Agile Leadership Competencies: Trends and Development Among Hungarian Managers

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Technological development, digitalization, and other innovations have significantly changed the world of work and other aspects of our daily lives (health, education, administration, et cetera). The present study focuses on agile leadership competencies emerging in the domestic economy. We measured these competencies with a questionnaire administered to Hungarian company managers. We calculated the means of the clusters of related variables, including agility, empathy, thoughtful decisiveness, and digital literacy. We defined the baseline characteristics relevant to these clusters. We then identified four different groups of companies. First, we identified those with average indicators across the board. Next, we found an outstanding and agile group. After that, we found those who are not yet receptive to adaptation to the digital era but may become so in due time. Finally, we identified those who are completely uninterested in the indicators studied. We have found that experienced senior managers in medium-sized companies are most likely to be agile leaders and able to embrace digitalization and modernization. Furthermore, we have analyzed and described the best agile practices in small and large companies, focusing on key competencies.

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1 Introduction

Our study focuses on agile leadership competencies and their emergence in the domestic economic environment. With the dynamic advance of online spaces, we are witnessing a significant change in the world of work, as in all other areas of our daily lives (health, education, administration, et cetera). This *new world* has not just created new leaders and forced existing leaders to change. Practices and decision-making mechanisms have evolved. So, too, have the attitudes and methods of management. Leaders must develop their skills and continue to learn. The researchers gave a short survey to Hungarian company managers to assess the existence of agile leadership competencies. The initial survey was conducted before COVID. Another, identical survey was given in 2022. Comparisons of the results of each survey administration have allowed us insight into leadership trends over these last few turbulent years.

2 Theoretical Background / Literature Review

The diffusion of agile methods and the transformation of the market environment have significantly changed corporate operations and management behavior. Digitalization has had a major impact on communication and how people interact and has enormously impacted the efficiency of business and corporate processes. A company's tangible and intangible resources, competencies, and external capabilities can form the basis of its competitive advantage, especially if the corporate philosophy supports its exploitation. It is easy to see that building on their continuous development is crucial to realizing long-term profit (Nagy et al., 2019).

In recent decades, stakeholder relations have taken on a new form, and marketing processes have changed. Agile behavior is needed because the external business environment has changed, and agility is essential to surviving in a rapidly evolving environment.

In a volatile, uncertain, complex, and ambiguous (VUCA) world, businesses need agile, value-oriented, inspiring, collaborative, and appreciative (AVICA) leaders (Bennett & Lemonie, 2014; Gupta, 2018; Troise et al., 2022).

In our research, we followed the concept of the agile leader based on the theories of Hayward (2018), who points out that the paradox of opportunity creation versus disruption characterizes the work of agile leaders. Despite the apparent contradictions in the dual processes of creation and destruction, they are inseparable. A leader must be willing to tear down what is no longer useful to build a better, more agile organization. Only through this process of creative destruction can the leader construct an organization that can thrive through the uncertainty of the post-modern epoch.

The aim is to challenge and continuously improve existing systems, processes, and activities, especially according to customer needs, and to create a culture where trust and empathy foster collaboration and encourage learning with clear directions (Parker et al., 2015). Hayward (2018) identifies four key characteristics of agile leaders:

- Learning agility—a mentality of being able to learn quickly from experience. Agile leaders are sensitive to positive, constructive criticism and adapt (if needed) after reflection (Özgenel & Yazıcı, 2021). This mentality revolves around the triad of action, thinking, and learning.
- Empathy—faith in the competence of their people. Agile leaders act with fairness and good faith and allow for experimentation, which is risky, but try to reduce the risk by providing support. Agile leaders consistently foster quality relationships that motivate peers to achieve new results, even in the face of failure (Wilson, 2020).
- Thoughtful decisiveness—a five-step process that involves careful consideration of new ideas by leaders and their teams. This process includes pausing, consultation, decision-making based on lessons learned, implementation, and review. After this process, leaders pause again for reflection (Zuber et al., 2022).
- Digital literacy—the ability to deliver a digital customer experience per market trends. Consumers now expect to be able to use digital platforms and tools. A series of expensive developments without purpose. Rather, *relentless prioritization* of the essential and useful is critical to agile practice. Leaders who are unfamiliar with technology must consult with qualified and

younger peers and subordinates to craft the digital experience customers and clients demand (Kateryna et al., 2020).

