

Digital Readiness as an antecedent to digital transformation journey in organizations

Divya Gupta

Research Scholar, NMIMS – School of Business Management, V.L. Mehta Road, Vile Parle (West), Mumbai 400 056, India

Dr Bala Krishnamoorthy

Professor, NMIMS – School of Business Management, V.L. Mehta Road, Vile Parle (West), Mumbai 400 056, India

Dr. O.P. Wali

Professor, Head of Research, IIFT, Block-II, B-21, NRPC Colony, Block B, Qutab Institutional Area, New Delhi, Delhi 110016, India

Abstract

Edwin Louis Cole once said, “Maturity comes not with age but with the acceptance of responsibility You can only become young once but immaturity can last a lifetime” and when it comes to an organization in today’s world, one cannot afford to not be immature. matured organization is the one, which has been stable and established for at least 5 year, has a clear sight of stable growth, a well-established set of product and loyal customers. Now when we talk of the 21st century, an organization apart from being matured also needs to be digital matured. Organizations now embark on the journey of digital transformation which helps them reach the other end of the Digital Maturity curve. Through this paper, I have tried to focus on digital readiness of organizations when they embark on the digital transformation journey. Digital Readiness is a combination of Digital skills and trust. Digital skills is the degree to which employees use digital tools and means to carry out the various operations in an organization. Trust on the other hand is the belief of employees about their ability to determine the trustworthiness of using these digital means for carrying out the operations in the organization. Digital readiness ensures employees are ready and comfortable to use digital means i.e. employees can navigate through digital world of work and being able to perform. Certain abilities which an organization must possess to be digitally ready in today’s world are - Be disruption ready, Provide seamless Information flow, Ability to take ownership, Have a positive outlook towards change, Ability to change Organization structure when needed. As part of the research, practitioners of organizations across industries have been interviewed who have been part of the digital transformation journey in their organizations.

Keywords; *Digital transformation, digitalization, digital culture, digital readiness*

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I. Introduction

Digital market and Industry 4.0 has disrupted the ways organizations work and operate (Julian Marius Müller, Oana Buliga, Kai-Ingo Voigt, 2018) which has led to various companies conducting multiple interventions to explore digital technologies to their benefits. These can be social networks, mobile, artificial intelligence, machine learning (Fitzgerald, M., Kruschwitz, N., Bonnet, D., Welch, M., 2013). This essentially cannot be done without transforming business operations and disrupting the processes in an organization (Matt, C., Hess, T., Benlian, A.: 2015). Society globally is facing a radical change as digital technologies are getting matured penetration to all markets (Ebert, C., Duarte, C.: 2016). Globalization is also adding pressure to companies (Westerman, G., Calmèjane, C., Bonnet, D., Ferraris, P., McAfee, A.: 2014) and putting pressure to go digital before others do, seeking to survive and attain competitive advantages (Bharadwaj, A, 2000). Companies which are “born digital” (e.g., Amazon, Facebook and Google) have grown more powerful than companies that are more traditional in their approach (Sebastian, I., Ross, J., Beath, C., Mocker, M., Moloney, K., Fonstad, N., 2017). Despite all these advancements in digital interventions, digital Transformation is taking longer and facing more challenges than it has been expected (Zinder, E., Yunatova, I., 2016). There are

examples of organizations that have been unable to keep up with the new digital reality: bankruptcy of movie-rental Company Blockbuster being one of them (Hess, T., Matt, C., Benlian, A., Wiesböck, F., 2016). Digital technology also needs to have an economic impact for an organization and hence organization needs to be ready to invest in digital interruptions (Carcary, M., Doherty, E., Conway, G.: 2016).

Digital Readiness is a combination of Digital skills and trust. Digital skills is the degree to which employees use digital tools and means to carry out the various operations in an organization. Trust on the other hand is the belief of employees about their ability to determine the trustworthiness of using these digital means for carrying out the operations in the organization. (Pew research center, September 20, 2016) Digital readiness ensures employees are ready and comfortable to use digital means i.e. employees can navigate through digital world of work and being able to perform.

