

THE HOURGLASS EFFECT: LEADERSHIP TRANSFORMATIONS IN THE DIGITAL ERA

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ABSTRACT

The wave of digital transformation is affecting the entire business models. The digital opens up possibilities by dissolving traditional boundaries within or across organizations. Digital transformation launches new challenges in all significant aspects of an organization, being also a major leadership challenge.

We aim in this study to explore important skills and mindsets for successful leadership, focusing on changes relating to advances in digitalization and social media in society. In order to fulfill this purpose, we used literature review, the observation and the questionnaire interview methods. Finally, it resulted in a model that illustrates the basic factors that influence the new paradigm of leadership in digital era.

KEYWORDS: *Digital Era, Digitalization, Leadership*

1. INTRODUCTION

At present, we are witnessing the society's digitalization and, implicitly, the business digitalization. The digital revolution is – undoubtedly – one of the most influential and bewildering mutations currently taking place (Nicolescu, 2018). It appears that digital transformation has become a question of survival rather than choice in the business environment. Given the globalization and the dynamic background of businesses, now it is common knowledge that revolutionizing the way business is conducted in a digital perspective, would become a priority.

Today's game changers drive with completely different fuel and sometimes they revolutionize even the most basic characteristics of particular industries (Kluz & Firlej, 2016). Researchers at Oxford Economics state that the new class of leaders that adopt a digital mindset is highly proficient at using technology to achieve competitive advantage (Bapat, 2017).

Today's leader is dependent on trust and partnership, which can take the form of the social media's "like" or "share", where "like" is related to trust, and "share" with partnership (Diaconu, 2017). We refer to the social era as one issue of digitalization, meaning a fast increase in person to person connectivity. This refers also to professional connectivity.

The study is structured as follows: the next section provides an overview on the literature addressing digitalization and leadership in the digital era. Section three presents the leadership in Romania in the digital era. Section four presents the methodology we used and discusses the results proposing a simple 3D model that illustrates the basic factors that influence the approached topics. The last section presents our conclusions and the limits of the research.

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2. LITERATURE REVIEW

Digitalization means an entire ecosystem. Digitalization is the new paradigm of our time, deeply affecting the former value chains in industries at a breath-taking speed (Collin et al., 2015). Digitalization leads to a moral wear of business models at the enterprise level and many economic processes. Many value chains are transformed by the digital technologies, some from the evolution point of view, others in a disruptive way (Nicolescu, 2018).

Kluz and Firlej (2016) point out that the digital age is defined by some new criteria that are reshaping leadership: (1) rapid and far-reaching technological changes, (2) globalization leading to the dynamic spread of information; (3) a shift from physical attributes toward knowledge and (4) more dispersed, less hierarchical organizational forms of organization.

At this point, before we move on to leadership in digital era, it would be of interest to define what we perceive what leadership means.

Simon Sinek (2014) in his book suggestively titled "Leaders eat last," states that "If your actions inspire others to dream more, to learn more, to do more and to become more, then you are a leader." Ideally, a manager that people must follow should have the gift of making people wish to follow him. Force someone to leave his comfort zone and you have a rebel.

History is rich in examples of enlightened leaders - those extraordinary people who come from nowhere, take responsibility of a desperate situation and obtain an impossible victory. It seems obvious that, if the situation requires an exceptional, "great" solution, the emergence of a savior leader is a matter of chance – there are no known methods to train, grow "great" leaders. Griffin (2006) states that leadership is both a process and a property. As a process – focusing on what leaders actually do – leadership is the use of non-coercive influence to shape the group or organization's goals, motivate behavior toward the achievement of those goals, and help define group or organization culture. As a property, leadership is the set of characteristics attributed to individuals who are perceived to be leaders.

Like everything else, leadership evolves from an age to another in the history of mankind, but many leading theorists claim that there are certain universal characteristics that are timeless (Kluz & Firlej, 2016). The entry into the digital era must not cancel the basic traits of leaders. Additionally, - almost all qualities and features could help, but what matters is how these are combined to efficiently respond to the demands of the situation where he/she has to act as a leader. There is no one magic potion that applies to all.

