



MANAGEMENT PROBLEMS IN THE DIGITAL ECONOMY

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ABSTRACT: *Industry 4.0, digitalization and artificial intelligence are the most talked about factors affecting the competitiveness of companies in the innovative future. This study sheds light on the relationships between these industries from the perspective of managing industrial companies, revealing problems from a theoretical and practical perspective. The most important questions are: to what extent are organizations preparing for the digital future? What are the differences between the problems of multinational companies (MNCs) and small and medium enterprises (SMEs)? How do managers prepare for change, and what changes are they making when they keep in mind the concept of “smart” technology? This study demonstrates the results of a qualitative study conducted in 2018–19 using in-depth interviews with 195 top managers of MNC and SMEs (NVivo 12 was used to analyze responses). The results show that even if managers see and feel emergency challenges, they do not deal with additional requirements other than technical developments. Solving human problems is the most serious task; however, managers are constantly delaying decisions related to these issues. In general, even in the largest companies, managers are unprepared for changes or new leadership styles that are relevant to the digital future.*

KEYWORDS: Digitization; Industry 4.0; Leadership; Management skills; Against SME transnational companies.

The importance of the digital economy theme is evident in the Google search engine; Can find 823,000,000 problems in 0.44 seconds. The development of digitalization in the last few decades has led to 4 industrial revolutions. This revolution, known as Industry 4.0 (I4.0), was a major issue discussed at the World Economic Forum in January 2016 in Davos, Switzerland. Klaus Schwab, an engineer and economist, founder and president of the World Economic Forum, announced. this revolution will radically change our way of life. I4.0 aims to combine the strengths of traditional industry with modern Internet technologies. According to experts, this industrial revolution is based on the Internet, which allows



communication between people and cyberphysical systems through large networks. The scientific literature is trying to define a list of components that are trying to give a clear definition of the revolution, such as Internet Things (IoT), CPS, Smart Factory, etc. Artificial Intelligence (AI), Cyber Physical Systems and Industrial Internet links There are definitions that include. According to the original German terminology, this digital transformation / revolution takes place in the value creation processes of companies. In the first few years of the revolution, researchers focused on technical solutions, identifying new business models, innovations, renewable resources, and smart services now connected to I4.0. . There are a number of other approaches that do not necessarily reflect the same point of view. However, there are several scientific publications that clearly outline the role, responsibilities, and professionalism of leaders. If scholars are reminded of the importance of this leadership, the issue will be discussed in a general context. Accepting and managing change is a challenge in itself; however, new competitors, new strategies, and the hopes of different generations create new challenges for leaders and create an uncertain and uncertain environment. As I4.0 is primarily focused on technical development, it is not clear what knowledge and skills are required of leaders who want to succeed in this new era. According to Bowles 'recommendations, the following competencies and qualities are required: critical thinking, collaboration, creativity, communication skills, curiosity, perseverance, initiative, and social sensitivity. Batisti's study and others are areas where leaders in the digital world need to think differently: responsibility, results, dissemination, goals, evaluation, mistakes and conflicts, change and innovation.

The "Industry 4.0: Digital Enterprise Building" study by PwC shows that the technology needed to implement I4.0 is ready; the problem is the lack of digital culture, the lack of vision and training and the lack of professionals we felt the importance of filling the existing gap in the scientific literature by conducting research focusing on the professional competence, knowledge, vision and hopes of leaders problem. The second problem identified in practice is the practical problems that managers face in the transformation process and the lack of a methodology to address the problems. The third problem in practice is people. Personnel and management in general is one of the main challenges for I4.0, as new skills, attitudes, and attitudes are required for both employees and managers. To prepare for the transformation, not only operators and technical systems, but also



managers need to get acquainted with new requirements, new ideas, tools, business models, new relationships with customers and partners. This is called Leadership 4.0. Finally, the fourth problem is that the above-mentioned study focuses only on Western countries, not the Middle East-Europe.

The purpose of the study was to communicate with company executives to determine what they need to be prepared for, and to prepare questions on how well they are prepared for future changes in terms of their current leadership skills and evaluation. The research questions are structured as follows:

Q1: How ready are organizations for the digital future?

Q2: Apart from technical changes, what is the biggest challenge for management?

Q3: What is the difference between how multinational companies and SMEs are perceived?

Q4: Are there any generational problems related to digitalization, and if so, how do managers solve them?

Q5: What changes are needed and how do managers prepare for the concept of “smart”?

All of the above research and the results show that the world is preparing for the challenges of a new industrial revolution. However, a lack of organizational culture is a major barrier to corporate success.

The results of our research show that in theory, managers are aware of the urgency they face, but they are not properly prepared. They do not engage in tasks that involve re-evaluating their management performance primarily in terms of soft categories (motivation, integrated conflict management, skills development, teaching, leadership change, culture formation, etc.).

The purpose of the study is to make comparisons that have not yet been the subject of research in the literature. The impact of the German economy on Europe is unquestionable. We wanted to show the emergence of this dominance over other countries, where German property comes first in terms of investing in each country and producing value added. The study of economic domination and the implementation of its decisions in terms of I4.0 and digitization provides additional ideas for practical life in addition to a theoretical approach to results. There are significant differences between this



study and previous studies, where most of the methods were conducted using questionnaires, mostly involving the United States, Indonesia, and Germany. In practice, no comparative analysis was found for the countries we reviewed. Similar questions regarding digitization and I4.0 interpretation can be read in previous research, but the focus, purpose, and questions are different. It is interesting and superior to previous research, especially the comparison of leadership perspectives and future values in the three countries.

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