

## Digital Cultural Transformation: Influence in Leadership Management in Small Businesses in the Philippines

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## ABSTRACT

This paper aims to present a thematic and content analysis that highlights the strategies which enhance leader's skills in innovative digital media and technologies. The researchers also aim to delve and understand how the digitalization changes the leadership skills in the organization. Digital leadership is an important role that drives into a success transformation in organization and how leaders influence their strategies to foster organizational innovation. It highlights the key findings and insights from journal articles and case studies to see how these leaders can drive organizational innovation

**Keywords:** Upskilling and reskilling, Knowledge management, Employee engagement, and Leadership skills, Digital literacy

## INTRODUCTION

The history of digitalization in the Philippines is complex and multidimensional, influenced by a range of elements such as societal shifts, economic conditions, and technological advancements (Digital Justice, 2021). A need for digital transformation is currently transforming traditional workplaces and processes, including the culture of an organization (Kudyba et al., 2020; Bresciani et al., 2021a; Schafer et al., 2023) (Kraus et al., 2021; 2022). Organizational culture shows leadership as something that is considered highly by people (Elizabeth et al., 2023). Deal and Kennedy (1982) stated that social and business environments made a crucial role in the business and organizational culture. (Ansoff et al. 2018) tells the types of organizational culture according to how organizations respond to environmental demands. Leaders who embrace digitalization are likely to encounter risks such as cyber divisions and misuse of personal data (Digital Justice, 2021).

(Kellton 2018) said that changing organizational culture can be complicated; basically, conditioning a business to adopt new set of goals, processes, behaviors, and practices is no mean leadership feat. This means that a lot of challenges may encounter while dealing with changes in organizational culture. However, organization must prioritize first the creative and capable advantages of adopting new technologies before starting the assumption process (Rogers EM, 2003). This is important to ensure the success of the utilization and navigation of new technologies (Birkinshaw J. et al., 2013).

It is stated by (Schwertner, 2017) that, to succeed businesses and to thrive in the age of digitization, organizations must navigate, accept and utilize the digital technologies for a better success growth of the organization and their potential to transform processes, engage talent, and create new business models. The organization requires new technologies to enhance employee efficiency and productivity (Kane et al., 2015).

Massive transformation of technologies is taking place now in the Philippines because imaginative companies and government initiatives are pushing for it. This type of transition is characterized by the rise in deployment of collaboration platforms such as Zoom, Slack or Microsoft Teams, which are designed to enhance efficiency through enabling simple communication and fostering teamwork among firms based in the Philippines (Tarkie, 2024). These tools are what enable remote teams to stay in touch, make communication easier and save time in handling projects, thereby leading to high morale, satisfaction and effectiveness. As a result, the Philippine



government is advocating for digital literacy and connectivity so that every person that has a special skills to engage technology which access to succeed in the digital era. Development of infrastructure and seeking intellectual pursuits are contributing to beat the disconnect that exists in the digital world. However, embarking on the digital growth journey also forces it to deal with aspects of cyber security and data privacy, which encompass malware outbreak at national levels, DDoS attacks or SQL injection attacks (Espiritu P.G.G. et al., 2023)

## LITERATURE REVIEW

#### Integrating traditional culture values with digital practices

The DTI (2020) states that the concept of digital strategy in small business environments in the Philippines gains some insights based on cultural values about leadership and management. This improves comprehension of the same and enhances effective approaches for carrying out digital transformation.

Evolution and application of traditional culture are more urgently needed in the age of new media. Due to some changes in society and the modernization process, old culture, as a distinct cultural resource with a rich historical legacy and distinctive cultural worth, is experiencing a slow decline and loss. Thereby, maintaining and advancing traditional culture has taken on greater significance in modern society (Wang, Z. (2023).