It is obvious that leaders in the digital era need different strengths and skills (Senduk, 2017) and it's not only that a business should be a digital business but it goes along with a new culture that needs an implementation in the organizations. It's leadership for specific tasks and projects. It's a much more fluid form of leadership" (Higginbottom, 2015). Balan and Cavendish (2017) identified four main types of skills: communication, dealing with change, learning and practical changes.

Kluz and Firlej (2016) show that more than ever the today's' leaders must be driven by an attitude of openness and a genuine hunger for knowledge. It is understandable that they should not be IT pro, but it is imperative for them to understand the impact of breakthrough technologies."

As a leader, one must inspire and empower teams and employees with a set of skills and a digital mindset. Digitalization is a catalyst for an evolved style of leadership to flourish (Bapat, 2017).

On the other side, Senduk (2017) assesses that these days many top executives understand that the "command-and-conquer" era is fading away and are experiencing that the digital era requires a much more fluid, collaborative and agile approach. The basic characteristics of leaders: having innovation in their DNA and being risk takers are more current than ever.

For businesses it is necessary and recommended a proactive approach of digitalization and not a reactive one, as is currently prevailing. The companies' management must consider both the positive and negative effects of digitalization (Nicolescu, 2018).

3. LEADERSHIP IN ROMANIA IN THE DIGITAL ERA

The expansion of digitalization in all aspects of social and economic life – as computerization in previous decades – shows significant variations in intensity, content and effects at global level. Naturally, the most developed countries are in pole-position, but many countries quickly gain ground (Nicolescu, 2018). Our country is falling behind, requiring digitalization to the same extent as it needs highways, says Nicolae Moldovan (2017), the city manager of Alba Iulia City Hall (Ziarul Financiar, 2017). Contrary to the general opinion that the IT&C sector in Romania is a boom and we are doing well in this respect, figures show that only 2% of the employees across the economy work in the field, compared to the EU 3.7% (Neferu, 2018, New Money).

The system we came out of 28 years ago did not generate any leaders or managers of the kind needed in a market economy, on the contrary.

The initiative, responsibility, independence were considered years in a row – imperialist, "reactionary" qualities. This resulted – by natural selection – in a completely different prototype of the successful man: obedient, duplicitous, bureaucratic, half-learned. We believe that a large part of the current problems (lack of exactness and punctuality, of long-term planning, fear of failure) come from the fact that the Romanian mentality is a product of a culture that focused mainly on survival, not being a development-oriented culture (we do not believe in planning for future because anyway it will not happen or someone can come anytime and take what you have built). However, conscious or not, models are Western-style, which creates an interesting, unique combination that sometimes can be effective.

The Western model creates psychological pressure for efficiency, economy, competence and the bohemian specific of the indigenous culture can often be creative, especially in improvising in nonspecific situations, to solve problems in various fields (Grigore, 2012).

In the same time, we cannot help in noticing that the correct mechanisms that have resulted in training professionals are moving. Efforts in education could be very effective if combined with the truly spectacular diversity of media channels and social media networks.

Business Magazine has conducted an interview at the end of 2017 with 40 of the most important and admired CEOs in the business environment. To the question "what is the most important quality of a leader?" answers were, as expected, diverse: balance, listening, being a model, courage, couch-architect, result, authenticity combined with professional expertise, being a visionary and a good strategist, honesty and impartiality. Even more interesting were the answers to the question "What is the mistake you notice the other Romanian leaders do most frequently?": not connecting to the reality of the moment, lack of empathy, lack of humor, self-sufficiency, lack of delegation and incapacity to manifest transfer of trust to the team, deconcentration, confusing the company's patrimony with personal wealth.

In the paper "Management health status in Romania", launched in 2017 and which is based on questioning 1224 managers and management specialists, it is shown that for main 5 weak points of management in Romania are: lack of focus on priorities, reduced capacity to motivate the company's employees, deficient or missing strategies and policies, delayed or ineffective reactions to opportunities and threats in the economic and social environment, low emphasis on training the employees (Nicolescu et al., 2017).

Although there are now Romanian companies with modern working methods, the background mentioned above and the lack of resources make the majority of them struggle with survival and still be conducted in a traditional way. In too few companies we can talk about digitalization.

