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## Change Management in Large-Scale Digital Transformation

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### Abstract

Digital transformation in supply chain management will enable businesses to gain a competitive advantage by using their resources more efficiently. It makes every stage of their supply chain brighter, transparent, and a lot more efficient. By adopting digital transformation in supply chains, they are able to come closer to the needs of the customers and enhance the quality of their decision-making skills. It ensures that supply chains become increasingly flexible and infuse efficiency into business models. Digital transformation is at the digitalization stage and has not progressed to the digital transformation stage owing to the high initial investment cost and concerns about the success of the application. The paper examines the barriers to supply chain digitization by following a hybrid research approach.

Successful digital transformation applications that are implemented in supply chain management are also discussed in this paper, along with their advantages and the difficulties associated with implementing them. The study examines the relationship between organizational change and digital transformation. It highlights the strategic importance of the corporate environment of modern times. Best practices, including agile leadership, data-driven decision-making, collaborative ecosystems, and continuous improvement strategies, are discussed. Through a thorough appraisal, the paper provides insights into how organizations can facilitate digital changes effectively, navigate resistance, and create adaptive supply chain ecosystems that are resilient and future-ready.

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### Introduction

Digital transformation is a complex process that addresses issues like changes in technology, market structure and behavior, consumer expectations, workforce competencies, business model renovation, etc. Treating digital transformation as a multi-sided aspect will aid organizations in selecting appropriate key areas to plan further business actions (Van Veldhoven *et al.*, 2022). Digital transformation in the current corporate context acknowledges the transformational power of digital technology. It includes implementing cutting-edge technologies to spur innovation and optimize workflows (Ghosh S, Hughes M, *et al.*, 2022) <sup>[7]</sup>. It also improves the overall organizational efficiency and leads businesses to their future, helping them to maintain their relevance, agility, and competitiveness. Accepting change becomes the key ability for organizations to navigate the challenges of the digital age. In short, digital transformation serves as the spark for organizational excellence in the current competitive era (Kraus S, Durst S, *et al.*, 2022) <sup>[8]</sup>.

The swift progress of technology, comprising cloud computing, artificial intelligence, and data analytics, offers exceptional prospects for creativity, productivity, and business expansion. Because digital transformation makes it possible for businesses to make quick decisions and adapt to market changes, it expands organizational agility (Adama HE & Okeke CD, 2020) <sup>[1]</sup>.

Agile methods, data-driven insights, and cloud-based solutions help organizations to create an adaptable structure. This allows them to manage risks, shift quickly to meet client preferences, and take hold of new possibilities (Brunetti F *et al.*, 2020) <sup>[3]</sup>. Customer expectations are transforming with technology. Digital transformation will help businesses go beyond customer expectations by providing personalized experiences in various channels and by making them seamless. As automation data analytics and AI increase operational efficiency, businesses will manage their resources strategically and concentrate better on their value-

added tasks (Tijan E, Jovic M *et al.*, 2021).

### Technologies that aid digital transformation and organizational change

Organizational change and innovation are driven by a number of technical features that are tightly woven into the landscape of digital transformation. These technologies are at the forefront of transforming corporate strategies; they improve operational effectiveness and cultivate an innovative culture (Rodríguez-Abitia G, Bribiesca-Correa G, 2021) <sup>[9]</sup>.