Below are the certain abilities which an organization must possess to be digitally ready in today's world:

- Be disruption ready
- Provide seamless Information flow
- Ability to take ownership
- Have a positive outlook towards change
- Ability to change Organization structure when needed

II. Literature Review

Many companies understand digital transformation as a digitization of a process and don't consider this as a continuous process of change in processes (Unruh and Kiron, 2017; Ross, 2019). Digital technologies to drive the digital transformation process is not enough and that it also uses digital capabilities, strategies, culture and talent development (Kane et.al. (2015a). 78% of executives and managers across many industries, alleged achieving digital transformation would be critical to their organizations. 50% of business and technology leaders believed their organizations were missing new technology enabled business opportunities (MIT Sloan Management Review Research Report (2013). Infact, one of the Managerial Tasks and Roles of a New C-Level Position in the Context of Digital Transformation is to integrate digital into the culture of business models of organizations (Horlacher, A., Hess, T, 2016). One must understand that digital transformation not only restricts to the emergence of digital for customers but also using digital in the day to day tasks at a workplace (Richert, A., Shehadeh, M., Willicks, F., Jeschke, S 2016). Companies undergoing digital transformation journey have similar characteristics - decision-making systems which are decentralized; the digital transformation at the core of the organization with a specific goal; a clear and focused communication of the project and the benefits from the digital initiative with the relevant stakeholders; continuous improvement and enhancement of the skills and talent of the employees; strong digital leadership; ability to adapt to the change rapidly and KPIs to align processes and people (Kane et al. 2018). It is imperative to overcome inertial faced by the employees in commencing the digital transformation journey. Clear communication, management of external resources, blueprint of all processes, people and technology in the company are important to be ready with before initiation of transformation journey (Yeow et al. 2018, Issa et al. 2018). Digital transformation cannot happen with making in transformation changes in the business and the way businesses operate which is about bringing radical changes in organizational culture in terms of structure, processes and people's attitudes, beliefs and behaviors (Philip and McKeown (2004). Kane et al. (2019) has described a four-stage evolutionary path adopted by companies which embark on the digital transformation journey. These phases have been identified in: (1) the study of Digital transformation, as pilot stage causing minimal changes in the organization and the way of working (2) the development of digital initiatives, as second stage, with a more focused approach on the digital transformation without changing the primary focus on the business, operational and strategic model (3) the digital maturity, the next stage where the digital transformation initiatives are adopted in organizational processes (4) being a digital organization, the final stage of an organization to be full digitalized including organization's environment and ecosystem (Kane et al., 2019).

Drivers of Digital Transformation are the primary elements which lead to digital transformation in an organization. They either get formed within the organization itself or from trends in the organizational environment, and can be categorized as the customer, technology or organizational development driven (Hrustek et al., 2019a). Digital transformation driven by customers is given rise to from customers needs and companies then transform the processes to add value for all stakeholders (Lichtenthaler et al., 2017). Digital transformation which is driven by technology is highly focused on business challenges and benefits which arise from technology itself. (Lederer et al., 2017). These include Social media, mobility, analytics, cloud, Internet of things (SMACI) (Betchoo, 2016). Organizational growth driven digital transformation initiatives is initiated by ideas for organizational innovations to increase profit, reduce costs, achieve efficiency (Čorejova et al., 2016). Hence, digital transformation for an organization is enabled by information systems (Besson and Rowe, 2012) which require dedicated strategies which integrate technology objective and the business objective

(Bharadwaj et al., 2013). The latter is a paradigm shift for IS strategy research, since prevailing IS strategy concepts have primarily been technologycentric (Chen et al., 2010; Teubner, 2013).

III. Research Methodology

Retrospective multiple case study seems to be the right choice of research methodology for my study for following reasons

- Cases evolve over time, often as a series of specific and interrelated events that occur in “that particular time and that particular place.”
- Case study is an in-depth investigation from multiple perceptions of the complexity and individuality of a topic (ibid., p. 21)
- To be able to debate a case study, it has to be defined within an analytical framework or object in the constitution of the study (Thomas 2011, p. 512)
- The research field should be clearly identified; that is, the “class” or “subclass” of events within which a single case or several cases are instances to be studied George and Bennett put it (2005, p. 69),
- Case study is suited for theory development because it tackles the following tasks in the research process much better than other methods (for an example, see George and Bennett 2005, pp. 6–9):
 - Process tracing that links causes and outcomes
 - detailed exploration of hypothesized causal mechanisms
 - development and testing of historical explanations
 - understanding the sensitivity of concepts to context
 - formation of new hypotheses and new questions to study sparked by deviant cases
- A case study can be helpful when we are eager to answer the questions of “how” and “why,” when we cannot influence the behavior of those involved in a study, and when we want to cover contextual conditions because we believe they are relevant to the phenomenon under study or when the boundaries between the phenomenon and context are not clear (Yin in Baxter & Jack 2008, p. 545)
- In a case study, one or more cases can be investigated. When examining one case, we refer to a singular case study, and a multiple or plural case study is used to describe a study examining several cases. In multiple case studies, each case is studied as if it is a singular study and is then compared to other cases
- Retrospective case studies: The simplest type of study; it involves the collection of data relating to a past phenomenon of any kind. The researcher is looking back on a phenomenon, situation, person, or event and studying it in its historical integrity

