THE EMERGENCE OF DIGITAL LEADERSHIP IN A DIGITIZED WORLD

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ABSTRACT

Evidently, digital is impacting every industry and every organization. That said, managing the digital transformation will affect organizations and which will survive and which will not in the era of the digitization rush. Hence every pillar in an organization is expected to play its role to contribute to a successful journey. This point of view provides a step-by-step approach to enable organizations from the inside to cope with the digital transformation. However, agility and scalability are key as a state-of-the-art digital organization is one that continuously revamps its internal capabilities. Human Resource functions have a vital and critical responsibility to lead the change and translate strategic objectives into competencies that are constantly revived to keep up with business challenges and market trends. In the current climate, some of the most critical strategic decisions to be made will be around people and skills. What are the capabilities you need to compete? Can those skills be hired, or existing employees trained? What needs to be automated? Or outsourced? And would a partnership bring you the talent you need? Training and development is absolutely essential in a market where demand changes so rapidly. The development of analytical and digital skills is paramount, but so too is encouraging adaptability throughout the organisation. You don't necessarily know which skills you'll need in the future, so creating a flexible workforce willing to adapt to new challenges is essential.

CEOs can't and shouldn't be expected to do all this alone. A strong and dynamic HUMAN RESORCE function, fit for the digital age, is required to deal with the almost overwhelming challenges presented by the radical disruption sweeping through entire industries. CEOs, in turn, need to value the best that HUMAN RESORCE can bring and empower HR leaders to evolve the function to match todays – and tomorrows – business needs. Digital Innovation and Talent Management Digital innovation has changed the rules around talent and talent management. CEOs are fully aware of the complex challenges they face in the digital age and correctly identify that talent will be one of the biggest differentiating factors for their organisation's success. But the talent needed for the digital age – adaptable, flexible people with compound skills and a willingness not just to embrace change, but to drive it forward – is far more complex than before and this is placing even greater

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responsibility on organisations to create the talent they need. Ironically, as the workplace becomes increasingly digital, people matter more than ever.

Workforce planning and management have become highly strategic; the skills needed are constantly evolving, talent supply is erratic and contingent workers are becoming a critical resource. CEOs need an HUMAN RESORCE function that's at the top of its game – innovative, analytical, predictive and supportive. This is a time for bold decisions; a 'business as usual' people strategy won't serve any organisation well. We've already seen that those leading the way in the digital world are companies that are rewriting the rulebook, nowhere more so than in the way they find, manage, organise and reward their people. Leaders need to be able to create a culture that encourages and rewards innovation and sets ideas free. But there are also new leadership skills to master – the ability to understand and guide complex organisations that straddle geographic and sector boundaries, and the ability to build and maintain trust in a world where very little is hidden. Organisations must not only find great leaders for today, but encourage a pipeline of adaptable leaders for the unknown challenges that will come.

KEYWORDS: Digital Leadership, Digitization, Digital Environment, Human Resource Management, Employee performance, on boarding, Training, Employee engagement.

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INTRODUCTION

Just as the Industrial revolution did one and half centuries ago, even now the digital revolution is reshaping the way we live our lives and the way we work at our work places. It's also forcing a fundamental transformation of business – changing the relationship with customers, bringing new entrants and their disruptive technologies, driving new channels, products and services, breaking down the walls between industries and, in many cases, forcing a basic rethink of the business model. The speed of change makes it almost impossible to predict the future with any degree of certainty. In such a climate, organisations need a credible and forward-looking leader; a role that has never been more critical. CEOs need to understand how technology can improve their business and the customer experience, and plan for things that seem a distant dream.

While organisations are adapting quickly to the changing world, it's essential that HR matches the pace. Previous surveys have indicated that CEOs don't always have confidence that their HR function is well-equipped to handle the challenges of competing for talent. While many improvements have been made, there's a risk that too many HR functions are overwhelmed by the scale of changes needed to address a highly competitive talent market, a shifting talent model where employees and contract workers sit side by side, and a workforce that expects the same level of individuality that they receive as consumers. The old systems and HR approaches no longer apply; a creative reinvention of the role of HR is long overdue.

