

# Chapter 3

## The Impact of Digital Transformation on Relationships Between Leadership and Stakeholders

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### **ABSTRACT**

*The chapter attempts to investigate the impacts of leadership styles during digital transformation era on stakeholders. The styles employed by leaders affect stakeholders. It focuses on examining leaders' perceptions of digitalization and its impacts on stakeholders. Leaders, boards of directors and shareholders, employees, customers, and regulators are the major subjects for investigation. Qualitative research is employed for the contemporary nature of the topic being studied. Open-ended interviews are the research method. Chief executives of banks representing services sector are the participants to this research.*

### **INTRODUCTION**

The chapter elaborates on the impact of digital transformation and technologies on organizations. Two main aspects are examined; the leadership roles and stakeholders. The second section of the chapter define digital transformation, its tools, and impact. That is followed by leadership definition and styles. The fourth section discusses stakeholder definition and ranks. The fifth section highlights the impact of

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digital transformation on leadership and stakeholders. The methodology, analysis, and interpretation of the study collected information are discussed in the following sections. Finally, the chapter conclusion and future suggested researches are stated.

## **DIGITAL TRANSFORMATION DEFINITION AND TOOLS**

Technology is one of the significant factors that influences changes in the business world. Companies are transformed because of the new technologies. Organizations from different industries and various sizes need digital transformation (Mahraz, Benabbou, & Berrado, 2019). This section presents the meaning of digital transformation. In their study of the literature, Morakanyane, Grace, and O'Reilly (2017) claim that there is no agreement on the definition of technology. They contend that researchers define technology (digital) transformation as a strategy, process, business model, or paradigm shift. Thus, digital transformation is not only concerned with the present organizational processes, but it also extends to all future practices. It is related to all internal and external organizational processes of employees, suppliers, and customers.

Digital transformation strategies aim to instigate changes to add values, to improve efficiency and to enhance innovation. Consequently, technology has significant impact on various aspects in organizations (Morakanyane, Grace, & O'Reilly, 2017). The underlying assumptions for the definitions of digital workplace is that employee's access to different digital tools to accomplish their work in a virtual manner (Sambandam, 2021). Khan (2021) states that organizations utilize different technologies to establish various platforms to enhance experiences of employees.

Herman (2022) claims that organizations need to employ different tools for digital transformation to be successful. He adds that the tools facilitate companies' goals by achieving various advantages that improve company's management, communication, and collaboration with different stakeholders. There are many tools that are available in the market, however the tools used by the company depend on organizational needs and goals. The four main trends in digital transformation are big data, cloud computing, the internet of things, and blockchain (Mahraz, Benabbou, & Berrado, 2019).

## **Positive and Negative Impacts of Digital Transformation**

Rogers (2016) highlights five main domains of companies' strategies that are changed by technology, they are:

1. Customers: connection and interaction with customers become easier and more frequent.
2. Competition: increase competition between businesses (even from different industries) and motivate cooperation between rivals.
3. Data: easy and open access to data with better tools for analysis.
4. Innovation: create different approaches to innovation that is based on learning through fast experimentation.
5. Value: technology encourages companies to constantly evolve by extending or improving their products and services for their customers.

Dahlström, Desmet, and Singer (2017) argue that there are three major decisions to make to accomplish digital transformation. Decisions are related to developing future vision, leaders committed

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