Digitalization is particular for MSMEs to grow and remain competitive in the post-pandemic period. The Department of Trade and Industry or (DTI) stated that there is only 6% digital cultural change by focusing on ethical data usage and informed decision-making. It also examines important facets of leaders' impact on digital transformation. Communication of MSMEs in the Philippines use advanced digital tools, with 23% not using any digital tools at all. This digital divide presents substantial hurdles for MSMEs, particularly in terms of accessing markets, managing operations, and adjusting to changing customer behaviors (Cuya, G. 2022).

#### Roles of leadership in fostering a digital-centric mindset, behavior and attitude (focus on management).

Leadership is also the most crucial when it comes to digitalization and innovation of small businesses in the Philippines. Various strategies in digital transformation used by SMS enterprises, affecting their effectiveness and the impact on business performance. In promoting a successful digital transformation, leaders are encouraged to adopt the digital technologies and provide a culture that embraces change and innovation (SMEs) (Pascual, 2023).

Leaders are oriented to a business process as a starting point, and the maker uses technical, commercial and skilled people to coordinate digital transformation projects in collaboration with relevant stakeholders. Leaders must ensure efficiency and stability and expert problem solving, deploying and integrating mature technologies as a driver of the organization's digital transformation (Müller et al., 2023).

#### Leaders influence in digital transformation

Leaders play an important role in expanding a culture that supports innovation of digital medias and system navigations as they set the example, share the vision, and assist staff in embracing new tools and methods of operation. Business performance can be improved and success can be increased for both small and large enterprises by integrating management and leadership actions with digital transformation goals.

In addition, the core issues surrounding the cultivation of a digital mindset that would enable companies to make their way in days of data, algorithms as well as AI. It underlines the point that new technological competencies acquisition would not be sufficient without nurturing digital attitude among workers for the purpose of accelerating innovation and achieving positive outcomes within the digital environment that keeps changing very fast and importance of continuous learning and the development of a culture that embraces digital transformation (Tsedal Neely and Paul Leonardi, 2022).

To illustrate successful digital mindset building strategies, they provide examples from such companies as



Atos, Philips, Moderna, and Unilever. Atos, led by Thierry Breton, introduced a full-scale reskilling program aimed at giving its employees the knowledge of digital technologies on their request.

This resulted in huge changes in the company's staff composition and revenue growth. Moreover, the article discusses the role of leaders in promoting buy-in and confidence among employees during digital transformation. It stresses the need for aligning digital systems and processes to support a digital mindset effectively.

Decision making among leaders can help small businesses achieve effective and collaboration of leaders have an important role in developing effective communication and collaboration inside small organizations to enable digital transformation (Neeley, T. & Leonardi, P. 2022).

Transformational leadership changes partners and encourages them to embrace the interests of the organization above individual's interests and allowing them to align their personal values with the values of the organization, challenges them to understand the organization perfectly and encourages them to do their best. Additionally, transactional leadership involves exchange, expectations, and rewards that achieve organizational goals by encouraging desired behavior and avoiding negative behavior. A digital management program may offer programs with services such as digital management research and diagnostics, digital management training, and development courses. PwC's digital management digital ethics and organizations success (Gao, P., & Gao, Y. 2024).

#### Opportunities for innovation and collaboration enabled by digital transformation

Collaboration is a crucial aspect of modern governance, especially in government innovation and digitization processes. It is also a key aspect of governance in the digital world. For example, service transition towards a customer-oriented approach to public service delivery often involves the integration of various public services through integrated online platforms, including services in different political areas and government units, and services in different levels of government. However, collaboration is difficult, time-consuming, and requires high level of organizational, project, and interpersonal skills on the part of leaders. In addition, those interested must be willing to participate. Without this, collaboration becomes more "talk" than "doing". Many SMEs in the Philippines still face barriers to digital transformation, such as limited resources, lack of understanding of new technologies and resistance to change. Studies have shown that collaboration can enhance agility, innovation capacity, and international coverage in line with market demand. By involving multiple stakeholders and defining clear roadmaps, organizations can leverage the potential of digital business transformation beyond technological considerations, impacting processes, people, customer experience, risk optimization, and digital fulfillment. To overcome these challenges and remain competitive, SMEs in the Philippines must be given the right tools and support to embrace digital transformation and innovation(Padilla-Angulo, L., Calvo-Mora, A., & Periáñez-Cristóbal, R., 2021).