BENEFITS OF ADAPTING TO DIGITISATION

New digital technologies like social media, mobile, and analytics are advancing rapidly on the economic landscape. These innovations are used widely by consumers and employees alike. Facebook has more than 1 billion users. There are more than 6 billion mobile phones. Employees often have better digital solutions at home than they do at work, and many customers are more technology savvy than the people trying to sell to them. Executives in every industry – from media to electronics to paint manufacturing – face a bewildering array of new digital opportunities. They are paying attention, but they have few signposts to guide them. Most stories in the business media focus on fast-moving start-ups like Zynga and Pinterest, or on a few large high-tech firms like Apple, Google, or Amazon. Unfortunately, to many leaders, stories of these nimble and innovative firms just do not make sense for traditional companies that are older, larger, and burdened with inflexible legacies.

Many large firms are using technologies like social media, mobile, analytics and embedded devices to change their customer engagement, internal operations and even their business models. But few firms have positioned themselves to capture the real business benefits. Digital maturity matters. It

matters in every industry. And the approaches that digitally mature companies use can be adopted by any company that has the leadership drive to do so. Some of the benefits of embracing digitisation in HR are:

1. MATCHING LABOUR SUPPLY AND DEMAND IN THE NEW ERA

It's no secret that the fight is on to retain the empowered worker. Today's high performers have a better understanding of their own value; competitors and recruiters can now easily discover and screen them. Digital labour platforms make it easy for competitors to pick off the best people inside companies—and enable employees to be more empowered and to announce themselves to the world in previously unimagined ways. These platforms create new opportunities for employers to improve the way they assess and deploy their employees and, by doing so, to differentiate themselves as employers. But the platforms also create intensified competitive challenges and pressures from the external world and from employees themselves. Companies that have relied on large, closed internal labor markets will be under the most pressure. The increased restlessness and mobility of employees is good for individuals and for the economy, but tough for companies without compelling employee value propositions.

Many companies rely on familiar data points to determine the potential of their existing and prospective employees; HR may focus, for example, on a person's school, academic record, or previous employers. But these can be crude indicators of actual performance. Although Catalyst DevWorks has evaluated hundreds of thousands of IT systems managers, it has found no statistically significant correlation between a college degree and success in that position. Using sophisticated algorithms to assess innate capabilities as well as IT knowledge, the company now hires, trains, and places a wide range of people, regardless of their educational credentials.

Digital tools can also help companies recruit candidates who are not actively job hunting. For instance, they can search GitHub, which hosts the largest repository of open-source code on the Internet, for examples of excellent coding and then contact its authors for recruiting purposes. TopCoder conducts regular online competitions that allow users, even those without formal training or experience, to showcase their technical skills to the companies that post challenges and award prize money. Codility, HackerRank, HireIQ, and TRUE Talent are additional examples of this emerging data-driven ecosystem, where the range of talent grows wider as subjective hiring biases fall.

Online tests, games, and analytics also improve the recruiting process. Good & Co uses online psychometric tests to assess whether a potential employee would be a good fit with a company's culture and an effective match for a given job. And instituting a 30-minute online screening test

comparing an applicant's profile with those of top performers helped one leading company to reduce attrition among new hires and to raise productivity by 3 to 4 percent.

In fact, online labor platforms are already useful for more than just recruiting. Beyond the hiring process, companies can use digital tools to develop a pipeline of employees with diverse skills. As a result, organizations can not only get smarter about the workers they team together and deploy for specific initiatives and tasks but also address the capabilities they will need in the future.

2. MAXIMIZING EMPLOYEE PERFORMANCE

Digital labour platforms help recruit and organize a company's employees, maximize their productivity, and boost their performance in other ways as well. The efficiencies for the company are clear. Done right, the cycle can also be virtuous: workers become more engaged, more fulfilled, and more effective as their careers progress.

3. ONBOARDING AND TRAINING

Labor platforms help create a more comprehensive, personalized, and rapid onboarding experience so that new employees add greater value more quickly. Appical (a Dutch start-up that uses digital games) and LearnUp (which offer digital training programs for job candidates) are just two of the companies that create tools to make onboarding more productive. Developing an onboarding agenda helped Google boost the productivity of its new hires by up to 15 percent.