Factors impacting the readiness to embark on the digital transformation journey in organizations

Basis the interviews conducted with organizations and understanding on how the organizations worked on the readiness of the employees, culture and the organization itself, below are the factors concluded:

1. **Internal Alignment** - Many organizations like a major food company highlighted the key involvement from internal stakeholders as a must. It was also found that the involvement from key stakeholders needs to be from the initiation from the beginning of the project to induce readiness in the system. It is very important to ensure all the stakeholders are on board with the process and are ready to invest their time and energy in undertaking such initiatives. A risk-taking is quintessential for a successful digital leader. The biggest risk is not taking risk at all. In this ever-changing world, innovation of any kind is impossible if leaders are incapable of taking risks. Change-agile leaders and risk-takers or experimenters are the ones who establishes opportunity for experimentation and innovation. For organizations going through merger, it is highly important to ensure the entire team is on board with the project. Constant support from all the relevant parties is of key importance. This includes parties within the organization and outside the organization. Digital readiness can be promoted in an organization by frequently reminding the team of the benefits of the project, the ease of the solution and how useful the solution will be for the relevant employees, team and the organization. Most crucial element an organization needs to initiate Digital Transformation journey is the acceptance that the process is not going to be easy. There will be people who may not be convinced. What and How is the main problem to solve.

2. Support from Leadership

Another related research focusses on who is responsible for providing guidance on digital transformation. The Digital transformation process requires extensive support from top leadership, because the process doesn't only require to be implemented but also needs to be secured and properly communicated to the stakeholders. The complexity of digital transformation projects can challenge executives (Andriole, 2017). Accordingly, Kohli and Johnson (2011) emphasize on importance of the CIO and CEOs in undertaking leadership. Google Pay project is a kind of the project where the team knows that something like this exists, it is given that India will follow, even

if there is risk, the evidence supports you and this category. Something like this cannot be run without alignment at the highest level, this is not a battle for small months. This is more like a long-term initiative. Alignment with leadership is important to give you the runway.

HUL has a huge governance. The organization has money for operations. Keep environment current and reserve money for innovation. Huge program to govern this spending. For another company like Sony Pictures, the entire prog is sponsored by CDO, Key users were identified from each business who would own the solution. Involvement from the functions and business users right from the beginning is imperative, so that they are on board. Any Digital Transformation exercise needs to be driven from top. For existing employees, clear communication mechanism and hand in hand support from senior management is of key important. There are new folks who were involved to support new initiatives and new processes.

3. **Right communication during change management** - Digital readiness describes how prepared an organization is for a widespread digital transformation. Many factors contribute to whether or not an organization is ready to adapt to a digital change. Organizational structure, corporate culture, available skills and talent, and the digital environment are some of the most important.

- Organization structure: Which essentially tells how much focus is on the digital function of the organization
- Corporate culture: Traits of digital transformation the organization and which of them will employees imbibe to adapt the digital transformation culture
- Available skills and talent: The kind of skills present in the employees of the organization to start using the newly launched digital initiatives
- Digital environment : the kind of digital initiatives present in the organization and to be launched
- Support from leaders to promote the change for specific functions
- Agile team and leaders who have the ability to fail early fail fast
- Forward looking vision of the leaders to look beyond the normal foresight

A strong digital workshop on understanding the requirements, discussing the same with the key stakeholders plays a crucial part till the end of the digital transformation journey.

Again for a company like HUL, getting right leaders on board is a must. The organization believes getting right people is crucial across verticals (started in 2016) – Big Data, AI, ML. Unilever is always open to diversification, intelligent diversification is important. There were so many variants the company needed to consolidate.

IV. Conclusion

The most important thing for digital transformation journey to be initiated well and to be successful is to ensure the digital readiness is on track for all the functions concerned and the employees part of the process. Being digitally ready was one of the key factors to initiate the transformation journey. The readiness for this organization was to transition into digitized workflows that are enabled by software and technology. Digital readiness also varied from function to function. As a whole, digital-ready workforce does not essentially mean to automate every task/process in the organization or function. It is about creating teams that are self-confident in leveraging new technologies. A digital-ready team has a growth mindset when approached with new ways of working. New tools should make work more efficient

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