

# The Role of Leadership in Successful Digital Transformation

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**Abstract:** Digital transformation is a big challenge for organisations in various sectors, not only in terms of implementing new technologies, but also in changing work culture and individual mindsets. This research aims to analyse the role of leadership in the success of digital transformation through a qualitative approach based on literature study. The results show that transformational leadership with strategic vision, adaptability, and risk-taking have a positive correlation with successful digitalisation. Resistance to change and lack of digital understanding among leaders are the main obstacles that often cause digital transformation failure. To overcome these challenges, leaders must build a culture of innovation, improve employees' digital literacy, and implement data-driven strategies in decision-making. By applying a flexible and innovative leadership approach, organisations can improve their competitiveness and ensure the success of digital transformation. This research provides an academic contribution in understanding the leadership factors that play a role in digitalisation as well as practical recommendations for organisational leaders in facing the digital era.

**Keywords:** Leadership, Digital Transformation, Innovation, Change Management, Digital Literacy.

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## I. Research Background

The growing digital era, organizations in various sectors are required to adapt to rapid technological changes. Digitalization has become a major factor in improving operational efficiency, expanding market reach, and creating added value for stakeholders. However, digital transformation is not just the application of new technology, but also a fundamental change in the organizational structure, work culture, and mindset of individuals within it.

In this context, leadership has a very important role in determining the success of digital transformation. A leader who has a strategic vision, openness to change, and readiness to face digital challenges can be the main key in ensuring that digital transformation is successful. Therefore, this research aims to explore how a leader's attitude and mindset contribute to the success of digital transformation in various organizations.

**Phenomenon and Urgency of Research** The phenomenon of digital transformation can be observed in various industries, ranging from the financial sector, manufacturing, to education (Chawla & Goyal, 2022). Many organizations fail in the implementation of digital transformation due to lack of leadership readiness in adopting technological changes. For example, McKinsey research (2022) shows that more than 70% of digital transformation projects fail to achieve the expected goals due to weak leadership in managing change. This indicates that technological factors alone are not enough to guarantee the success of digital transformation; human factors and leadership play a more dominant role.

Case studies from large companies such as General Electric and Nokia show how a lack of leadership preparedness in the face of technological change can lead to strategic failure. In contrast, companies like Microsoft under the leadership of Satya Nadella

show that the success of digital transformation depends heavily on how leaders shape an organizational culture that is adaptive to change. Therefore, further study on the role of leadership in digital transformation is crucial to provide new insights for the academic world and business practitioners.

**Challenges in Digital Leadership** Leaders in the digital era face various challenges in managing digital transformation, including:

- 1) **Resistance to Change:** Many employees are comfortable with conventional work systems and are reluctant to adopt new technologies.
- 2) **Lack of Digital Understanding:** Some leaders may not have enough understanding of digital technology, making it difficult to steer the organization towards change.
- 3) **Rigid Organizational Culture:** Organizations with rigid and bureaucratic work cultures often face difficulties in adapting to digital changes.
- 4) **Data Security and Privacy:** Digital transformation often presents new challenges related to data security and customer privacy.
- 5) **Need for New Skills:** The emergence of new technologies requires employees to have more advanced digital skills, which often requires additional training.

To overcome these challenges, successful leaders in digital transformation need to have a mindset that is open to change, and be able to build an organizational culture that encourages innovation and collaboration.

**Leadership Characteristics that Support Digital Transformation** Some of the leadership characteristics that support successful digital transformation include:

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- 1) **Strategic Vision:** Leaders must have a long-term vision of how technology can benefit the organization.
- 2) **Agility and Adaptability:** The ability to adapt quickly to changes in the business and technology environment.
- 3) **Empathy and Engagement:** A successful leader must be able to build strong relationships with the team and provide motivation in the face of change.
- 4) **Risk-taking Courage:** Making data-driven decisions while having the courage to innovate and try new approaches.
- 5) **Digital Competence:** Leaders must have sufficient understanding of digital technology to make informed decisions.

Academic and Practical Relevance Academically, this research contributes to enriching the literature on leadership in the digital era. Studies on transformational leadership have been widely conducted, but there are still few studies that specifically discuss how the attitudes and mindsets of leaders affect the success of digital transformation.