Considering the substantial impact of being literate on computer, it is suggested that additional study look into the particular digital literacy skills that are essential for this procedure. Opportunities were provided that digital transformation offers to SMEs in the Philippines to foster innovation and collaboration. By investing in digital infrastructure and fostering an entrepreneurial culture, SMEs in the Philippines can use digital materials to communicate, share information and integrate with partners and suppliers. This can lead to process innovations that differentiate SMEs in the market and lead to positive business results.

Furthermore, methods for improving digital could investigate small business owners' literacy. Technology suppliers' function as a crucial component affecting how successful the digital revolution is, methods indicate the need for additional study into the characteristics of this assistance. Subsequent research could look at the ideal way for technology suppliers to help small businesses in their road of digital transformation (Pascual, Marilou P. 2023),

Both digital transformation and innovation is crucial for businesses to survive and thrive in the current and future market scenarios. The digital world is constantly changing, with new technologies emerging, customer expectations evolving, and competition intensifying.



#### Challenges in embracing digital transformation in organizational mindset

Embracing digital change in small businesses within the Philippines can be a normous errand due to the characteristic challenges in moving the organizational mentality from conventional to cutting edge advanced advances. Numerous small businesses battle to adjust to the quick pace of innovative headways, regularly prevented by constrained assets, need of advanced proficiency, and resistance to alter.

A seminar held by DTI in the Philippines helps entrepreneurs to navigate the opportunities, strength and weaknesses or threats of digital transformation. The seminar provides real-life examples and tools, such as social media platforms and design software, to assist entrepreneurs in promoting their businesses digitally. The event aimed to raise awareness and provide guidance to participants from various industries on effectively transitioning to digital marketing (DTI, 2024)

Collaborative partnerships between microenterprise owners and digital experts have emerged as a promising strategy for overcoming resistance to change. Through mentorship programs, training workshops, and peer networks, microenterprise owners can gain valuable insights and support from industry experts (Agustin, N., & Hidalgo, D. T. 2024)

A case study by (Garcia M, et al. 2021) highlighted the transformative impact of such partnerships, demonstrating how microenterprises owners were able to overcome resistance and leverage digital technologies to drive growth and innovation within their organizations

In a seminar conducted by the DTI-Laguna in 2024, it was mentioned that there is a need for more practical guidance and support for entrepreneurs, particularly in SMS businesses, in adopting digital technologies and strategies to promote their products and services (Umali, M. 2024).

The researchers highly address the research on successful digital transformation by conducting more extensive studies on how digital transformation affects organizations culture in the context of the Philippines. By exploring the convergence of culture, management, and digital practices, researchers can offer valuable insights about small businesses in the Philippines in fully leveraging digital transformation while preserving their distinct cultural identity. There is also a need to identify the specific leadership skills and behaviors essential for driving successful digital transformation, as the current literature lacks a detailed examination that influencing digital cultural transformation on leadership management, presenting an opportunity for further research. Moreover, empirical evidence on the digital leadership, enterprise resilience, and the role of employee engagement is crucial. We propose a full research study, intending to generate appropriate strategies and practices for organizations to deal with challenges effectively by creating a gap in empirical evidence on digital leadership, businesses resilience as well as employee engagement so that effective collaboration can be fostered between them. By addressing these research gaps, researchers can enhance and understand the role within digital transformation and small business success in the Philippine context.

