TRANSFORMATION OF ORGANISATIONAL CULTURE IN THE CONTEXT OF BUSINESS DIGITALISATION

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Abstract. Purpose of the article. The research is aimed at analysing the concept of organisational culture transformation and providing practical recommendations for the development and implementation of an effective model of organisational culture transformation that will encourage team members to perform at their best, ensuring customer satisfaction. Methodology. A system of general and unique methods of scientific knowledge was used in writing the current research. The method of content analysis was used in the literature review and its analytical research. The methods of scientific knowledge – induction, grouping and comparison for the formation of methodological connections were used to justify the choice of the research topic and to formulate its purpose. The method of generalisation was used to establish that in modern conditions the approaches to the organisational culture of business enterprises require immediate transformation, taking into account the conditions of digitalisation. The method of system analysis is used to determine strategic priorities for the transformation of organizational culture in the conditions of digitalization. The application of the method of modelling allowed to develop a model of transformation of the organizational culture in conditions of digitalization to promote the development of business enterprises and to influence the beginning of conditions of digitalization. The comparative legal method was used to identify the challenges to be considered when implementing the model of organisational culture transformation in business enterprises. Research conclusion. Strategic priorities for the transformation of organisational culture in the conditions of digitalisation are proposed. The reasons for transforming organisational culture in the context of digitalisation are highlighted. Challenges that can be considered when implementing the transformation model are predicted. The system of organisational culture transformation in the conditions of business digitalisation is developed. The model of transformation of organizational culture in conditions of digitalization is developed in order to promote the development of business strategies aimed at sustainable development of entrepreneurship and to influence the onset of conditions of digitisation in business.

Key words: organisational structure, digital economy, business environment, innovation, information economy, technology, digital innovation, competitiveness, cultural development.

JEL Classification: D83, O33, L86

1. Introduction

Businesses today face many challenges that they must address in order to ensure the development and improvement of their operations. One of these challenges is the transformation of organisational culture. In the context of digitalisation, businesses are striving to create special conditions for the transformation of organisational culture. Exponential growth, rapid adaptation, and effective change are now possible only through the introduction of digital innovations and tools. The study focuses on organisational culture and its adaptation to business digitalisation. The introduction of digital processes and tools helps to ensure efficient operations to achieve specific strategic business goals. This huge and complex process involves a profound transformation of organisational culture. In recent years, digitalisation has changed business habits, organisational structure

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and staff motivation. In order to meet customer expectations and ensure competitiveness, businesses must constantly evolve, and today this is only possible in the context of digitalisation. Thus, it is imperative to transform the complex and abstract concept of organisational culture to benefit both employees and customers and ensure business development in the digitalised world.

The influence and interaction of organisational culture on business development is considered from different angles. For example, the work of Asad Khan M., Binti Ismail F., Hussain A., & Alghazali B. (Asad Khan, et al., 2020) reveals the interaction of leadership styles, innovative work behaviour, organisational culture and organisational citizenship behaviour. While Asbari M., Purwanto A., Ong F., Mustikasiwi A., Maesaroh S., Mustofa M., Huta-galung D., Andriyani Y. (Asbari, et al., 2020) reveal the impact of hard skills, soft skills and organisational culture. According to the author, the scientific work of Baykal E. (Baykal, 2022), in which the author reveals the influence of organisational culture on the development of family businesses, is extremely important for the current research. The work of Isensee C., Teuteberg F., Griese K.-M., Topi C. (Isensee, et al., 2020), Meng J., Berger B. K. (Meng, et al., 2020) examines the impact of organisational culture, environmental sustainability and digitalisation on business development. The paper identifies gaps in existing research and problems for further research, which allowed the authors to formulate the purpose of the study. Paais M., Pattiruhu J. R. (Paais, Pattiruhu, 2020), Zhen Z., Yousaif Z., Radulescu M., Yasi M. (Zhen, et al., 2021) explore the relationship of organisational culture in the digital economy.

