



A Review of the Digital Age and Its Implications for Leadership and Management

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ABSTRACT

Information and communications technology (ICT) has not only driven globalization but dramatically changed the way things are done as well. The framework for the conduct of international business has changed and continues to do so. In addition, processes, interactions, and procedures that were hitherto manual are now digitized. Thus, ICT has engendered what is now called the digital age. The digital age has its implications for leadership, management, work, and market environments. Consequently, in this paper, I explored the ramifications of the digital age on leadership and management as a whole.

Keywords: Digital age, digitization, leadership, management, globalization, knowledge

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1. THE DIGITAL AGE AND ITS IMPLICATIONS FOR LEADERSHIP AND MANAGEMENT

Digitization has no doubt altered how organizations are led and managed and as such, have implications for management. Parekh (2001) referred to digitization as “the conversion of an item – be it printed text, manuscript, image, or sound, film and video recording - from one format (usually print or analog) into digital” (para, 1). Similarly, Davenport (2014) sees digitization as “taking manual or offline business processes and converting them to online, networked, computer-supported processes” (para. 5). The implications of the digital age on management and leadership cannot be emphasized enough and is at the heart of what this paper addresses. According to Brynjolfsson and McAfee (2015), in a digital age, a statement like “have you heard about” ends with a word that is a website name, new gadget, or smartphone application. This trend brings about a surge in digitization with new ways of acquiring knowledge and higher rates of innovation. As more and more information is readily accessible digitally, people can quickly synthesize such information to create new solutions.

The digital age also has its challenges vis-à-vis, security, privacy, copyrights, and social issues. However, Joyce (2001) predicted that digitization would change the workforce and create the need for technical skills; allow people to make better choices; alter business models; and offer competitive advantages. Also, Wilson (2004) posited that “a new style of leadership is emerging characterized by stronger horizontal linkages among elites across different sectors and even different countries, especially government leaders, private entrepreneurs and executives, researchers and civil society leaders and as such, would require new attitudes, new skills, and new knowledge gained through unique professional experiences” (p. 1). The implication of these is that leaders and managers will have to adapt to the dynamic digital age in shaping the future of their organizations.



The digital age has shifted leadership and management roles from the reclusive top-down approach to a more collaborative and team building design. The way organizations lead and manage people have been altered drastically given the surge in the mobility of internet connectivity and social media in this digital age ("Managing: New Face of Management", 2013). Amdria Seymour (as cited in "Managing: New Face of Management", 2013) stated that leaders in this digital age "must become more agile in their thinking and their actions... they must teach, share, inspire, and encourage team members– to be the best they can be, regardless of function or role in the business... leaders and team members must have shared vision" (n.p). Therefore, this position by Seymour further strengthens the argument for a more collaborative approach to leadership and management in this current digital era.

2. INFLUENCE OF GLOBALIZATION ON LEADERSHIP AND MANAGEMENT

Globalization, as it relates to the increase in cross-border transactions, e-commerce, and information & communications technology has resulted in a robust global framework for carrying out international business. Ali (2001), in a more general way, defined globalization "as a set of beliefs that fosters a sense of connectivity, interdependence, and integration in the world community" (p. 5). However, Panarin (2014) described globalization "as a process of development of a united interrelated world where protectionist barriers that restrain nations' communications and protect them from chaotic external influences do not separate them from each other in matters of mutual benefit" (p. 229). In other words, the meeting of minds, for the purpose of mutual benefits is no longer limited by geographical boundaries. Ali (2001) equally stated that globalization from a business perspective "means the ability of a corporation to conduct business across borders in an open market, the maximizing of organizational benefits, without inflicting social damage or violating the rights of people from other cultures" (p. 5). It is fair to conclude that globalization, be it a set of belief or processes, is geared towards the interconnection of different interest across the world for shared benefits while taking into cognizance the different cultural differences and social impacts.

Globalization is not without its downside. According to Ali (2001), well-placed and informed individuals and corporations in using their networks for self-interest can channel the benefits of globalization to themselves and their cronies, which ultimately can undermine progress towards unification and social good. Prestowitz (2011) argued that globalization is not yielding the expected benefits as countries like the United States are experiencing a decline in wealth and income as it has facilitated the transfer of jobs to cheaper and lower skilled economies. That is, corporations are taking advantage of the imperatives of globalization to maximize profits by cutting down on home workforce and outsourcing.

These positives and negatives of globalization have ramifications for leadership and management of organizations as doing business in a home country can be different from operating in an international market. According to Bueno and Tubbs (2004), "the influence of globalization and technology requires new business paradigms and new leadership competencies" (p. 80). Thus, these competencies of an effective global leader based on a study carried out Bueno and Tubbs (2004) include communication skills, motivation to learn, flexibility, open-mindedness, respect for others, and sensitivity. Overall, As organizations go global, leadership and managerial roles, as well as styles and structures would have to change to accommodate societal differences.