Technological advance has a significant impact on leadership and management, requiring leaders to learn critical digital skills and adjust to the constantly shifting digital environment. Effective digital transformation leaders possess strategic thinking, outstanding communication, adaptability, and data-driven decision-making skills. They must craft a compelling digital vision and strategy, align stakeholders, and drive change through inspirational leadership and effective storytelling (Nguyen, 2023). To enhance performance and flexibility, leaders must provide a culture of continuous learning and improvement, encouraging innovation and exploration of emerging technologies (Nosic et al., 2021). This can be done through employee engagement, open communication, and providing resources and support for digital transformation initiatives. Collaboration is crucial in digital transformation, involving various stakeholders and processes such as change management, strategic planning, and technology integration. To conquer challenges and maintain competitiveness, leaders must be prepared to adapt to unexpected roadblocks and continuously seek opportunities for further digital innovation. Existing resources and training programs, such as those provided by Product School, can empower entrepreneurs to effectively integrate and maintain digital transformation strategies, ensuring a successful digital transformation journey (Villaumbrosia, 2023).



#### **Problem Statement**

The following research questions are expected to be answered by the end of the study:

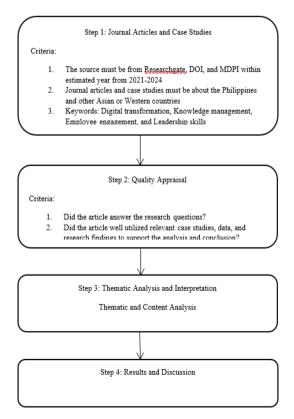
- 1. What is the impact of digital transformation have on the development and utilization of digital skills within leadership management, and how does this influence organizational effectiveness and performance in the small business landscape?
- 2. What are the strategies employed by leaders who have successfully navigated digital transformation, as evidence by case studies, and how can these strategies be generalized to inform effective leadership practices in the context of technological change?
- 3. How can organizations enhance performance leadership and flexibility regarding digital transformation through strategies that prioritize employee engagement, and what are the pros and cons of these strategies?
- 4. What collaborative strategies that promotes employee engagement in terms for participation, involvement, and ownership of transformational process?
- 5. What are the strategies that focus on cost-effective and step-by-step guidance for SME's in the Philippines for them to successfully navigate digital transformation?

## **METHODS**

In order to provide the main themes, trends, and connections between small business leadership practices and digital cultural transformation methods and to offer a comprehensive knowledge of the process of digital cultural revolution and its effects on leadership management, the researchers decided to use existing journal articles and case studies that is within the Philippines and other Asian or Western countries to investigate the importance of digital literacy on the effectiveness of digital transformation strategies (Marilou P. 2023).

For the data procedure, the researchers will use thematic and content analysis using these sources such as existing journal articles and case studies to find the relevant concepts and patterns in data to give an accurate understanding of the Philippine's digital cultural change environment.

Fig. 1. Data Collection and Preparation



Source: (Delmo et al., 2023)



## **RESULTS AND DISCUSSIONS**

Table I. Operational efficiency and performance in the small business environment.

| Key Areas                                  | Description  | Relevant Search Results and Studies   |
|--|--|---|
| Better<br>performance,<br>adaptability and | Digital tools and automation help save<br>time, reduce errors and lower costs.<br>Cloud-based solutions can be operated<br>remotely, increasing flexibility and<br>scalability. It enables small businesses<br>to respond to market and customer<br>needs, which promotes innovation and<br>adaptability (Vats, 2024). | Molding the business and customer experiences,<br>as organizations use digital technologies to<br>improve customer experience and drive<br>innovation, several key trends of the digital<br>revolution are emerging (Joel et al. 2024)  |
| 1  | CRM, email marketing, and social<br>media strengthen customer<br>relationships. The digital platform<br>offers a personalized experience, 24-<br>hour service and easy transactions<br>(Vats, 2024).   | sharing, companies are looking at how to integrate  |
| Global Market<br>Access                    | marketplaces and delivery services,  | Digital marketing strategies can be used to reach<br>your target audience and create a customer<br>experience at the same time.<br>Internet consumers actively use digital media to<br>scroll some reviews and satisfaction from other<br>consumers or users, and share the experiences of<br>others. Therefore, providing your brand with an<br>excellent customer experience through digital<br>media platforms will improve customer<br>satisfaction and ensure customer loyalty (Cevher,<br>M. F., 2024). |
| Cyber Security                             | Strong data security measures are<br>essential to protect critical data and<br>prevent potential data breaches (Vats,<br>2024).  | ensure their technology solutions are safe from digital threats. Improving access control and   |
| Cost savings and                           | infrastructure costs, enabling more  | Cloud computing provides organizations with on-<br>demand controls to computing resources, data<br>storages and software applications, allowing them<br>to overcome the limitations of traditional<br>technology infrastructure. By using cloud services,<br>medium and small businesses can achieve greater<br>scalability and cost efficiency enabling them to<br>respond rapidly and quickly to changing market<br>and customer wants and demands (Potter & Doris,<br>2024).                               |