4. RESEARCH METHODOLOGY

We asked ourselves to what extent the new technological context and the assault of the digital revolution have transformed leadership. For this purpose, we have developed a questionnaire with

15 questions and we interviewed 10 representative leaders from public and private organizations in Romania.

The questionnaire started from the idea that leaders in the digital era often communicate and engage in multiple audiences and we observed the leaders' position in front of social networks (whether professional or not), how involved and socially responsible they are, access to and distribution of information; direct or indirect interaction with third parties; formulate a vision; identify problems and consequences, orientation of leadership.

Of the 10 interviewees, 3 run state organizations, 6 private organizations and 1 an NGO, aged between 27 and 68 de years old, 6 of them having over 20 years of experience in management positions.

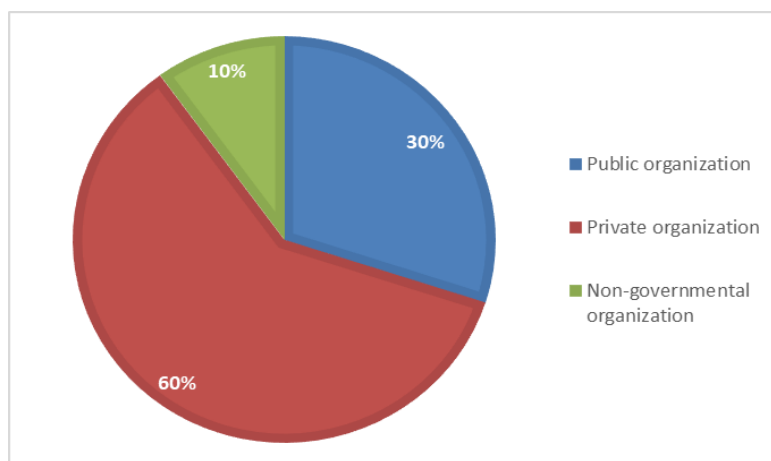


Figure 1. Structure of the sample

Source: authors

To the question related to social networks where they have opened accounts, the answers were: 9 of 10 have Facebook accounts; of the 9 with Facebook accounts, 2 also have Twitter accounts, 2 Instagram accounts and 3 LinkedIn accounts. Also, all the 10 companies they lead have accounts on Facebook, but also on Twitter, Instagram and LinkedIn, plus YouTube and Google+. As we can see, all respondents use at least one social network for personal use, as well as for the companies they run. We also wanted to see if the respondents make the distinction between the personal and professional networks, and the majority of them (6 out of 10) answered that personal networks (Facebook and Twitter) can also be professional networks, as long as one reaches its goal.

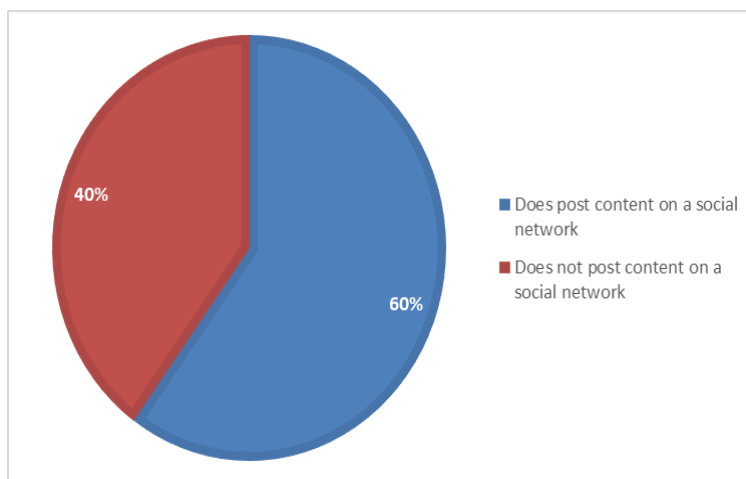


Figure 2. The respondent's active presence on SNSs

Source: authors

6 of 10 respondents post content on the SNSs, and the reasons for which they do that are the following (in order of importance): they wish to express their point of view on what they consider right/wrong in society; they wish to draw attention to a problem; they wish to mobilize people for a cause they believe in. This hierarchy demonstrates that leaders are responsible persons involved in organizational and/ or community problems (local or national). This is also supported by the answers to the question related to the membership to an NGO (6 respondents are members, 2 lead an NGO), as well as the answers to the question related to volunteering (7 of 10 are involved in volunteering activities), using for this the SNSs, 5 respondents take position on the SNSs when their rights as consumers are violated. In conclusion, they act and react differently to ordinary people, showing a significantly greater relational availability and social responsibility.