In a business environment where technology is evolving swiftly, it's not enough to offer one-time training. Companies in knowledge-intensive industries need mechanisms that support ongoing, self-directed, and virtual learning. Training platforms such as Litmos and Mindflash enable companies to cut back in-person training sessions and create more effective online learning programs.

4. RAISING EMPLOYEE ENGAGEMENT

What's more, predictive analytics can identify employees likely to depart, flagging the need for mentoring, new jobs, or advancement to improve their satisfaction and engagement and thus decreasing employee turnover and raising productivity. Bank of America, for instance, has made its employees more engaged by using Humanyze's sociometric badges (ID cards with embedded sensors that monitor interpersonal interactions) to gauge and improve the cohesion of call-center teams whose turnover dropped sharply as a result.

Wells Fargo has developed a predictive model to select the most qualified candidates for positions as tellers and personal bankers. Working with Kiran Analytics, the company identified the qualities that characterize engaged, high-performing employees in client-facing positions and then screened for those attributes in new candidates. By the end of the program's first year, the retention of tellers and personal bankers rose by 15 and 12 percent, respectively.

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5.   STRENGTHENING LEADERSHIP AND CREATIVITY

Online labor platforms can help companies cultivate the next generation of leaders; 3M, for example, has created an integrated workforce-planning platform that increased its employees' internal mobility and boosted productivity by 4 percent. Google has taken digital innovation in human resources even further. Its People Analytics unit seeks to answer both tactical and aspirational questions, such as what impact relations among team members have on results and how best to tap the creativity of engineers. The group uses rigorous testing and statistical analysis to inform (but not replace) human judgment about people decisions. Its proprietary analytics techniques have boosted the productivity of Google's workers, both as individuals and as members of well-functioning teams.

6.   USING DATA WISELY TO PROVIDE INSIGHT INTO EMPLOYEE SKILLS

There's still some way to go before organisations make the best possible use of the people data they collect. Under half of organisations consistently use analytics to provide insight into how effectively skills are being deployed. CEOs are fully focused on the role digital technology plays in engaging customers; so why are they ignoring its value when it comes to engaging employees? Success in the digital world demands new ways of thinking, especially when it comes to talent. Workers with the most in-demand skills are creating a 'gig economy', where they're in control of where and when they work. Organisations, in turn, are rethinking their talent mix and exploring the potential of automation; and CEOs have woken up to the value of diversity – of thinking and experience – to create value in the digital age.

EMBRACING THE DIGITAL TALENT LIFECYCLE

The talent plan should be directly linked to the digital strategy of the organization supporting HR in filling the gap between current and future digital competencies. HR plays an important role in managing the talent lifecycle in a digital environment, from acquisition to development and retention.

– Plan and acquire: Attracting the best-fit talent is all about creating a compelling employee value proposition. Digital talent is scarce and it is challenging for organizations to find the required competencies in the market. They must promote themselves to potential staff. The recruitment process should portray the organization as a digital brand utilizing innovative solutions. HR's role is crucial in creating recruitment channels and messages to market the modern organization, especially in a competitive environment where supply is low and yet demand is growing exponentially. Additionally, HR should focus on attracting individuals who are digitally savvy and socially aware since they are key for organizations going forward. It is much more likely that employees who are

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experienced with digital tools such as social media, mobile banking and online shopping will understand the impact they can have on the organization during the digital transformation.

— **Lead and develop:** Organizations should enable a learning environment and invest in existing capabilities within the organization. They should utilize their existing pool of talent by providing their employees with the tailored learning and development framework to transition them to digital. It is the responsibility of HR functions to develop and offer education programs through a variety of channels and to allow employees to take ownership of their development plans, not only to build technical skills but also to adapt and develop new ways of working in alignment with the organization's digital strategy. HR also plays a role in further up-skilling employees on understanding the cultural shift that is happening. A digital culture is one that embraces information and insight, and recognizes the value of autonomy, entrepreneurship and creativity. It creates an environment of openness, opportunity and trust, and allows the organization to be flexible, adaptive and responsive to change. It enables ways of operating that can deliver exponential and disruptive changes in performance.