This table shows the different impacts of transformation of the digital world on operational efficiency and performance in the small business environment for changing industries and redefining the way companies operate to be more efficient, adaptable and innovative. It shows the emerging trends and opportunities which also have different threats from this process of innovation. Businesses are increasingly using digital platforms performs complex operations, improve customer engagement, and foster innovation. Innovation and transformation of innovative technologies focuses on understanding and responding to customer needs through each individual's experiences and tailored marketing plans.

Table II. Strategies employed by leaders who have successfully navigated digital transformation, as evidenced by case studies

| Strategy                              | Description   |
|---------------------------------------|---|
| Vision and Leadership                 | Create and engage a clear vision for digital transformation and providing strong, committed leadership to drive the change.   |
|                                       | (Woodbury, 2024)  |
| Organizational<br>Alignment           | Aligning the organization's plan, processes, and culture to push and enable digital innovations.                              |
| Anghinent                             | (Jha, 2023)   |
| Talent Management                     | Attracting, developing, and retaining the right talent with the necessary digital skills and mindset.                         |
|                                       | (Woodbury, 2024)  |
| Agile Methodology                     | Adopting agile methodologies to foster innovation, rapid experimentation, and continuous improvement.                         |
|                                       | (Woodbury, 2024)  |
| Customer-Centricity                   | Placing the customer at the center of the digital transformation and designing solutions that meet their evolving needs.      |
|                                       | (Woodbury, 2024)  |
| Ecosystem Collaboration               | Partnering with external stakeholders, such as providers, and industry partners, to leverage complementary capabilities.      |
|                                       | (Woodbury, 2024)  |
| Data-Driven Decision<br>Making        | Leveraging analyzed data to inform strategic decisions, optimize operations, and promote continuous improvement.              |
| i i i i i i i i i i i i i i i i i i i | (Jha, 2023)   |
| Change Management                     | Developing robust change organizational plans to implement and hinder resistance to change and ensure smooth implementation.  |
|                                       | (elev8, 2024)   |
| Continuous Learning                   | Enfolding a culture of continuous experience of learning to stay put and ahead of technological changes.                      |
|                                       | (Jha, 2023)   |
| Communication                         | Encouraging dynamic communication and fostering a participatory approach to ensure all stakeholders are engaged and informed. |
|                                       | (Woodbury, 2024)  |



This table shows strategies that are employed by leaders who have successfully navigated digital transformation. By implementing these strategies, leaders can enhance their organization's adaptability, success, and competitiveness in the digital age. These mentioned strategies can be used in any various industries and organizational context, serving as a blueprint for leaders to lead their teams throughout the digital transformation.