Also, in order to achieve the goals of the research, the authors believe that it is relevant to consider works aimed at studying organisational culture in the conditions of the information, digital and global economy. That is why the work of Trushkina N., Abazov R., Rynkevich N. and Bakhautdinova G. (Trushkina, et al., 2020) was studied, which is devoted to the results of an expert survey on the identification of current problems, barriers, features, trends and directions of transformation of organisational culture. The article presents a methodical approach to assessing the optimality of choosing a scenario for the development of organisational culture of enterprises on the basis of criteria and their systematisation. The paper tests the hypothesis that the optimal direction of organisational culture transformation depends on digital transformation. The expediency of using an integrated approach as a symbiosis and constant interconnection of influence factors, constituent elements, digital competencies and skills, and information technologies is assessed.

The work of Rynkevich N. S. (Rynkevich, 2020) is devoted to the peculiarities of the development of the organisational culture of an enterprise in the field of information services by identifying the trends of its development in modern conditions and improving the methodical approach to the assessment of the level of development.

Teichert R. (Teichert, 2019) explores current developments in digital maturity models. A synthesis of the most commonly considered cultural attributes is presented. The review shows that most existing models provide an incomplete picture of digital maturity, and that cultural attributes reflecting digital culture are not systematically integrated. The author also shows that studies on digital transformation maturity as an overall concept are scarce and require more research attention in the future.

Also, within the framework of studying the topic of organisational culture in the conditions of information, digital and global economy, the authors of the current study revealed the main aspects of the works of such scientists as Bezpartochna O., Trushkina N., Chernukh D. (Bezpartochna, et al., 2021), Chen C.-H. (Chen, 2022), Isensee C., Teuteberg F., Griese K.-M., Topi C. (Isensee, et al., 2020), Shao Z. (Shao, 2019). The analysis of sources has allowed the authors to ascertain that there is now a sufficient body of work devoted to organisational culture and its impact on business activity. Many studies aim to develop theoretical and practical recommendations for the transformation of organisational culture. However, taking into account the rapid processes of digitalisation, the conditions of sustainable development and globalisation, which, according to the authors, contribute to the development of business, the issue of transformation of organisational culture in the conditions of digitalisation of the economy requires sufficient disclosure. The analysis of sources allowed the authors to substantiate the relevance of the research topic and to formulate its purpose.

The purpose of the study is to identify strategic priorities for transforming organisational culture in the context of digitalisation and to provide practical recommendations for implementing a system of organisational culture transformation in order to motivate and encourage team members to work to the best of their ability, ensuring customer satisfaction.

2. Methodology of Strategic Vectors of Organisational Culture Development in the Context of Business Digitalisation

The peculiarity of the study is the study and consideration of socio-economic processes, which were carried out through the analysis of scientific activities and their results, as well as through the
identification of relevant interests and current problems and needs of business entities. In preparing this study, a system of general scientific and specific methods of scientific knowledge was used.

The content analysis method was used in the literature review and analytical study. Using the methods of scientific cognition – induction, grouping, comparison – to form methodological links, the choice of the research topic is substantiated and its purpose is formulated.

Using the method of generalisation, it is established that in modern conditions, approaches to the organisational culture of business enterprises require immediate transformation in view of the conditions of digitalisation.

The method of system analysis is used to determine the strategic priorities for the transformation of organizational culture in the context of digitalisation.

The application of the modelling method allowed to develop a model of organisational culture transformation in the context of digitalisation to promote the development of business enterprises and influence the conditions for starting digitalisation.

The comparative legal method was used to identify the challenges that need to be taken into account when implementing a model for transforming the organisational culture of business enterprises.

When dealing with the transformation of organisational culture, it is necessary to focus on the digital aspect, as it is a prudent thing for business structures in the digitalisation environment. However, it takes more than just buying the right software to instantly improve productivity. At its core, digital transformation is about changing the way people collaborate in teams and with the external environment, not just the technology they use. While all organisational culture transformations are not the same, digital businesses share some key characteristics. The authors of the study propose their own vision of strategic priorities for the transformation of organisational culture in the context of digitalisation (Figure 1).

Figure 1 clearly shows that the authors of the study concluded that there are eight strategic priorities today. It is worth emphasising that it is cooperation within a business organisation that can lead to its development. The complementarity and interconnectedness of business systems builds trust and motivates employees to help achieve common goals.

Autonomy is a transformation of the existing structure and incentive system for employees.