Social networks are, for all respondents, useful tools they use both for professional purposes and as employers. Thus, 5 of the 10 respondents stated they use SNSs to contact professionals in their field of activity and discuss the latest trends, 3 respondents mentioned they use SNSs to take the market pulse and 2 respondents said they use SNSs to find details about important names in the field, these being the objectives they follow when creating links in the virtual environment. From our point of view, answers point out at least the following: respondents wish to learn from those who are authorities in the field; they seek to be well informed about the market, novelties and referrals in the field, and in their turn, they become disseminators of updated and quality information.

Through the following 3 questions we wanted to identify the cognitive skills, creative thinking, strategic and interpersonal skills. Thus, the respondents stated that: a) they try to be objective and they are willing to openly recognize when the interlocutor has a different opinion from theirs (8 of 10 respondents); b) at the end of each year they make a clear analysis of the causes of the present situation, of the constraints that generated it and present their vision without diminishing the risks, considering that creating a company vision is very important (5 out of 10 respondents), they point out the dips and spikes of the previous year (3 of 10 respondents), and the rest only make optimistic projections for the next year (2 out of 10 respondents); c) when they discover a valuable idea, they make efforts to implement it for the company's benefit, regardless if they are or not the generators of that idea (6 out of 10 respondents).

Asked how they think a company should be run, the respondents answered: as a jazz orchestra (6 out of 10); as a football team (3 out of 10); and as a military formation (1 of 10). There is a clear tendency to lead modernly, by involving all members, realizing this leadership model is considerably more creative and efficient. We can appreciate that this type of leading by taking into account the creative potential of all team members is a modern and productive direction.

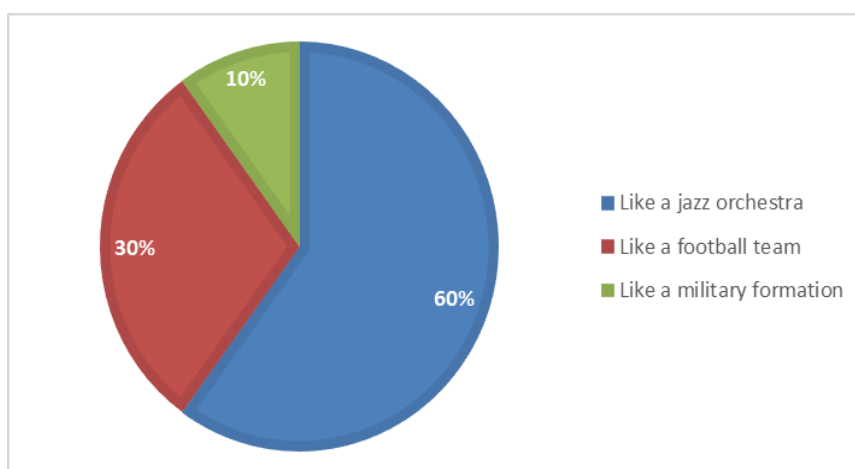


Figure 3. Ways of leading a company

Source: authors

Only one of the respondents said he does not feel free to manifest his entrepreneurial spirit and only 2 consider that elaborating a strategy is important – arguing that: “yes, theoretically it is very important, but in our case because of instability, all is very unpredictable,” the rest (8 of 10) consider this process very important. It was to be expected that a strategic thinking is a fundamental feature of leadership, to note that restrictions imposed by instability and lack of vision in our society are visible.

4.1 A 3D model that illustrates the basic factors that influence the new paradigm of leadership in digital era

The actual world is no longer a linear phenomenon, much less a one-dimensional one. Our research led us to a multidimensional, bivalent model that we have schematized in its essential parameters in the regular double tetrahedron model of Figure 4.