Table III. Enhancing organizations performance leadership and flexibility regarding digital transformation through strategies that prioritize employee engagement considering the advantages and disadvantages of it

| Strategies  | Advantages  | Disadvantages   |
|---|---|---|
| Empower Employees through<br>Digital Tools and Training   | Enhancing the organization's agility and  | Resistance to change, Budget<br>constraint (Jawwad, 2023).  |
| <ul> <li>Fostering a Culture of<br/>Transparency and<br/>Involvement</li> <li>Acknowledging diverse<br/>perspectives.</li> <li>Being open to<br/>employees' opinions.</li> <li>Including employees in<br/>problem-solving.</li> </ul> | <ul> <li>Builds trust and empowers employees (Kotter, 2021)</li> <li>Helps overcome resistance to change and fosters adaptability (Hiatt &amp; Creasey, 2023).</li> </ul> | • Potential resistance to change<br>from some employees (Kotter, 2021)<br>Increased time and resources required |
| <ul> <li>Investing in Talent</li> <li>Development</li> <li>Providing training and upskilling opportunities</li> <li>Equipping employees with necessary digital skills.</li> </ul>   | Ensures the manpower is versatile to<br>adapt to new machinery and equipments<br>(Deloitte, 2022)<br>• Helps attract and retain top digital                               | Alignment challenges in ensuring training is aligned with transformation  |
| Leverage Digital Solutions to<br>Enhance Collaboration,<br>Flexibility, and Recognition   | Facilitates remote work, team<br>communication, showcases employee<br>achievement, boosts engagement and<br>productivity (Serrat, 2023)                                   |   |



The table above shows a comprehensive successful strategy in digital transformation that merges technological progress with a strong emphasis on empowering employees, promoting transparency, investing in talent growth, and strategically utilizing digital tools. By addressing both the technical and human dimensions of transformation, companies can effectively overcome obstacles and attain enduring success in today's digital era. These approaches were not limited to boost operational productivity and competitiveness but also encouraged a climate of creativity and adaptability, driving organizations toward advancement in an ever-evolving digital landscape.

Table IV. Collaborative strategies that promote employee engagement in terms opportunities for participation, involvement, and ownership of the transformation process

| Collaborative<br>Strategy         | Opportunities   | Involvement   | Ownership of<br>Transformation Process   |
|-----------------------------------|---|---|--|
| Employee<br>Feedback and<br>Input | <ul> <li>Seeking feedback from<br/>employees to understand their<br/>needs and challenges.</li> <li>Encouraging brainstorming<br/>sessions and idea-sharing.</li> <li>(Forbes, 2024)</li> </ul>                           | <ul> <li>improvement.</li> <li>Encourages innovation and creativity.</li> <li>Eacilitates collective</li> </ul> | <ul> <li>Assigns ownership to<br/>everyone.</li> <li>Provides clarity on<br/>change and benefits.</li> <li>Enhances<br/>employee engagement and<br/>motivation.</li> <li>(Forbes, 2024)</li> </ul> |
| Collaboration<br>Across Teams     | <ul> <li>Implementing digital tools<br/>for enhanced collaboration<br/>within and across teams.</li> <li>Utilizing cloud-based tools<br/>for flexible, real-time,<br/>communication.</li> <li>(Anderson, 2019)</li> </ul> | inclusivity and innovation.<br>• Enhances productivity<br>and efficiency.                                       | ownership and expertise.   |
| Workshops and<br>Training         | idea-sharing and innovation.  | (Forbes, 2024)<br>• Enhances employee skills  | <ul> <li>Assigns ownership to<br/>employees.</li> <li>Provides clarity on<br/>changes and its benefits.</li> <li>Enhances employee<br/>engagement and</li> </ul>                                   |



| Celebration and<br>Recognition | <ul> <li>Planning kickoff events and<br/>celebrations. Sharing success<br/>distories and recognizing<br/>achievements.</li> <li>(Forbes, 2024)</li> </ul> | <ul> <li>Sets a positive tone for<br/>the transformation journey.<br/>Enhances employee morale<br/>and motivation.</li> <li>Encourages continuous<br/>improvement.</li> </ul> | . Appreciating<br>individual and team<br>contributions. |
|--------------------------------|---|---|---|
|                                |   |   | (Forbes, 2024)  |

This table shows a comprehensive overview of collaborative strategies that promote employee engagement during the process of digital transformation. By implementing these strategies, the environment where employees feel involved, empowered, and invested in the success of digital transformation, leading them to enhanced organizational agility, innovation, and long-term competitiveness.