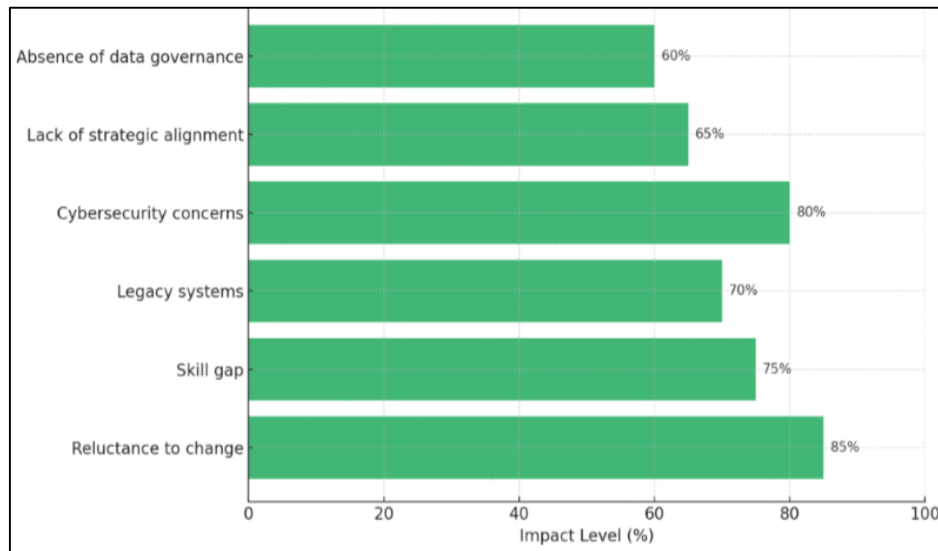


Fig 1: Challenges in digital transformation and organizational change

#### a) Artificial intelligence

Artificial intelligence is a key component in the process of digital transformation. It can transform how businesses function and make decisions. AI-powered algorithms such as natural language processing, machine learning algorithms, and predictive analytics enhance business efficiency and power its automation (A. Hanelt *et al.*). AI is also capable of improving human capacities; it automates repetitive jobs and simplifies the procedure of organizational transformation. AI-driven insights will enable executives to make well-informed and data-driven decisions that will impact the organizational strategy (C. Naseeb, 2020).

#### b) Cloud computing

Cloud computing is a key component of the digital transformation scene, known for its flexibility, accessibility, and unmatched scalability. It serves as a centralized platform for teamwork, data storage, and application deployment (G. Westerman, D. Bonnet, & A. McAfee, 2014). Businesses can also easily migrate their operations to the cloud, which helps in remote access, real-time collaboration, and infrastructure cost savings. Cloud computing offers a flexible and cooperative work environment, allowing organizations to evolve (H. Mydyti, J. Ajdari, and X. Zenuni, 2020).

#### c) Big data analytics

In digital transformation initiatives, data is the king and is the key to realizing the complete potential of big data analytics. Organizations will be able to get meaningful insights by gathering, processing, and analyzing large volumes of data.

Big data analytics helps make decisions, identify market trends, and improve consumer experiences, all of which contribute positively to organizational transformation (A. Miklosik and N. Evans, 2020).

#### d) IoT

The Internet of Things helps change conventional business models by allowing enterprises to gather data in real-time from physical assets. IoT changes conventional business models by allowing enterprises to gather data in real-time from physical assets. IoT makes predictive maintenance easier for the industrial sector, saving downtime and increasing operational effectiveness (K. Morillo-Aguilar, 2022)

Cloud-deployed AI algorithms will use big data analytics to extract valuable insights from enormous databases. By connecting the devices that offer useful data, IoT will enhance the state of modern companies as a whole (N. A. Gomez-Cruz, J. Montes, and D. Anzola, 2022). The combination of these technologies will create a potent force that redefines procedures and improves decision-making capacities.

### Challenges and barriers for digital transformation and organizational change - and ways to overcome them:

Digital transformation offers increased productivity and competitiveness in the organizational structure, but there are still hurdles and obstacles to overcome. It is imperative that organizations that effectively wish to go through this transition overcome these challenges.

### a) Reluctance to change

One of the biggest challenges to digital transformation is the reluctance of employees to change. Workers might be afraid to lose their jobs, change from the routine they are used to, or be afraid to learn new technology. Employee participation in the decision-making process, thorough training, and clear information about the advantages of digital transformation can help reduce this reluctance (S. S. Behara, P. V. Kane, & M. M. Lokhande, 2022) [2].

