

Digital Leadership Capability in Muhammadiyah Charity Units A Literature Review

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Abstract

This research explores digital leadership capabilities in Muhammadiyah business charity units through a literature review. In the midst of rapid digital transformation, the ability to adopt and implement digital technology has become crucial for nonprofit organizations, including Muhammadiyah. Using a systematic literature review methodology, this study identifies and analyzes previous studies on digital leadership in the context of nonprofit and religious organizations. The results of this review demonstrate that digital leadership capabilities in Muhammadiyah charity units are influenced by factors such as technological skills, strategic vision, organizational support, and culture of innovation. This research also found that although several studies have discussed digital leadership, a significant gap remains in the literature regarding specific implementations in the context of Muhammadiyah. Based on these findings, this article provides practical recommendations for developing digital leadership capabilities that improve the effectiveness and operational efficiency of Muhammadiyah charity units. In addition, this study suggests directions for further research that focus on implementation strategies and impact evaluation of digital leadership in the nonprofit sector.

Keywords *Digital Leadership, Muhammadiyah, Business Unit, Literature Review, Digital Transformation*

INTRODUCTION

In the contemporary digital era, organizations across various sectors are undergoing rapid transformation driven by technological advancements. This digital transition poses significant challenges, particularly for nonprofit organizations like Muhammadiyah's charity units. Unlike for-profit organizations, non-profits often operate with limited resources, making the adoption of new technologies a complex and daunting task (Westerman et al., 2014). A shift toward digital leadership within these organizations is crucial not only to enhance operational efficiency but also to ensure that they remain relevant and effective in fulfilling their missions.

One of the key challenges in this digital transition is the need for leaders who can bridge the gap between traditional management practices and the demands of a digital environment. Digital leadership requires a unique set of skills, including the ability to manage technological change, foster a culture of innovation, and effectively use data-driven decision-making (El Sawy et al., 2016). However, many leaders in nonprofit organizations, including those within Muhammadiyah, may lack these capabilities, leading to resistance to change and difficulties in implementing digital strategies (Schallmo et al., 2018).

Moreover, the digital transition is not only a technological issue but also a cultural one. The integration of digital tools and practices necessitates a shift in organizational culture, which can be particularly challenging in established institutions like Muhammadiyah that have deeply rooted traditional values (Hidayat, 2020). Leaders must navigate these cultural challenges while also addressing practical concerns such as cybersecurity, data privacy, and the digital divide, which can exacerbate inequalities within the organization and the communities it serves (Amirullah, 2021).

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This literature review explores the concept of digital leadership within Muhammadiyah's charity units by examining the existing literature on digital leadership and transformation in non-profit organizations. This review will address the following research questions: What are the challenges faced by nonprofit organizations in transitioning to digital leadership? How can these challenges be effectively managed to enhance organizational performance? By answering these questions, this review seeks to contribute to the growing body of knowledge on digital leadership and provide practical recommendations for leaders in Muhammadiyah and similar organizations. The research questions are as follows:

1. What are the key factors influencing the capability of digital leadership in Muhammadiyah charity units?
2. How can effective digital leadership in Muhammadiyah charity units be applied to increase performance organization?
3. What are the challenges and obstacles faced by the Muhammadiyah charity unit in adopting digital leadership?

The main purpose of this review is to identify and analyze existing literature about digital leadership capability in non-profit organizations, especially a charity unit called Muhammadiyah effort.

Through a review of comprehensive literature, this study aims to provide deep insight into digital leadership capability and deliver practical recommendations for development leadership in the Muhammadiyah charity unit. Thus, this research This not only contributes to academic literature but also provides a practical guide for leaders' organization in facing the digital era.

LITERATURE REVIEW

In the contemporary landscape, the concept of digital leadership has become increasingly crucial for organizations navigating the complexities of the digital era. Digital leadership is not merely about incorporating technology into an organization's operations; it entails a fundamental transformation in how leaders guide their organizations through the challenges and opportunities presented by digitalization (Verhoef et al., 2021). This transformation is particularly significant in non-profit organizations, such as Muhammadiyah's charity units, which operate under unique constraints and objectives (Björk & Magnusson, 2023).