Table V. Cost-effective and step-by-step guidance for SME's in the Philippines

| Strategy                                | Description   | <b>Cost-Effective Solutions</b>  | Step-by-Step Guidance  |
|---|---|--|--|
|   |   |  | <ol> <li>Determine the key<br/>paper-based processes.</li> </ol>           |
| Transition from<br>Paper-Based to       | documentation to computerized<br>arrangements to improve<br>productivity.                         | implementation of mobile forms in collection of datas.                         | digital tool that fits your  |
|   |   |  | 3. Use a new tool for training the staff.                                  |
|   |   |  | 4. Gradually phase out paper processes.                                    |
| Data<br>consolidation and<br>Management | Coordinated information over<br>divisions for way better decision-<br>making<br>(Webadmin, 2024). | · Utilize cloud storage<br>solutions (e.g., Google                             | 1. Evaluate current data management methods.                               |
|   |   | Workspace, Microsoft 365)<br>for centralized data access                       | 2. Choose a cloud platform to store data. 3.                               |
|   |   | · Implement free low-cost CRM systems (e.g., HubSpot,                          | Migrate existing data to the new system.                                   |
|   |   | Zoho)<br>(Webadmin, 2024).   | <ol> <li>Train staff on data<br/>management best<br/>practices.</li> </ol> |
| Employee Digital                        | Prepare workers with vital<br>computerized abilities to upgrade<br>efficiency (Webadmin, 2024).   | · Use free online courses<br>(e.g., Coursera, Khan<br>Institute) for expertise | 1. Distinguish suitability   |
|   |   | improvement.<br>• Organize inside  | 2. Make a preparation arrangement based on                                 |



|   |   | workshops williging access?   | rocognized needs   |
|---|---|---|--|
|   |   | workshops utilizing accessible assets   | recognized needs.  |
|   |   | (Webadmin, 2024).   | 3. Plan normal preparing sessions.   |
|   |   |   | 4. Empower nonstop learning and input.   |
|   |   |   | 1. Characterize target<br>client fragments.  |
| Customer  | Utilize computerized apparatuses to<br>move forward client interaction and<br>fulfillment (Ching et al., 2021). | • Actualize social media stages for showcasing and client benefit.                | advanced stages for  |
|   |   | showcasing apparatuses (e.g.,<br>Mailchimp) for outreach<br>(Ching et al., 2021). | calendar for steady  |
|   |   |   | <ol> <li>Screen engagement<br/>measurements and alter<br/>methodologies<br/>appropriately</li> </ol> |
|   |   |   | 1. Distinguish tedious<br>errands that can be<br>mechanized.   |
| Optimize<br>Operations<br>through<br>Automation | Lessen streamline costs and move<br>forward effectiveness (Webadmin,<br>2024).                                  | apparatuses for unchanged errands (e.g., Zapier, IFTTT).                          | instruments.   |
|   |   | computer program (e.g.,<br>Wave, QuickBooks) for<br>budgetary administration      | 3. Execute mechanization in stages   |
|   |   |   | 4. Assess the effect of computerization on operations.   |
|   | Enhance items and administrations   | • Utilize e-commerce<br>stages (e.g., Shopify, Lazada)                            | 2. Brainstorm potential  |
| Explore New<br>Business Models                  | requests.<br>(Ching et al., 2021)   | · Test with membership  | modern offerings or<br>models.<br>3. Test unused thoughts<br>with small-scale pilots.                |
|   |   | (Ching et al., 2021).   | 4. Accumulate criticism<br>and emphasize on<br>offerings.  |



This table presents strategies focused on cost-effective and step-by-step guidance that will help SME's in the Philippines due to its limited resources. This will help to improve their operations and engagement with customers.

## DISCUSSION

Digital transformation is crucial for SME's to succeed, however, this will lead the business owners to face challenges in embracing digital transformation and understanding the complexities of technology (PwC, 2020).