Agile leaders need a broad range of skills, and these skills must be developed consistently to be able to respond dynamically to diverse challenges and make decisions effectively (Gren & Lindman, 2020). Mental, psychological, and technological readiness are all essential components of agile leaders' toolkits (Karácsony, 2016).

Hayward (2018) examined the four broad categories of agile leadership traits and three specific characteristics within each trait, resulting in a total of 12 characteristics being evaluated.

Table 1: Attributes Checklist of Agile Leaders

Learning agility	Curious, asking questions rather than jumping to conclusions
	Learning from experience all the time, and changing my behaviour as a result
	Frequently asking for feedback so I can improve
Empathy	Able to manage my reactions to difficult situations so that I remain calm and collected
	Balanced in how I interact with others, so they feel I am reasonable and fair
	Trusted as a leader by all my stakeholders
Thoughtful decisiveness	Thoughtful, pausing to reflect when a decision is important
	Consultative, asking for input from advisers and experts before reaching a conclusion
	Determined, acting quickly once a decision has been made
Digital literacy	In tune with how technology is changing my customers' buying experience
	Technologically inquisitive, always trying out new technologies
	Active online to understand new apps and experiences

Source: Hayward, 2018, p. 52

3 Methodology

This research is based on the previously mentioned work by Hayward (2018). It begins by examining the four agile leadership traits reported by Hayward and identifying three specific characteristics associated with each trait by the researchers. The resulting 12 characteristics were rephrased as statements attached to a five-point Likert scale indicating the extent to which leaders believed themselves to have these characteristics.

The questionnaire was distributed online to potential respondents in two periods (one before (2019) and one after the COVID-19 pandemic in 2022). Sample selection was largely a matter of convenience, which limits the representativeness of the research and the extent to which the results are broadly applicable. However, it remains useful as exploratory, foundational research, potentially guiding later investigations. The questionnaire mapped the agility of managers, using other grouping criteria as needed like size, leadership levels, etc. The research can be seen as almost a longitudinal study because the measurement instrument and sample composition were similar in both deployments. In addition to investigating agility at one moment in time throughout Hungary, this research aimed to evaluate the effects of COVID-19 on the agile abilities of the managers under investigation.

A total of 521 responses to the Agile Leaders Questionnaire were received, 281 of which were received during the pre-COVID-19 period and 240 during the post-COVID-19 period. A quarter of the companies surveyed had fewer than 40 employees, and half had fewer than 300. Nine percent of respondents had over 10,000 employees in their organizations. Regarding managerial experience, there were 199 persons with 0 to 4 years of managerial experience, 172 persons with 5 to 10 years, 69 persons with 11 to 16 years of experience, and 81 people with more than 16 years of experience. Ninety-eight survey takers were first-line managers, 121 were senior managers, 156 were middle managers, 118 were operational managers, and 28 were management experts. *Years of experience* (as bracketed above) was treated as a ratio independent variable, and bracketed organization size was treated as an unevenly spaced ordinal independent variable.

4 Results

A comparison of the two survey response sets reveals increasing awareness of agile leadership methods, with awareness levels rising from 64.3% to 69.9% over a few years. The proportion of leaders with at least some knowledge of the specifics of agile methods has also increased (57.8% to 62%). This same trend is evident, albeit to a lesser extent, in the proportion who consider themselves agile leaders (68.1% to 69.5%). It probably means that many people implement agile leadership methods without knowing the name.

Based on the baseline sets of variables, we conducted a cluster analysis (using Ward's Minimum Variance Method) to obtain more extensive information than whether someone claims to be an agile leader based on the answers given. The Cronbach's alpha for the given responses is 0.822, which makes our scale reliable.

Based on the variables, a four-cluster solution is appropriate. For the analysis and profiling of the clusters, a theoretical clustering of the baseline variables was used, taking their arithmetic means and examining the association of the clusters with other variables. Accordingly, the researchers calculated the means of the clusters of variables, such as agility, empathy, thoughtful decisiveness, and digital literacy. They defined the baseline characteristics, taking these into account. Where it helps to differentiate, the researchers also looked at the baseline variables.