Mobility is about creating an easy and convenient experience for customers. This is why businesses should pay attention to mobile devices, which account for more than half of the world's web traffic. Digital companies are constantly experimenting and learning from the results to optimise large-scale business change. Innovation will be an advantage in transforming organisational culture. Continuity is ensured through continuous development. Technologies are constantly evolving, requiring companies to adapt to new processes. It is important for a business structure not only to collect and analyse data about its customers, but also to measure the effectiveness of its business, taking into account the peculiarities of its organisational culture. The customer-centric strategic priority is to improve service and experience, but this is possible by taking into account the cultural characteristics of specific countries and customers.

These strategic advantages are not related to what the company does. It is important to understand that this is how business works. Organisational culture transformation is linked to the company’s core offerings or values. It ensures that a culture of connected work is developed and tools are obtained, mainly to achieve strategic goals.

The transformation of organisational culture is inevitable and necessary. The authors of the study has identified the reasons for transformation, taking into account digitalisation:

1. Engaged workers. Disengaged workers cost the economy more. Digital companies offer transparency, training opportunities, and open communication to...
keep employees motivated. By providing employees with data, companies can monitor and improve their performance.

2. Increased economic benefits for the business. By implementing digital strategies, such as using data to make smart decisions and training employees in new technologies, a company can expect to increase profits. Through professional development initiatives aimed at strengthening employees’ digital skills, organisational culture is transformed.

3. More stability. New technologies continue to change customer expectations and processes. Digital business creates resilience by replacing rigid structures and processes with an infrastructure and work culture that can respond and adapt to new demands.

4. Avoid the skills trap. Many companies believe that their success and the way they achieve it are immutable. A proactive business structure is necessary to ensure their long-term growth.

The challenges and opportunities associated with transforming organisational culture in the context of digitalisation differ depending on the size and structure of the company. Large corporations and established companies often tend to have formal and rigid hierarchies that hinder collaboration and slow down the pace of change.

Companies can transform by breaking down silos, improving communication, or even optimising transparency.

But large companies have their advantages. Their size and budget do not allow them to devote significant resources to improvements. Other companies may be building a new headquarters, but commercial solutions can be adapted for other smaller companies. This is particularly true of creating flexible workspaces, the antithesis of traditional office layouts, that allow employees to choose environments that suit their working style or collaboration needs.

Smaller companies often have less rigid structures and more flexible teams that encourage collaboration and transparency. But they also have smaller operating budgets. As such, they should focus on a specific goal that supports the overall business strategy; such as improving customer experience or reducing operational costs through cloud services.

According to the authors, the priorities of small companies can be to optimise the integration of new employees and seasonal workers, to optimise communication channels so that everyone can find the information they need, to strengthen cooperation and to develop a common culture for diverse people.

The transformation of organisational culture in the context of digitalisation should take place at all levels of the business.

Transformation initiatives should not only be directed downwards.

The ability to identify risks, implement a framework for preventing them and offer new solutions means changing the workload and work processes of colleagues in the business. The business owner and manager must be aware of the need to adapt and reform the internal strategy, namely to mobilise resources to expand opportunities.

Creating an environment that empowers employees by providing the necessary tools for transformation and fostering a culture where the team feels supported and encouraged is key to successful business development.

Planning for the successful transformation of organisational culture in the context of digitalisation should take place regardless of the size or scale of the business.

Challenges can be anticipated and addressed during the implementation of the transformation system.

1. Focused vision. The role of a leader is to stay focused on the company’s goals. Reinforcing the mission and giving it meaning can help employees stay motivated.

2. Developing a learning culture. By helping people learn and develop, a company leader will facilitate transformation while maintaining employee engagement and interest.

3. Communication. Taking into account the needs of customers, employees, investors and partners contributes to the development of organisational culture.

4. Slow development. Testing small changes in processes and culture that will eventually affect the entire business will determine the development of organisational culture. A step-by-step process to help employees perform better or a promising strategy fails to deliver the expected results.

The transformation of organisational culture cannot happen overnight. However, ultimately, it will make business development more efficient and resilient to environmental factors. That is why, in the authors’ opinion, it is advisable to propose a system of organisational culture transformation taking into account the digitalisation of business enterprises (Figure 2).

The system of organisational culture transformation in the context of digitalisation of business enterprises should take into account the challenges that may arise to understand the future.