A case study known as "Seimens AG" is a well-known for its commitment to innovation and technology. (Yansen et al., 2023) said that the Seimens embarked on its digital transformation journey early 2010's recognizing the need to engagement and access the adaptability of technological which maintain its competitive edge. Siemens' priority is to have a skilled workforce that is capable of thriving in the transformation of digital (Yansen et al., 2023). After all the efforts that have been done, Siemens finally succeeded in navigating its transformation journey. The transformative digital leadership is crucial in shaping its strategy and driving organizational innovation, demonstrating the important impact that digital leaders can have on the ability to adapt and thrive in this age (Yansen et al., 2023).

Cloud computing results in storing, better management which provides flexibility and cost-efficiency (Huseynli, B., 2022). Adaptation of technology and innovative engagement and skills can be seen in many fields such as education, healthcare, and retail. The Internet is used for entertainment engagement, shopping, and sharing and learning. Companies are exploring on the optimization of the latest technology as part of the operations to know the opportunities for innovation, differentiation and expansion, while considering how to do so cost effectively. Almost all online marketing activities can be expressed through digital marketing (Cevher, M. F., 2024).

It is very important that staff members are educated about cyber security treats since they are more reliable in information security action (Saeed, S., 2023).

The change of the transformative power of cloud computing, which has emerged as a revolutionary technology shows how businesses operate and innovate. The scalability and flexibility inherent in cloud technology are critical to digital transformation. This scalability helps organizations avoid the costly resource over- or under-provisions that often plague traditional on-premises infrastructure. Cloud computing offers significant savings and optimization opportunities for digital organizations (Potter & Doris, 2024).

Organizations used to explore the importance of innovation in the digital age that must prioritize employee engagement as a key strategic focus. However, leaders must be mindful of the potential resistance to change and budget constraints when implementing these strategies. (Jawwad, 2023). Acknowledging diverse perspectives, being open to employees' opinions and including them in problem-solving (Kotter, 2021) (Hiatt & Creasey, 2023). Providing training opportunities to guaranteed employees who have the necessary digital skills ensures the workforce is prepared to engage and navigate to new machineries and technologies (Deloitte, 2022). This can also help attract and retain top digital talent. However, organizations may face challenges in aligning training initiatives with transformation goals (Prosci, 2022).

These approaches can make a comprehensive digital transformation strategy in an organization that addresses both the technological and human dimensions of change. This approach empowers employees, fosters a culture of adaptability, and leverages digital solutions to drive sustainable success in the evolving digital landscape (Serrat, 2023).

Digital transformation has become a key driver that is transforming industries and redefining the way businesses operate for better performance, adaptability and innovation. This interprets the opportunities towards better change. Businesses are highly engaged with digital media and websites to streamline or drive futuristic innovation (Joel et al., 2024).

Exploring digital transformation strategies in small business in the Philippines and knowing the types of



strategies influencing their effectiveness and impact on business performance (Marilou P., 2023) will help SME's grow by embracing and adapting the transformation.

## CONCLUSIONS

In conclusion, the role of researchers in conducting this article is to provide a thematic and content analysis about the digital transformation in leadership management. This paper explores how digital transformation impacts the organization's leaders and how they embrace the changes.

## RECOMMENDATIONS

After conducting findings and exploration, the researchers see that small businesses in the Philippines are expected to embrace digital technology, but face challenges such as limited resources and insufficient digital literacy that can be resistant to change. The researchers recommend digital literacy training, partnerships between governments, technology companies and industry associations, digital leadership development and digital business model transformation to encourage SME's to properly incorporate new technologies and methods.

It is also recommended that future researchers should conduct journal articles and case studies just within the Philippines so that they do not depend on data and studies from other Asian and Western countries, but only as a comparison.

Additionally, the key recommendations in enhancing the digital transformation of SMEs include collaborative partnership, investing in training skill development, improving internet infrastructure, and implementing focused digital strategies. By implementing these recommendations, SMEs in the Philippines can overcome challenges and use digital transformation to drive growth and innovation.

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