— **Engage and retain:** HR supports organizations in retention by investing in employee engagement initiatives and making the workplace appealing to the right talent at the right time. It is important that organizations adopt innovative and collaborative techniques and encourage the use of digital platforms, giving talent the rules to live by and the freedom to live with them–allowing employees the flexibility to work from wherever is most convenient to them. However this could eventually prove burdensome to employees as they are constantly connected. HR's role would then be to monitor the overall well-being of the workforce. Organizations should also offer employees opportunities to make an impact during the digital transformation and reward them for it.

RIGHT PEOPLE WITH SKILLS

One of the biggest headaches for CEOs is making sure that the organisation has the right people to cope with what lies ahead. There's the basic question of planning for the skills that are needed now and in the future: Which roles will be automated? What new roles will be needed to manage and run emerging technology? What skills should the company be looking for, and training their people for? Where will we find the people we need? But more importantly, CEOs need to be sure that the business is fit to react quickly to whatever the future may throw at it – and that means filling it with adaptable, creative people, working in a culture where energy fizzes and ideas spark into life. If they can't be found, they must be created.

Economies and organisations survive by continually responding to the world around. In the work with LinkedIn, it's examined the role played by adaptability. This is the ability of employers to think

more widely about sources of talent, exploring not only new geographies and sectors, but investing in their current employees and encourage trying new things – and the willingness of employees to embrace change and apply their skills somewhere new. It's believed that an adaptable workforce is essential in the digital world as a way of addressing the skills gap and by creating a better match between employer and employee. Whatever technological innovations are ahead, it's the people that will make the difference between eventual success and failure. That's why CEOs need a people strategy for the digital age.

GETTING LEADERSHIP RIGHT

Leaders are presiding over organisations that are becoming more complex: where cross border and cross-sector collaboration is the norm, where workers are mobile, working at home or self-employed on a short contract, where ideas are a commodity and innovation the competitive differential. They're also operating in a radically transparent world where very little is secret. Driving forward an organisation that, on paper, seems one step away from anarchy, depends entirely on the skills and energy of its leaders and on a culture that binds people together and motivates them in a common cause.

The digital world requires a different form of leadership and management. The winning leadership capabilities of the future will include some of the traditional leadership traits of vision, courage and humility, but increasingly an ability to drive a sense of purpose, build trust with internal and external stakeholders, and adapt to change at warp speed, anticipate fierce competitors, and deal with significant and evolving risks. It's consistently said that the digital world demands extraordinary leadership. Organisations need to be sure that they can create a solid pipeline of future leaders, who are well-prepared to take on the challenges of the digital age with the skills to manage a complex organisation.

How will these leaders be made? We'd argue that wide experience– a measure of adaptable leaders– is becoming more important than ever. Of the CEOs questioned in a certain survey, 29% have no experience in any sector beyond their own. Given the trend towards cross-sector collaboration and tech based alliances, it's more important than ever those business leaders understand the possibilities of technology.

GREAT LEADERSHIP REQUIRED

Competitive advantage in the digital age lies not in securing the best technology, but in using and managing talent well – and that demands truly great leadership. But this is leadership in a radically transparent world, where organisations are far more complex, where ideas are a commodity, and where talent is mobile and autonomous. Leaders must create a culture where innovation thrives,

ideas spark into life and people – whoever and wherever they are – are bound together in a common cause.

Digital technology is taking over the workplace and we're seeing entire sectors digitising their business models, but that hasn't made people less important; it's made having the right people absolutely essential. That doesn't just mean people with digital skills – although clearly that's important – but a collection of people who think innovatively, can adapt instantly, who give the company a competitive edge. It also means managing people well and as technology develops, creating the right mix of automation and human creativity.

The organisations that have hit the heights of success in the digital world aren't those that have determinedly followed the old models and ways of thinking; it's those that have forged a new path. These organisations have a people strategy that delivers vital skill sets, new mind-sets, and better collaboration – across lines of business and geographies – all in a much more transparent and data driven environment. They embrace tech-savvy strategy, create a culture where innovation thrives, understand the value of true diversity in conceiving new ideas, and rethink their investment in people. What companies need isn't just a digital strategy; it's a people strategy for the digital age.