Sure, it may look like a competition with competitors, but the needs of the employees, customers, investors or partners with whom a business enterprise is dealing are changing. The mission is to enhance the ability of businesses to adapt and respond to the digital ecosystem that will continue to evolve through organisational culture.
One of the ways to transform organisational culture in the context of digitalisation of business structures is to reconstruct the company. This is an important step that a company should be prepared for.

The wrong decision in these areas can have a significant impact on the business and set it on the wrong path in the long run. It's also common to see companies rushing into digitisation and organisational culture transformation without a fundamental understanding of their goals and long-term plan.

Businesses can have a much better chance of transforming their organisational culture if they first define common goals, strategically choose a digital model that fits their organisation and capabilities, and gradually and carefully implement common strategies across the business organisation. Implementing separate projects and silos will lead to frustration, failure, and wasted money in the long run.

3. Model of Organisational Culture Transformation in the Context of Business Digitalisation

However, not all digitalisation and its impact on organisational culture changes the principles of organisational design or management. Digital creations and new work may not fit into traditional models. This is where it is particularly challenging for managers and leaders to adapt models without destroying the structure.

Digitisation is a new process that is important and unique to comply with certain rules and requirements. Businesses often create departments that focus on digital technologies and the interdependence of digitalisation with organisational culture. However, these quick and rash actions can quickly lead to more problems instead of benefits.

This principle should be clear to all companies and understandable to every leader. Digitisation and the transformation of organisational culture are not just about computers and mobile phones combined with team building. They involve countless areas, and they all have to do with the customer. Whether it’s marketing, back office, in-store promotions, data-driven decision-making, accounting, etc.

Digitalisation affects all areas of business, and this decision should be equally important.

A business that needs to establish clear digital roles, responsibilities and decision-making to transform its organisational culture will always face major setbacks and transformation failures. Likewise, a completely new model created from scratch can create friction that overwhelms existing teams and functions and negatively impacts their productivity.

Thus, any company that wants to transform faces many questions and opportunities. Some issues relate to strategy, some to functions, some to governance, some to culture. Therefore, companies need to make clear the steps they want to adapt and achieve at the
strategic level, which also needs to be done at the organisational and managerial levels.

Even in the era of electrification, this was a problem that companies had to adapt to. Factories still operated as if they were run by steam engines, even though this was no longer the case. This has happened many times in history and will happen again.

Typically, organisations digitise their existing systems and do not redesign the foundation of their organisation. Indeed, the digital transformation of a company implies that underlying assumptions must be completely rethought and new approaches are required. This can lead to new opportunities that businesses can take advantage of.

In the paper, it is proposed to reveal the model of transformation of organisational culture in the context of digitalisation of enterprises' business on the evolutionary path (Figure 3).

Business strategies aimed at sustainable development of entrepreneurship influence the onset of digitalisation in business. As can be seen from the model, digitalisation and organisational culture are interconnected elements of the business enterprise transformation system. Technology itself is enabling this transformation. The exponential growth in bandwidth, computing power and storage capacity is also creating fundamental business challenges. Linear models are no longer sustainable and must give way to digital and scalable business models.

Therefore, companies should clearly define the foundation of such a model, which, according to the authors, includes five components:

1) Enterprise goal. Digitisation and organisational culture should be seen as a service to that goal, not as an effort or even unrelated.
2) Areas of organisational culture digitalisation. For most companies, it is impossible to digitise all areas at once, as they lack the necessary capacity and resources. Therefore, it is important to draw up a clear list of priorities and focus on those areas that create the greatest added value through digitalisation.

Organisational culture readiness for digitisation. Companies must have the necessary skills to implement projects properly. The digital skills of employees and the necessary infrastructure are the main requirements for this. If they don't exist, they need to be created first.
4) Internal digital capabilities. Implementing a digital strategy leads to an increase in internal or external capabilities.
5) Integration. Sustainable integration of digital activities in business enterprises requires building digital capabilities and hiring internal specialists. The goal should be to integrate digital thinking into the company as quickly as possible, with the right people with the right digital skills.

Depending on the structure of the business and the nature of its needs, a centralised transformation team may make more sense than a decentralised one. The advantage of centralisation is that there is a representative on the board of directors who leads the change, while decentralisation affects many different departments equally. A decentralised system has the advantage that it allows for easier adaptation and that changes are spread throughout the organisation. However, these numerous small islands often lead to poor information sharing, lack of a common strategy and the risk of competition or even the execution of the same projects.