Practically, the results of this study can provide insights for organizational leaders, managers, and other stakeholders on how to build an organizational culture that is ready for digital change. With a deeper understanding of the leadership factors in digital transformation, this research can help organizations to build a culture that is ready for digital change.

## II. Literature

In various previous studies, leadership has been linked to the success of digital transformation. According to Bass and Avolio (1994), transformational leadership has an important role in driving innovation and adaptation to technological change. Leaders with transformational styles are able to inspire employees, create a clear vision, and build a work culture conducive to digital change.

Another study by Westerman et al. (2019) highlighted that organizations with strong digital leadership have a higher success rate in the implementation of new technologies. They emphasized that leaders must have a deep understanding of digital technology and be able to integrate it into business strategy.

According to research by Sosik and Jung (2018), there is a relationship between the leader's mindset and the success of digital transformation. Leaders who have a growth mindset tend to be more open to innovation and take risks in the face of technological change.

In addition, the Dynamic Capabilities theory put forward by Teece (2007) explains that the success of organizations in dealing with technological change is highly dependent on the ability of leaders to manage resources and adapt organizational strategies to technological developments.

Leadership in digital transformation has been a major focus in various academic studies. According to Northouse (2021), effective leadership in the digital age should reflect the ability to adapt quickly, manage innovation, and empower teams with technology. Transformational leadership, which emphasizes vision and inspiration, has been shown to increase technology adoption in organizations (Bass & Avolio, 1994).

For example, research by Kane et al. (2019) found that organizations that have leaders with a digital mindset are more likely to be successful in adopting new technologies compared to

organizations that rely solely on technical factors. Leaders with this approach not only understand technology but also how technology can be integrated to create added value for the organization.

Furthermore, the concept of adaptive leadership proposed by Heifetz et al. (2009) state that leaders must be flexible in the face of rapid and complex technological change. This is supported by recent research from McKinsey (2022), which highlights that the success of digital transformation depends heavily on how leaders can manage resistance to change and build a culture of innovation within the organization.

From a digital leadership theory perspective, the study by Westerman et al. (2019) shows that leaders must have technical skills, strong communication abilities, as well as strategic awareness to ensure the success of digital transformation. As such, this research will deepen the understanding of how leaders can leverage digital technologies to improve their organizational effectiveness.

Digital transformation is not just about implementing new technologies, but also about how leaders manage change in the organization (Fernandez-Vidal et al., 2022; Kane, 2019). The success of digital transformation depends heavily on the attitude and mindset of leaders in the face of change. By understanding the characteristics of leadership that support digital transformation, organizations can increase the chances of success in facing challenges in the digital era.

This research is expected to make a significant contribution in understanding the role of leadership in digital transformation and provide recommendations for organizations that want to succeed in the digitalization era.

## III. Methodology

This research uses a qualitative approach with a literature study method to explore the role of leadership in the success of digital transformation. Data were collected from various academic sources, such as scientific journals, books, and research reports relevant to the topic of leadership and organizational digitalization. The data analysis technique used was content analysis to identify the main themes and conceptual patterns in the reviewed literature. The analysis process was conducted by critically examining various theories and previous research findings in order to gain an in-depth understanding of leadership characteristics that support digital transformation. This research focuses on the interpretation and meaning of phenomena based on academic perspectives and business practices, so as to provide insights for academics and practitioners in understanding the leadership factors that play a role in the success of organizational digitalization.

## IV. Result

This study aims to understand the role of leadership in the success of digital transformation in various organizations. The results show that effective leadership in the digital era has several key characteristics, including strategic vision, adaptability, and skills in building a culture of innovation. Based on the literature analysis, it was found that successful leaders in digital transformation not only focus on technology adoption, but also on managing change in the organization.

One of the key findings is that digital transformation often fails not because of technological limitations, but because of leaders' lack of readiness to deal with change. A study by Lund et al., (2021)

shows that more than 70% of digital transformation projects fail due to a lack of effective leadership. This indicates that human factors are more dominant in determining the success of transformation than technical factors.

In addition, leaders who have a growth mindset tend to be more successful in facing the challenges of digitalization. They not only encourage the use of new technologies, but also build a work environment that supports innovation and collaboration (Chase, 2010; Cohen, 2021). For example, the successful digital transformation of companies like Microsoft under the leadership of Satya Nadella shows that leadership that is open to change can improve technology adoption and organizational competitiveness.