Digital leadership can be defined as leaders' ability to drive their organizations through digital transformation by fostering innovation, managing change, and aligning digital strategies with organizational goals. In this context, leadership involves more than technical knowledge; it requires a visionary approach that integrates digital technologies into the fabric of an organization's mission and values (De Falco et al., 2023). For Muhammadiyah, whose operations are deeply rooted in Islamic principles, digital leadership must also ensure that technological advancement aligns with and supports these principles.

One of the central challenges for digital leadership in nonprofit organizations like Muhammadiyah is resource constraints. These organizations often have limited financial and human resources, which can hinder their ability to invest in the necessary technologies and training for digital transformation (Omar et al., 2023). Furthermore, there is often cultural resistance within these organizations, where members may be hesitant to adopt new technologies due to their preference for traditional operating methods (Hansen & Rauter, 2021).

Technological competence is a critical component of effective digital leadership. Leaders must possess a deep understanding of digital tools and platforms relevant to their organization's goals. This competence enables them to make informed decisions about the technologies to be adopted and how to implement them effectively (Kane et al., 2021). However, technological competence alone is insufficient. Effective digital leaders must also be adept at change management, guiding their organizations through the often-disruptive process of digital transformation with minimal resistance

and maximum stakeholder engagement.

Another significant aspect of digital leadership is the creation of an innovation culture within an organization. Leaders must foster an environment where innovation is encouraged and where organizational members are motivated to explore new ideas and technologies (Nisar et al., 2023). This is particularly important in the context of Muhammadiyah, where innovation must be balanced with the organization's established values and traditions.

Stakeholder engagement is also a critical consideration for digital leadership in nonprofit organizations. Digital tools offer new opportunities to enhance communication and collaboration with various stakeholders, including donors, beneficiaries, and volunteers. Effective digital leaders leverage these tools to build stronger relationships with stakeholders and increase transparency and trust within the organization.

The outcomes of digital leadership in non-profit organizations like Muhammadiyah are multifaceted. Successful digital leadership can lead to operational efficiency, where processes are streamlined, costs are reduced, and service delivery is improved (Verhoef et al., 2021). Additionally, digital leadership can enhance stakeholder engagement and ensure the sustainability of digital transformation by embedding digital practices into an organization's culture (Omar et al., 2023). Ultimately, effective digital leadership can significantly enhance an organization's ability to achieve its mission, resulting in a more profound impact on the communities it serves (Björk & Magnusson, 2023).

In conclusion, the theoretical foundation of this study emphasizes the critical role of digital leadership in driving successful digital transformation in nonprofit organizations. The interplay among technological competence, change management, innovation culture and stakeholder engagement forms the core of effective digital leadership. By understanding and addressing these components, Muhammadiyah's charity units can navigate the challenges of digital transformation and continue to fulfill their mission in the digital era.

RESEARCH METHOD

The method used in this research is SLR (systematic literature review), which is a research method that uses literature topics that are systematically searched in journal databases to synthesize various scientific evidence while answering certain research questions in a transparent, reproducible manner and seeking to add all published evidence on a particular topic and assess the quality of the evidence (Lame, 2019).

To collect and analyze relevant literature on digital leadership capabilities in Muhammadiyah charity units, the researcher utilized a descriptive cumulative review of relevant literature using the Systematic Literature Review method suggested by Xiao and Watson (2017), which comprises eight stages:

1. Formulating the research problem
2. Developing and validating the review protocol
3. Searching the literature
4. Screening for inclusion
5. Assessing the quality
6. Extracing the data
7. Analyzing and synthesizing data.
8. Reporting the findings