EMPOWERING DIGITAL LEADERSHIP

Digital leaders play a critical role in paving the way for the digital transformation and should heavily engage and communicate with key stakeholders (whether internal or external to the organization) in deciding, designing and delivering the digital organization. Digital leaders should set clear costs, risks, mitigations and benefits of the digital transformation and decide on types of change management interventions that are needed to guide the organization through the journey.

Hence, leaders should be equipped with the adequate capabilities to be able to lead and manage the journey. HR plays an important role in enabling digital leaders in the organization and equipping them with the required essential skills and furthering their leadership characteristics.

Examples of key essential leadership skills that have been deduced from organizations that have undergone successful digital transformations are:

- A comprehensive understanding of the digital market.
- A visionary mind set to develop solutions to potential disruption.
- A champion mentality to promote and gain buy-in digital initiatives.
- Financial acumen to quantify value and return on investment.
- Business savvy to manage the push and pull tension between cross-functional teams.
- Management capacity to effectively operate the digital team.

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■ An entrepreneurial spirit to continuously innovate products and manage the product or service lifecycle and the user experience.

LEADERSHIP QUALITIES IN A DIGITAL ENVIRONMENT

As for leadership qualities, below are some that are particular to the digital environment, even if they overlap with traditional leadership characteristics as defined by Ken Blanchard, Stephen Covey and other management gurus?

➢ **Adaptability:** Flexible and adaptable, giving people freedom to innovate and allowing for individual styles and preferences of working.

➢ **Tolerance:** Encourage experimentation and the development of ideas.

➢ **Mobility:** Champion the use of digital tools and media, and enable flexible and contingent working hours.

➢ **Leadership at all levels:** Provide a degree of direction to employees by removing barriers to progress and enable them to succeed.

➢ **Collaboration:** Bring together different parties and people to leverage varied and diverse skill sets for collaboration and problem solving.

➢ **Decision-making:** Be able to make quick, analytics based decisions. Develop the right team in place to deliver key insights when needed.

➢ **Communication:** Be highly visible, accessible and communicate frequently with colleagues across grades and levels.

➢ **Feedback:** Provide real-time feedback and reward individual and team achievements.

CONCLUSION

Evidently, digital is impacting every industry and every organization. That said, managing the digital transformation will affect which organizations will survive and which will not in the era of the digitization rush. Hence every pillar in an organization is expected to play its role to contribute to a successful journey. This point of view provides a step-by-step approach to enable organizations from the inside to cope with the digital transformation. However, agility and scalability are key as a state-of-the-art digital organization is one that continuously revamps its internal capabilities. HR functions have a vital and critical responsibility to lead the change and translate strategic objectives into competencies that are constantly revived to keep up with business challenges and market trends.

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CEOs can't and shouldn't be expected to do all this alone. A strong and dynamic HR function, fit for the digital age, is required to deal with the almost overwhelming challenges presented by the radical disruption sweeping through entire industries. CEOs, in turn, need to value the best that HR can bring and empower HR leaders to evolve the function to match todays – and tomorrows – business needs. Digital Innovation and Talent Management Digital innovation has changed the rules around talent and talent management. CEOs are fully aware of the complex challenges they face in the digital age and correctly identify that talent will be one of the biggest differentiating factors for their organisation's success. But the talent needed for the digital age – adaptable, flexible people with compound skills and a willingness not just to embrace change, but to drive it forward – is far more complex than before and this is placing even greater responsibility on organisations to create the talent they need. Ironically, as the workplace becomes increasingly digital, people matter more than ever.

Workforce planning and management have become highly strategic; the skills needed are constantly evolving, talent supply is erratic and contingent workers are becoming a critical resource. CEOs need an HR function that's at the top of its game – innovative, analytical, predictive and supportive. This is a time for bold decisions; a 'business as usual' people strategy won't serve any organisation well. We've already seen that those leading the way in the digital world are companies that are rewriting the rulebook, nowhere more so than in the way they find, manage, organise and reward their people.

Leaders need to be able to create a culture that encourages and rewards innovation and sets ideas free. But there are also new leadership skills to master – the ability to understand and guide complex organisations that straddle geographic and sector boundaries, and the ability to build and maintain trust in a world where very little is hidden. Organisations must not only find great leaders for today, but encourage a pipeline of adaptable leaders for the unknown challenges that will come.

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