Furthermore, it was found that leadership capable of managing resistance to change plays a key role in successful digital transformation. Many organizations face internal barriers, such as rigid organizational culture and lack of digital understanding among employees. Effective leaders can overcome these challenges through good communication strategies, employee engagement, and continuous training to improve digital literacy within the organization (Cetindamar Kozanoglu & Abedin, 2021; Matsunaga, 2024).

Overall, this study shows that transformational leadership, which emphasizes vision, innovation and employee empowerment, has a positive correlation with successful digital transformation. In addition, a flexible and data-driven leadership approach is an important element in dealing with rapid technological change.

## V. Discussion

Digital transformation is a major challenge for organizations in various sectors. This change requires not only the adoption of new technologies, but also changes in organizational structure, work culture, and the mindset of individuals within it (Rabia & Elliyana, n.d.). In this context, leadership is a key factor that determines the success of digital transformation.

### 1) The Role of Leadership in Digital Transformation

Leadership in the digital era focuses not only on implementing technology, but also on managing the changes that occur in the organization. Leaders who have a strategic vision are able to design the direction of change clearly, so that all elements in the organization can move harmoniously towards the same goal. Bass & Avolio, (1994) in their theory of transformational leadership emphasize that successful leaders in digital transformation must be able to inspire and motivate team members to accept and adapt to change.

An effective leader must also have the ability to identify technology needs that match the organization's business strategy. Bonnet & Westerman, (2020) emphasized that digital leaders not only understand technology, but are also able to integrate it into business strategies in order to provide added value to the organization and customers.

### 2) Challenges Facing Leaders in Digital Transformation

There are several main challenges that leaders face in their efforts to implement digital transformation. The first challenge is resistance to change. Many employees are comfortable with conventional work systems and are reluctant to adopt new technologies. Leaders must be able to overcome this obstacle by creating a work culture that is open to change and providing training to improve employee digital literacy.

The second challenge is the lack of digital understanding among leaders themselves. Not all leaders have enough technological background to understand the complexities of digitalization. Therefore, it is important for leaders to continue learning and developing digital skills in order to make better decisions regarding digital transformation (Cavus & Aghamiri, 2023; Gilli, 2023).

The third challenge is the difficulty in managing data and information security. Digital transformation often involves managing large amounts of data, which if not managed properly can pose a risk of data leakage. Leaders must understand the importance of cybersecurity and implement policies that can protect company and customer information.

### 3) Leadership Strategies to Support Digital Transformation

Based on the research results, there are several strategies that can be implemented by leaders to increase the success of digital transformation.

- a) **Building a Clear Vision** Leaders must have a clear vision of the goals of digital transformation and how technology can be used to achieve these goals. Effective communication of this vision will help all members of the organization understand the direction of change and feel involved in the transformation process.
- b) **Creating a Culture of Innovation** One of the main factors in the success of digital transformation is a work culture that supports innovation. Leaders should encourage employees to think creatively and take risks in developing technology-based solutions.
- c) **Provide Training and Skills Development** Employees who do not have digital skills will find it difficult to adapt to technological changes. Therefore, leaders should provide training and skills development programs so that employees can understand and use technology effectively.
- d) **Implement a Data-Driven Approach** Decisions made in digital transformation must be based on accurate data analysis. Successful leaders in digital transformation use data to identify market trends, understand customer needs, and evaluate organizational performance regularly.
- e) **Managing Change with Empathy and Good Communication** Changes that occur due to digitalization often cause anxiety among employees. Successful leaders are those who are able to communicate well, provide support to the team, and ensure that every individual in the organization feels heard and valued during the transformation process (Holtström et al., 2019; Yue et al., 2023).

## VI. Conclusions and Suggestions

This research confirms that leadership plays a central role in successful digital transformation. Leaders who have a strategic vision, growth mindset, and good communication skills are better able to manage change, overcome resistance, and build a culture of innovation within the organization.

As a suggestion, organizations should develop digital leadership training programs to improve leaders' readiness to face technological challenges. In addition, a data-driven approach and transparent communication should be implemented to ensure that all members of the organization can adapt to change effectively.

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