### b) Skill gap

Using digital technologies calls for a set of abilities that the current workforce might not have. Hiring new staff members and upgrading their skills to match the needs of emerging technologies like data analytics, cloud computing, and artificial intelligence might be complex for organizations. Developing a culture of continuous learning, working with educational institutions, and funding training programs are the best ways to overcome the obstacle (D. Pasovic, R. Chaves, J. R. Clemente, T. Kovaleva, and P. Mikulski, 2019).

### c) Legacy systems

Many organizations have been using legacy systems, and the change process might hamper these systems. It might affect their ability to interact with contemporary digital solutions. It is hard to move from antiquated systems to a more flexible and networked platform. The best way to handle such issues is to use middleware solutions, roll out incremental updates, and implement gradual changes (V. L. Cruz & A. B. Albuquerque, 2018).

### d) Concerns on cybersecurity

With the increasing digitization of business operations, a company will face more threats, especially those pertaining to cybersecurity. With the growing acceptance of IoT devices, cloud services, and networked systems, new paths

for vulnerabilities are formed. Hence, this also ensures that sensitive data and digital assets are safeguarded. The avoidance of threats entails the establishment of a highly fortified cybersecurity framework, making it a mandate. Input to such frameworks includes regular audits, encryption, and cyber hygiene training offered to the operational staff (H. Arora, T. Manglani, G. Bakshi & S. Choudhary, 2022).

### e) Lack of strategic alignment

When digital transformation is in tune with the overarching strategic objectives of the organization, it works wonders. A successful transformation might get hampered owing to the misalignment between the digital activities and the company strategy. Establishing a clear plan and vision for digital transformation in line with the goals of the organization is thus crucial. It is also important to perform regular evaluations and appropriate modifications (J. Kim, H. Kim & H. Kwon, 2020).

### f) Absence of data governance

Decision-making on the basis of data is very important, and it is frequent for organizations to be confronted with issues pertaining to data governance. Inadequate data quality, inconsistencies in data management, and lack of standardization can hinder digital endeavors. In order to get valuable insights from digital transformation initiatives, organizations should establish a strong data governance structure (S. Kolb & G. Wirtz, 2020).

### Digital transformation and organizational change in supply chains - success factors and best practices

Digital transformation in supply chains is intricate and drastically changes the way companies function and offer value to their clients. The following are the success elements and the best practices that are crucial for organizations navigating this change.

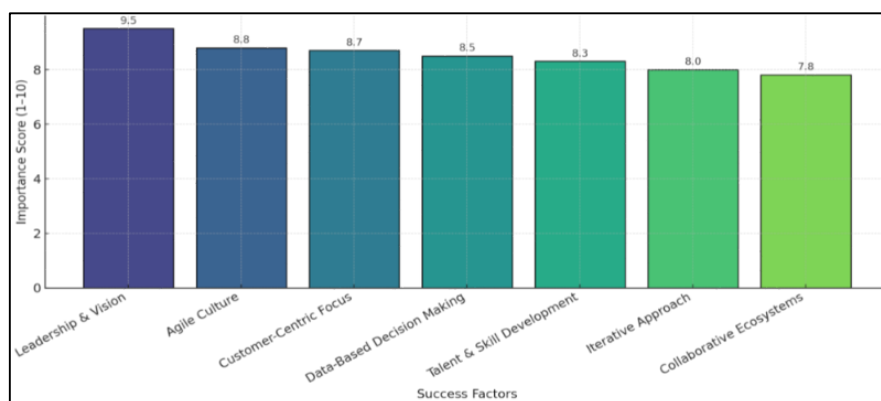


Fig 2: Success factors in the digital transformation of supply chains

### a) Leadership and Vision

Visionary leaders who are aware of how technology affects the organization should be at the forefront of digital transformation. To create a common understanding among the staff members, leaders should communicate a vision that is consistent with the business plan (N. Evans, A. Miklosik, R. Bosua, and A. Mahmood Ahmed Qureshi, 2022).