The fundamental components of the external environment that characterize the world we live in today are: globalization, the technological boom and its consequence, the digitalization of processes and information and the emergence of a new dimension as a consequence of the two – the social dimension of the human processes. Just as the world rapidly changes, organizations must keep up if they want to remain competitive. The boom we are talking about gives them the chance to thrive, but also the background of accelerated changes in the environment presents great and unexpected dangers. This leads us to the increased importance of leadership in all historical and economic periods of major and unpredictable changes. In our opinion, leaders determine and drive the great economic, geographic, demographic changes in the history of mankind. On their turn, their evolution and destiny were often decisive, determined by the context in which they were. This suggested the temporal determination of “hourglass effect” type we have illustrated in our model.

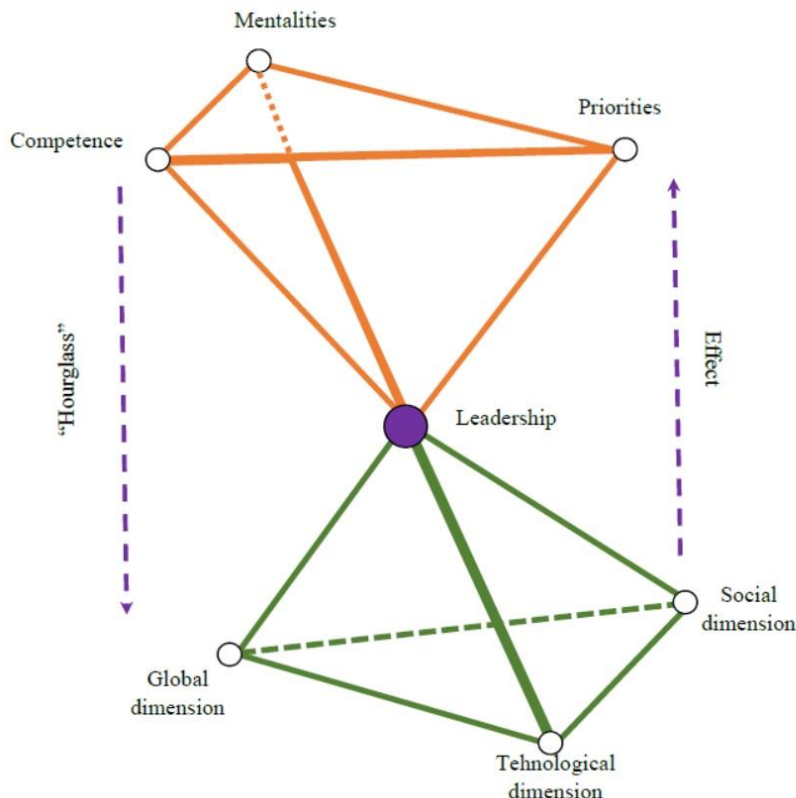


Figure 4: Model that illustrates the basic factors that influence the new paradigm of leadership in digital era

Source: authors

We identified three fundamental (and minimal) dimensions that leaders must take into account in their personal development in order to successfully meet the new paradigm in leading a company. These dimensions are: the minimum necessary skills – a holistic knowledge of the technological process in its practical aspects, understanding the role and structure of human resources in the organization, the ability to create digital networks inside and outside the company; mentality – primarily because of the social dimension, the position of the leader without being less important is placed on additional coordinates of the network, atomizing it to a certain extent, but at the same time the new position offers more advantages to leadership than the old position of “leader massimo”. For example, not to a lesser extent, the emergence of additional mechanisms to structure more cohesive projects and team; priorities – now having these digital analysis tools, analysis is no longer the priority, but the strategy and tactics, and the development of scenarios.

5. CONCLUSIONS

We live in a world of rapidly advancing technology which is influencing lives like it did never before.

In today’s world, power is not gained by expanding in new territories or areas of influence but by deepening and widening networks and connections. (Kluz and Firlej, 2016). Or as Darwin said: it will resist the one that adapts, not the strongest.

Digitalization has been changing many things in the way people work and these changes show no sign of slowing down. Leaders have an essential role in organizations such as leading these changes and influencing people towards, in more efficient and creative ways, essentially to a secure and fulfilling existence.

The limits of our study take into account, in the first place, the small number of participants/respondent leaders and the digitalization approach only through the use of SNSs. However, we hope the model we proposed can be a starting point for new research.

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