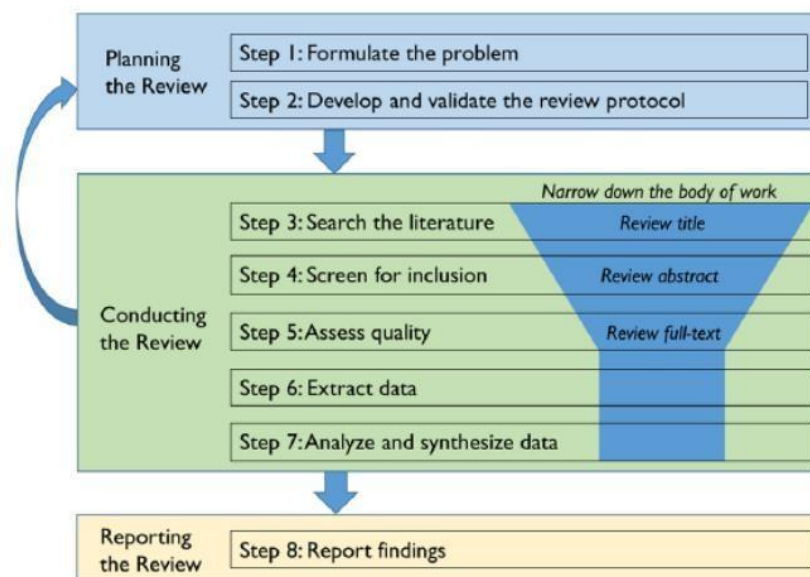


Figure 1. Stages of Systematic Literature Review

Formulating The Research Problem

The first step is to formulate the problem has been discussed in the background of the research as follows:

1. What factors influence the digital leadership capabilities of Muhammadiyah charity units?
2. How can effective digital leadership practices in Muhammadiyah charity units improve organizational performance?
3. What challenges and obstacles have Muhammadiyah charity units faced in adopting digital leadership?

Develop and Validate the Review Protocol

Review protocols are considered essential in rigorous systematic reviews (Kitchenham & Charters, 2007). This is necessary to improve the quality of the review, which can reduce the possibility of author bias in data selection and analysis (Kitchenham & Charters, 2007), while also increasing the reliability of the review because others can use the same protocol to repeat the study and cross-check and verify.

Literature Search

Literature search is the process of finding material for a review; therefore, a systematic review relies on a systematic literature search. The main data sources used in this research are trusted academic databases such as Scopus, one of the largest and most respected databases providing access to various journals and conferences.

Google Scholar: Used for exhaustive searches and identification of literature that may have been added and Not indexed in Scopus. Other important sources that the author used to find dissertations, theses, and related journal articles on digital leadership are Pro Quest and Web of Science. The literature search process was conducted using a combination of keywords such as "digital leadership," "Muhammadiyah," "non-profit organization," "charity unit," "charity unit," and "digital leadership". business", and "digital transformation."

FINDINGS AND DISCUSSION

The results of the literature review demonstrate that digital leadership plays a crucial role in the success of an organization's digital transformation. According to Westerman et al. (2014), digital

leadership involves the integration of digital technology into organizational strategies to create value and increase operational efficiency.

In religious organizations such as Muhammadiyah, digital leadership is also important for spreading the organization's values and mission more effectively through digital platforms (Amirullah, 2021). Schallmo et al. (2018) showed that the success of digital transformation depends on the leader's ability to direct changes in organizational culture and processes, as well as motivate members to accept and adopt new technologies.

Based on literature that has analyzed, several key factors that influence digital leadership in the Muhammadiyah charity unit include the following:

1. Skills Technology . Leaders must have a deep understanding of digital technology and ways to integrate it into operational process organization . Training and technological skills development are important for enhancing these capabilities (Westerman et al., 2014).
2. Organizational Support . Support from all levels of the organization, including top management and operational staff, is critical for successful implementation of digital leadership. Support This covers allocation of adequate resources and culture that encourages organizational innovation (Amirullah, 2021).
3. Culture Innovation . Organization must develop supportive culture innovation and experimentation . Digital leaders must push members to try new ideas and take measurable risks when adopting technology (Schallmo et al., 2018).

There are some differences and similarities in the results.

This research is conducted in other sectors:

1. Commercial Sector. In this sector, digital leadership often focuses on increasing profits and operational efficiency. Leaders in this sector usually have access to greater resources and more advanced technological support (El Sawy et al., 2016). In contrast, in the non-profit sector, such as Muhammadiyah, digital leadership objectives focus more on improving public services and achieving social missions.
2. Education Sector. In this sector, both Muhammadiyah business charity units in education and other organizations face challenges in terms of resistance to change and limited resources (Amirullah, 2021). However, both sectors demonstrate that strong leadership and a clear strategic vision can overcome these barriers and drive effective technology adoption.
3. Health Sector. In the healthcare sector, digital leadership can improve service efficiency and the quality of patient care through the use of digital technologies such as telemedicine and Health information systems. While there are some similarities with Muhammadiyah's charity units in the health sector, the main difference lies in the complexity of regulations and the need for higher data security.

