage." Earlier, it was suggested that many of today's leadership development programs do not develop engaging supervisors. Likewise, today's programs don't develop — or even acknowledge — the role of followership. A key way to create engaging workplaces is to define and develop followership as a formal part of leadership development.

More and more it seems that the digital age can enable us to do more than merely claim our humanity: It can foster a renaissance for human achievement in organizations. A great first step is creating workplaces optimized for workforce engagement.

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[8] http://www.gallup.com/services/182138/state-american-manager.aspx

According to Roffey Park, organisations will need to shift from old command-and-control leadership styles to become more:[9]

user-centred, in the sense that all customers using your products and services can be defined as users;

collaborative, which means not just good team-working, but also allowing yourself and others to challenge each other and engage in robust dialogue regardless of their position or status;

supportive of innovative ways of working, which implies more experimentation and risk-taking and a willingness to learn from mistakes;

agile and able to adapt to changing contexts, rather than being wedded to long-term plans; and

willing to let teams become autonomous in order to drive change and transformation.

But in order to support the "democratising potential of digital", Hearsum warns, HR must stop conflating digital with HR technology: "This is part of it, but not the same. In the same way that many managers haven't kept pace with 'digital', neither have many HR people and they're often still working with outmoded notions of leadership," he adds. "But there is an argument that if you embrace the digital mindset, the relationship with HR changes too." Part and parcel of this changing relationship is a higher level of trust, which also means changes to the role of HR, as Hearsum concludes: "Rather than talk about getting closer to the business, HR becomes part of it. And a clear decision is made that you're there to collaborate with people – if you don't, how are you going to meet them where they are? Because you won't be in dialogue and so won't be able to hear them."

 Therefore, improved technology capabilities open up fresh possibilities in organisational models which will likely result in greater competition. But, as with individual skills, predicting success in this fast-changing environment will be difficult and good organisations will need to be highly responsive and flexible if they are to thrive. For example, organisational models will need to exploit trends such as automation and globalisation to maximise efficiencies and minimise costs. But they will also need to

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[9] http://www.personneltoday.com/hr/leadership-digital-age-needs-change/

attract and retain increasingly high-skilled employees who may have more choice in career paths and different attitudes to employment. This could lead to alternative models which emphasise employee empowerment, engagement and flexibility.

Are successful organisations likely to be big or small? On the one hand, the economics favour big organisations. They concentrate power and encourage economies of scale in processing information. Data-driven services are improved by having more data, rewarding those in possession of large data sources. The economics of network effects leads to a small number of dominant platforms, as most users want to be on the biggest network. Using data to understand customers and personalise services also enables large organisations to reduce the advantage that some small organisations get from more direct customer contact.

Therefore, the growing importance of data and technology-driven services could favour large organisations. They have the resources to invest in robust and resilient infrastructures, as well as the skills and talents they need. They have economies of scale and can potentially take more risks.

But digital technology is also a democratising force, connecting anyone with internet access. The openness of systems and the low cost of using many platforms and applications can therefore aid smaller organisations. The digital infrastructure facilitates business models with few staff and other physical assets, lowering the costs of starting up businesses and entering markets. Smaller organisations can be more responsive, innovative and specialist. There are also options to build more flexible networks of specialists rather than full-service firms, or for greater collaboration and co-operation across and between organisations.

But there is unlikely to be a one-size-fits-all solution, with different models competing and collaborating depending on the context. We see this approach today in financial services markets. There are many start-ups which are developing data-driven solutions for a variety of financial services. Large technology companies are also developing offerings, especially around payments and consumer credit. In some cases, they are competing directly with the large incumbent banks, and potentially taking some market share. But in other cases, banks are partnering with or buying up start-ups with good ideas. As a result, we see a developing eco-system of big and small companies,

sometimes competing and sometimes partnering to provide innovative customer services[10].

So, in the end, we should all remember that, every one of us possesses a "portfolio" of leadership styles and each one has its place. A surgeon may be a Commander in the operating room, a Communicator with patients and a Collaborator when performing research. [11] However, the styles that created value for many leaders decades ago are less effective with today's empowered stakeholders — and since 95% of companies are not Network Orchestrators, we suspect that most leaders lack strength at co-creation. The digital, cultural and asset revolution provides a fantastic opportunity for shared success — increased growth and profit for businesses, and increased value for customers — but creating network-based businesses will require openness, adaptation and the development of new leadership skills

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