3. KNOWLEDGE MANAGEMENT IN THE DIGITAL AGE

People consider knowledge as what they know through personal and observed life experiences. Merriam-Webster dictionary defined knowledge (n.d) as “The fact or condition of knowing something with familiarity gained through experience or association” (para. 1). Similarly, Bratianu and Orzea (as cited in Alrawi, Hamdan, Al-Taie & Ibrahim, 2013) described knowledge “as the processing of information with the primary purpose of gaining an understanding of the events occurring in the surrounding environment” (p. 1). These different meanings of knowledge carry an overarching theme of knowing or understanding something through one’s experiences in a particular environment. In other words, a person’s knowledge is shaped by the environment he/she lives.

In organizations, employees’ knowledge is shaped by the workplace culture and practices and can be managed to create value. Knowledge management is “the process of continually managing knowledge of all kinds to meet existing and emerging needs, to identify and exploit existing and acquired knowledge assets and to develop new opportunities” (Quintas, Lefrere & Jones, 1997, p. 387). As Jennex, Smolnik, and Croasdell (2009) pointed out, organizational effectiveness can be improved if synthesized knowledge is readily accessible by employees at the right time. For this synthesized knowledge to be readily available, organizations need to foster knowledge sharing and develop a repository of such knowledge.

Information technology in this digital age has made knowledge sharing and management easier in the workplace. Databases of shared knowledge can now be accessed remotely through applications on computers, phones, and tablets. Spatially located organizational teams can interact and exchange ideas through virtual systems. As Ademola (2016) pointed out, digital revolution has the potential to engender novel knowledge management trends. Given the ubiquitous nature of the internet and the dynamics of the digital age, it is imperative that organizational leaders continue to invest in secure knowledge management systems, encourage knowledge sharing and synthesis to ensure relevant information is continuously available at the right time to employees to create competitive advantages.

4. INFLUENCE OF DIGITAL AGE ON WORK, COMPETITION, AND MANAGERIAL ROLE

Digitalization has transformed the way work is done. In this digital age, people can work remotely away from the office, which can be beneficial for both the employer and employees. Work processes have also been streamlined with the aid of technological advances for efficiency. However, for on-site employees, the pervasiveness of the digital age driven by information and communications technology (ICT) can be overwhelming as they get to be bogged down by work issues even after closing or even during vacation via email, phone calls, texts, etc. Also, while organizations try to improve work processes in this digital age, the digitization, in turn, creates redundant roles, which ultimately leads to employee retrenchment and thus, a social issue.

According to Hirt and Willmott (2014) organizations are vulnerable to loss of market share; primarily traditional bricks-and-mortar firms as digitization is altering the conventional ways of competing. This digital age has created fast-moving competitors through lowered entry barriers to business sectors, enhanced economies of scale, as well as new business models and innovation (Hirt & Willmott, 2014). Organizations are leveraging ICT to create value for customers and develop competitive advantages. As the digital age continues to evolve, managerial roles will continue to change. Across industries, the digital age has propelled changes, and as such, management will shift towards flatter and leaner decision-making; real-time processes to test decisions and receive feedback; and a focus on developing and acquiring global skills and competencies that are easily transferable (Deloitte, 2016).



5. MANAGEMENT CHANGE

People react to change, as they are unsure of what the future brings especially when they were not part of the change decision makers. Grecu, Ghita, and Ionescu (2009) described change management as the “process of developing a planned approach to change in an organization whereby the objective is to maximize the collective benefits for all people involved in the change and minimize the risk of failure of implementing the change” (p. 277). Thus, it is critical to get all stakeholders involved in the change process. For example, I was part of a part of a team in 2009 that was charged with the responsibility of restructuring a state revenue agency bedeviled by inefficient bureaucracy. Our strategic plans were developing human capital; automation of the collection and accounting processes; and institutionalizing of corporate governance. After 8-months of trying to implement these changes, an unprecedented revenue fall and staff turnover were recorded. In evaluating the whole process and the reason for the issues, our team realized the stakeholders of the agency that participated in the process were cherry-picked by the agency’s senior management and as such did not cut across all the departments. As a result, the coalition necessary to champion the change was weak. This example sums up a typical scenario where management change can go wrong when key stakeholders are not part of a change effort. Thus, in managing and leading change in this digital age, it is vital to engage with the appropriate stakeholders for success.



6. CONCLUSION

Information and communications technology has changed dramatically the way businesses are conducted. One can say most processes, interactions, and procedures that were formerly manual are now digitized. Given the fact that roles, styles, and structures will need to change in this digital and globalized era, leaders and managers have to adopt a more collaborative approach in directing the affairs of their organizations. Also, new business models are emerging, employee roles are changing, as well as creative ways of managing competition. That said, the digital age is not without its challenges but has changed the way organizations are run. Therefore, leaders and managers must continue to take advantage of the positives of the digital age in developing competitive advantages in the areas of knowledge management and process efficiency. Notwithstanding, leaders, and managers should embrace the changes the digital age is driving. In addition, the management of such changes is critical for organizational success. Thus, leaders and managers must embrace the stakeholder approach in driving changes in response to the advancements in the digital age. Overall, it is imperative that organizations embrace the opportunities and threats of the "digital age" and develop strategies to leverage their resources for competitive advantages.



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