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The Role of Top Management Team in Company Digital Transformation

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ABSTRACT

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The success or failure of a company's efforts in achieving its predetermined goals will largely be determined by the ability of the leader. Every organization must have and need a top leader or top manager who must carry out leadership and management activities for the entire organization as a whole. The purpose of this study is to provide information on the importance of the role of top management team in company digital transformation. The research used in this analysis uses theoretical research that will explain the role of top management team in company digital transformation. To support the exploration and development of theories, concepts, and arguments supported by secondary data. The results of the study show that the top management team has a crucial role in the company's digital transformation. The top management team is responsible for providing direction, support, and resources needed to achieve digital transformation goals.

Role, Top Management Team, Company Digital Transformation

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INTRODUCTION

The success or failure of a company's efforts in achieving its predetermined goals will largely be determined by the ability of the leader. A leader who plays an important role in motivating people or subordinates (Tambunan et al., 2025). Every organization must have and need a top leader or top manager who must carry out leadership and management activities for the entire organization as a whole. Leadership is likened to the head of an agency in an organization, which, if not carried out properly, will affect the work of the entire organization itself. The quality of the leader is often considered the most important factor in the success or failure of an organization (Moedjiono, 2002).

Leadership in a complex organization reflects the activity of dividing tasks, a collection of levels of cognition and ability, and interactions between

members of the top management team to achieve strategic behavior (Tambunan dan Pandiangan, 2024). This indicates that a company's strategic decisions depend on the composition and characteristics of the team, not just the characteristics of one individual. Top management team is able to provide a stronger explanation in explaining managerial decisions than top managers individually (Masram, 2015).

Managers manage the company according to the interests of the owner, and the owner will provide compensation to the manager. This compensation can be in the form of salary, bonuses, facilities, other forms of compensation. The owner's interests are to maximize the owner's welfare.

A leader will try to influence members to carry out tasks according to the job descriptions that have been set by the organization. For this reason, a leader is expected to be able to create and support a conducive work atmosphere and culture so that it has a positive influence on its members, such as giving praise and awards, taking corrective actions, giving punishment or pressure for certain things, or helping members if needed. A leader should also know the concept of motivation and be able to apply it in an organizational or company environment, this is due to the consideration of the many and diverse interests of people or employees in the organization. Motivation acts as a driver of security and a person's desires. From here the basic motivation that they try themselves to combine themselves with the organization to play a better role.

Company digital transformation is a process conceptualized in 3 phases of digitalization, digitalization, and digital transformation. Each of these phases implies one step further in the use of digital technology, resulting in deeper and broader strategic imperatives for the company and increasing the potential for transformation (Gultom et al., 2024). Digital transformation refers to a fundamental process of change enabled by the innovative use of digital technology, accompanied by strategic influence over key resources and capabilities, using the goal of radically improving the company and redefining its value proposition for its stakeholders (Joseph, 2011). Digital transformation enables companies to leverage the advantages associated with using new technologies to gain a competitive advantage.

Digital transformation is a cognitive process, as managers need to envision new ways to compete and employees at all levels of the organization need to understand digital technologies (Solihin, 2012). How much attention managers are able or ready to pay to new digital business models depends on their digital mindset. Digital transformation is not simply the application of digital technologies to optimize a company's internal processes, but rather a fundamental change process aimed at redefining the company's value

proposition. Digital transformation is complex because it involves major changes in existing mindsets, routines, and cognitive structures. Difficulties in exploring new digital opportunities and also leveraging proven digital technologies, they experience many challenges and tensions as they try to move away from pre-digital mindsets, routines, and cognitive structures. A key area for future research is to study how organizations manage the strategic tensions associated with digital transformation.

The purpose of this study is to provide information on the importance of the role of top management team in company digital transformation.

RESEARCH METHOD

The research used in this analysis uses theoretical research that will explain the role of top management team in company digital transformation. Theoretical research is a systematic study that focuses on the exploration and development of theories, concepts, and arguments to understand a subject more deeply (Salim, 2006). This research is not oriented towards practical application, but rather on an in-depth understanding of existing theories or the development of new theories.

To support the exploration and development of theories, concepts, and arguments supported by secondary data. Secondary data functions as supporting or complementary data in research. This data is not collected directly by researchers, but is obtained from other sources such as reports, publications, or existing data (Kurdhi et al., 2023).

RESULT AND DISCUSSION

The Role of Top Management Team in Company Digital Transformation

The top management team has a crucial role in the company's digital transformation. The top management team is responsible for providing direction, support, and resources needed to achieve digital transformation goals.

The top management team, or better known as the board of directors, can be said to be the leadership ranks in the company. Briefly, in the Law of the Republic of Indonesia number 40 of 2007 article 1 paragraph 5 it is explained that the board of directors has full responsibility in managing the company, as long as it is in line with the company's intentions and objectives both inside and outside the court in accordance with the provisions of the articles of association. Indirectly, with full authority and responsibility in managing the company, it can certainly be said that there is a contribution and influence from the board of directors in bringing the company to success or not. The top management team

is a complex phenomenon that touches on many important things in the organization, social, and personal processes. This depends on the process of influence, where people will be inspired to work in achieving group goals not through coercion, but through personal motivation (Bolden, 2004).



Figure 1.
Top Management Team

In detail, the role of the top management team in the company's digital transformation (Afandi, 2018):

1. **Communicating Vision and Strategy**
Top management needs to establish a clear vision of how digital technology can be used to improve business and create value for the company.
2. **Communicating Vision and Strategy**
It is important to communicate the vision and strategy to all employees so that they understand the goals of digital transformation and how they can contribute.
3. **Managing Change**
Digital transformation often brings changes in organizational culture, work processes, and structures. Top management needs to manage these changes well, including providing training and support to employees.
4. **Managing Risks and Challenges**
Digital transformation can also bring risks and challenges, such as data security risks, challenges in adopting new technologies, and changes in

the way of working. Top management needs to identify and manage these risks well.

5. Provide Resources

Top management needs to provide sufficient resources, including budget, infrastructure, and experts, to support digital transformation.

6. Monitor Progress

Top management needs to regularly monitor the progress of digital transformation and make adjustments if necessary.

7. Encourage Collaboration

Digital transformation often requires cross-functional and cross-departmental collaboration. Top management needs to encourage this collaboration so that digital transformation can run smoothly.

CONCLUSION

The results of the study show that the top management team has a crucial role in the company's digital transformation. The top management team is responsible for providing direction, support, and resources needed to achieve digital transformation goals.

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