The proposed model is completely different from the existing structures; significant obstacles may arise during implementation, as two systems collide: the old and the new worlds. These differences will always look different in different companies. However, it is precisely this heterogeneous characteristic of an independent service that can be

![Figure 3. Model of organisational culture transformation in the context of business digitalisation](source: authors' vision)
used deliberately. If companies are trying to operate as start-ups or launch digitisation projects as new "small businesses", these autonomous builds can be perfect.

It is crucial to be aware that changes that are significantly different from the current organisational culture will meet with significant resistance and take longer to implement. It is important to constantly change the culture in order to implement digital strategies more effectively with a digital organisational culture.

Businesses should strive to fully integrate digital technologies into their daily operations. Therefore, it is usually left to the CEO to influence and implement digitalisation as a crucial element through their strategy and organisational culture, as digitalisation is becoming one of the most important points of any business strategy.

In examining the issues related to this study, the authors concluded that there is a definite relationship between organisational culture and intellectual property. The Global Innovation Policy Centre (GIPC) of the US Chamber of Commerce publishes the annual International Intellectual Property Index every March.

According to this index, the United States, Japan and Europe have remained at the top of the global intellectual property rankings in recent years. At the same time, the United Arab Emirates, China and Mexico have less outstanding results. The United States and European countries are known for their organisational culture, which consists of tolerance towards religion, race, sexual orientation, etc.

While the United Arab Emirates is a more conservative country, and the organisational culture is not as open as in the US and European countries. It is worth noting that countries with the most effective intellectual property structures are more likely to reap socio-economic benefits, including greater access to venture capital and increased private sector investment. Intellectual property is a powerful economic driver for job creation and investment, and contributes to the development of organisational culture.

In the conditions of war and post-war economic recovery, the digital transformation of business will play an important role. The key success for national entrepreneurship will be the implementation of the digital economy (Kramarenko, et al., 2022; Irtyshcheva, et al., 2022; Pryshchepa, Kardash, Yakymchuk, et al., 2020).

In this study, this issue can be defined as debatable. However, it is worth pointing out this dependence as a direction for further research.

4. Conclusions

Businesses in the digitalised world must develop in accordance with adaptive conditions. The transformation of organisational culture in the context of digitalisation is a pressing issue today. Growth and change driven by digital innovations and tools are transforming the organisational culture of businesses.

Thus, this study focused on the transformation of organisational culture and ways to implement it in business, taking into account the conditions of digitalisation.

The study identified eight strategic priorities: customer centricity, autonomy, collaboration, measurement, continuity, cloud, innovation and mobility. These strategic priorities are linked to the company’s core offerings or values, which together make up the organisational culture.

The study highlights the reasons for this transformation, taking into account digitalisation.

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Figure 4. Dynamics of the level of digitalisation and the International Intellectual Property Index in countries in 2021

Source: systematised by the authors on the basis of statistical data
These include employee engagement, increased economic benefits for businesses, sustainability and the skills trap.

In addition, it has been found that the transformation of organisational culture in companies can take place by eliminating silos, improving communication or even optimising transparency.

The paper identifies the challenges that need to be taken into account when implementing a system for transforming organisational culture.

The proposed system of transformation of organisational culture in view of digitalisation of business of enterprises takes into account the purpose, dependencies and challenges that contribute to the development of organisational culture in the context of digitalisation.

The article builds a model of transformation of organisational culture in the context of digitalisation of business enterprises on the evolutionary path, which illustrates the interrelated elements of the business enterprise transformation system (technology, business enterprise, digitalisation, organisational culture, foundation). Technology itself creates opportunities for this transformation. The exponential growth in bandwidth, computing power and data storage also creates fundamental business challenges. Digitisation conditions determine the emergence and development of digital and scalable business models. The proposed model is completely different from existing structures with a hybrid approach and a centralised team.

The impact of digitalisation on the transformation of organisational culture leads to the emergence of new tools for business development. The transformation of organisational culture in the context of digitalisation affects the daily internal life of business enterprises and external relations. However, it is worth noting the disclosure of aspects of the negative impact of digitalisation on organisational culture as a direction for further research.

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