### b) Agile and adaptive culture

Fostering an organizational culture that is agile and adaptive is essential for organizational success. This entails

encouraging an attitude that welcomes change.

A culture that supports digital transformation should embrace agile approaches and promote cross-functional cooperation (T. J. Gandomani *et al.*, 2020).

### c) Customer-centric focus

Improving the customer experience and satisfying the changing needs are the heart of digital transformation. Businesses that put a strong emphasis on customer-centric strategies will reap success (Z. Van Veldhoven & J. Vanthienen, 2022).

**d) Data-based decision making**

Effective data utilization and access are essential for a successful digital transformation. Strong data governance procedures, analytical skills, and infrastructure are bright investments that organizations should make (S. Azizan, *et al.*, 2021).

**e) Talent and skill development**

The successful implementation of digital projects demands a competent workforce. Employers should fund initiatives that are aimed at developing talent and seek candidates who possess the necessary digital capabilities (J. Zhang & Z. Chen, 2022).

**f) Iterative approach and continuous improvement**

Successful organizations should use an iterative approach that focuses on continuous improvement since digital transformation is a continuous activity. This mandates monitoring the results of digital projects on a regular basis

and getting inputs as required (M. Cichosz *et al.*, 2020) [4].

**g) Collaborative Ecosystems**

Cooperative environments and creating alliances is a recommended approach for businesses that are going through digital transformation. Connecting with entrepreneurs, outside partners, and industry collaborators will open doors for new ideas and technology (S. Nadkarni and R. Prügl, 2021).

**Market growth of Change management in large-scale digital transformation**

The global change management market was valued at approximately 1.9 to 2.2 billion in the year 2022. It is projected to grow at a CAGR of 10 to 17% over the next 5 to 7 years (Grand View Research, 2022). The growth of this market is driven by the increased need for structural change initiatives, owing to the digital transformation efforts made by enterprises (McKinsey & Company, 2022).



**Fig 3:** Global change management market growth

The global digital transformation market was worth over USD 500 billion in the year 2022. Organizational change management is a critical enabler of digital initiatives. About 60% of large-scale enterprises invest in change management to support their efforts of digital transformation (Statistica 2022).

The change management consulting services market saw substantial growth, valued at USD 800 to 900 million in the year 2022. Large enterprises account for nearly 65% of the revenue (Deloitte Insights, 2022). The integration of AI-based analytics and digital adoption platforms contributed to the market expansion in the year 2022.

**Recommendations**

- Future avenues of research should include longitudinal studies keeping track of change management strategies and their long-term impacts on digital transformation success in supply chains. This will allow for an understanding of the evolution of change initiatives over time and factors sustaining transformation after implementation.
- How should emerging technologies that are changing the frameworks for change management be explored? We can develop new frameworks of change management that are in accordance with technology-driven transformational landscapes.
- There is an absolute need for more empirical work on the

subject of employee readiness, digital literacy, and psychological adaptation regarding change management. This further entails the planning, implementation, and acceptance of change with regard to emotional reactions, job satisfaction, and performance during any digital transformation phase.

- Future studies should examine how different leadership styles, transformational leadership, adaptive leadership, and servant leadership, enable or hinder successful change in supply chain digitalization projects.
- Future directions of research should be engaged in developing a standardized metric and KPI for assessing the effectiveness of change management initiative implementations in digital transformation projects. Through this, organizations will be able to enhance their benchmarking and performance tracking.

**Conclusion**

The key element for organizational change in the process of digital transformation is the incorporation of digital technology. These implement changes in the channels of communication, organizational structures, and cooperation methodologies. By and large, leadership constitutes a major factor in the overall success of digital transformation efforts. Future-oriented and adaptive leadership plays an essential role in bringing organizations through the various complexities of change. In general, companies that pay heed

to involve employees, advancing their skills, and managing the change process will likely overcome resistance towards change and maintain a favorable attitude towards digital changes in the supply chain. Employee empowerment with a keen focus on building digital capabilities will contribute significantly towards the overall success of the digital transformation initiatives.

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