The four clusters show a significant difference for all four groups of variables; however, this difference (verified by post-hoc testing) is most pronounced in the fourth cluster group in the first three competencies (agility, empathy, and prudence). However, it is also detectable for the other clusters. Differences in digital literacy levels are indicative of this distinction.

- The first cluster is the largest, accounting for 53% of the sample (276 people). The managers in this cluster are average in all aspects, with all characteristics being typical, with a small uncertainty only in the digital values. Thus, they are *average leaders*.
- The second cluster is also the second largest, representing 28% of our sample, with 146 people. In their case, the variables mentioned are higher than in the previous cluster, and they also have the highest digital skills. Their understanding of the importance of digitalization makes them *agile leaders*.
- The third cluster accounts for 12.7% of the sample, with 66 participants. In their case, the values are very similar to the previous ones. Still, digitalization is close to their lowest value, making them the *non-digital leaders*.
- The fourth cluster is the smallest (6.3%, 33 people) but the first to be isolated during the clustering process. For them, agile values are not important. They believe that everyone else thinks as they do. According to Vecsenyi's (2018) categorization of firms in CE countries, they are *dinosaurs*.

However, exploring whether any other relationship between the different variables examined in the empirical research and clustering can be found is interesting.

At The Time of Data Collection

The data collection represents two distinctive periods, the pre and post-COVID periods. Although the time relationship/trend is not statistically significant, the proportion of average and agile leaders increased, and the proportion of non-digital and dinosaur managers and firms decreased.

By Firm Size

In the present case, the association between cluster membership and firm size is significant—i.e., the firm's size in which one is a leader determines the group in which one is placed according to the research (Khi2 14.815, Sig. 0.022). In this case, average and agile leaders tend to be found in medium-sized firms, non-digital leaders are found in small and large firms, while dinosaurs tend to be found in small firms.

Management Levels and Clusters

The relationship between these is also significant (Khi2=22.918, Sig. 0.028). In the present case, the average leaders' cluster is largely composed of middle managers and senior-level experts, and agile leaders are overrepresented in the first-line and senior managers sectors. In the non-digital leaders' group, there are also a considerable number of top (first-line) managers and middle managers. In contrast, the dinosaur group is mainly composed of lower-level operational managers.

Agile Methods and Clusters

Average leaders and agile leaders have heard of agility, while the other two groups (non-digital and dinosaurs) have not. The relationship is also significant (Khi2=10.018, Sig. 0.018). The same pattern is found regarding knowledge of agile methods (Khi2=10.996, Sig. 0.012) and whether the respondent considers himself an agile manager (Khi2=26.588, Sig. 0.000).

No significant differences were found for the other variables.

5 Discussion

Overall, the clusters can be profiled as follows.

Table 2: Characteristics of the Leadership Clusters

	Average leader	Agile leader	Non-digital leader	Dinosaurs
Agility	Average	Higher	Average	Lower
Empathy	Average	Higher	Higher	Lower
Thoughtful decisiveness	Average	Average	Average	Lower
Digital literacy	Average	Outstanding	Lower	Lower
Company size	Medium-sized firms	Medium-sized firms	Small firms and large firms	Small firms
Leadership levels	Middle managers and senior-level experts	First-line managers and senior managers	First-line managers and middle managers	Lower-level operational managers
Awareness of agile	Yes	Yes	No	No
Knowledge of agile	Yes	Yes	No	No
Implementation of agile	Yes	Yes	No	No

Source: Authors' research

Based on these results, the clusters created for the sample correspond to the clusters identified by existing theory. The researchers identified the companies with average indicators; the outstanding, agile group; those not yet receptive to digitalization; and those completely uninterested in the indicators studied (dinosaurs). Knowing these groups, the researchers can differentiate them according to their ability to operate sustainably; the researchers can also see the differences in the agile leadership skills defined and expected by today's age.

6 Conclusions

The groups defined by the characteristics studied have different levels of agility, empathy, thoughtful decisiveness, and digital literacy. Accordingly, as the aim is to develop these characteristics to a better level, more attention can be given to the problem groups when it is worthwhile to improve their performance. Experienced senior managers in medium-sized companies have proven to be agile leaders more

than any other group. Companies and groups that wish to become more agile can learn from and imitate these exceptionally agile leaders.

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