CONCLUSIONS

This research examines digital leadership capabilities in Muhammadiyah business charity units through a literature review. The review results demonstrate that digital leadership plays an important role in the digital transformation of organizations, including non-profit organizations such as Muhammadiyah. Effective digital leadership requires strong technological skills, strategic vision, organizational support, and an innovation culture.

Leaders in Muhammadiyah charity units must develop the technological skills necessary to lead digital transformation. Training programs that focus on the use and development of digital technology skills in organizational management and strategic decision-making will improve digital leadership skills.

According to Westerman et al. (2014), ongoing practice-based training can help leaders understand and utilize digital technology more effectively. Leaders in Muhammadiyah charity units

should adopt a transformational leadership model that emphasizes long-term vision, innovation, and empowerment of organizational members. Bass and Avolio (1994) demonstrated that transformational leaders can inspire and motivate followers to adapt to technological change and pursue continuous improvement. In addition, organizations must create a culture that supports innovation and experimentation, including encouraging members to share new ideas, take measured risks, and learn from failure. Schallmo et al. (2018) emphasized the importance of a flexible and adaptive organizational culture to support digital transformation.

Digital leadership in Muhammadiyah charity units should involve collaboration with various stakeholders, including local communities, the government, and the private sector. Muhammadiyah leaders should develop a clear and comprehensive digital strategic plan, which should include short- and long-term goals, required resources, and steps to achieve digital transformation.

According to El Sawy et al. (2016), a strategic plan can provide clear direction and ensure that all members of the organization understand and support the digital vision. Investment in adequate technology infrastructure is essential for digital implementation. This includes hardware, software, networks, and security systems. Strong infrastructure can ensure that digital technologies are adopted and used effectively throughout an organization (Amirullah, 2021).

The implementation of digital technology often faces resistance from organizational members. Effective change management is therefore essential to ensure that all members of the organization can adapt to such changes. This includes clear communication, adequate training, and ongoing support throughout the implementation process (Teece et al., 1997).

To ensure that the digital strategy is sustainable, Muhammadiyah leaders should conduct regular monitoring and evaluation. This allows the organization to identify problems and obstacles and take necessary corrective actions. The evaluation process can also help measure the impact of digital initiatives on organizational performance (Tornatzky & Fleischer, 1990).

This research makes an important contribution to the literature on digital leadership by highlighting the specific context of religious non-profit organizations, such as Muhammadiyah. This study expands the understanding of how digital leadership can be implemented and adapted in environments different from the commercial sector, emphasizing the importance of strategic vision, technological skills, and organizational support for successful digital transformation.

Previous studies have shown that digital leadership can improve operational efficiency, transparency, and community engagement, although specific challenges remain, such as resource constraints and resistance to change.

In terms of practice, this research provides concrete recommendations for developing digital leadership capabilities in Muhammadiyah business charity units. These recommendations include training and development of digital skills, implementation of transformational leadership models, building a culture of innovation and collaboration with various stakeholders. The proposed implementation strategies, such as the development of a digital strategic plan, investment in technology infrastructure, effective change management, and periodic monitoring and evaluation, can assist Muhammadiyah leaders in achieving successful digital transformation.

LIMITATION & FURTHER RESEARCH

The limitations of this research lie in the article references that the authors have managed to collect and have not conducted more in-depth empirical research through surveys, interviews, and case analyses to explore the direct experiences of leaders and organizational members in Muhammadiyah business charity units more specifically about the application and impact of digital leadership so as to provide practical insights.

Further research can be conducted with a focus on developing a comprehensive evaluation model to measure the effectiveness of digital leadership. This model should consider various aspects,

including organizational performance, member satisfaction, and social impact.

Research that compares the application of digital leadership across different sectors, such as education, health care, and commercial, can provide greater insight into the best practices and challenges unique to each sector.

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