

Challenges and Strategies for Organizations and Talent in Digital Transformation

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Abstract. In the digital transformation era, organizations and talent development are facing enormous challenges. First, this paper introduces the organizational and talent development challenges of digital transformation by crawling through the surveys and reports from research institutions such as IDC (2020), IBM (2021), and SAP (2021). Secondly, this study analyzes the organizational and talent development strategies under digital transformation. Third, this paper establishes a digital talent transformation model. Fourth, this study proposes a training strategy for digital talent. Finally, the conclusions of this paper are discussed. This study finds that the challenges of digital transformation lie in resources, but the organization and talent issues are the key to the most important. This part of the government policy can do little; more need for the internal consciousness of enterprises and the courage of leaders to promote.

Keywords. digital transformation, organizational changes, talent transformation, talent development

1. Introduction

An enterprise's digital transformation may be cross-department, cross-grade, cross-discipline, and cross-period or stage transformation. At the same time, the levels and changes of enterprise transformation, with the different industrial characteristics and market competition, digital transformation objectives, transformation direction, organizational development, and even the strategy and direction of promoting talent skills improvement, will be pretty different[1].

The digital transformation of enterprises focuses on increasing profitability and productivity, reducing costs, increasing revenue from new products and services, increasing revenue from existing products and services, and increasing consumer support and loyalty[2]. Comparing the benefits of implementing digital transformation in 2017 and 2020, digital transformation can significantly help companies improve benefits, including up to 1.5 times more profit, 1.4 times more productivity, 1.4 times more cost reduction, 1.8 times more revenue from new products and services, 1.7 times more yield from existing products, and 1.8 times more consumer support and loyalty and customer retention. These figures show the importance of digital transformation for companies.

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Even though enterprises have gradually accepted digital transformation awareness, there are severe challenges for enterprises on how to carry it out. Caputo and his colleagues (2021) survey also found that the most significant barriers to digital transformation are data privacy and security concerns (34%), lack of budget and resources (33%), lack of needed skills and expertise (27%), changes in regulations (27%), and an immature digital culture (27%).), ignorant digital culture (24%), lack of the right technology to accelerate the cause (23%), too much information (23%), lack of support and sponsorship from senior personnel (21%), lack of relevant digital strategy and vision (21%), and inadequate digital governance and structure (20%)[3]. When compared to the contents of the same 2016 survey, immature digital culture, ineffective digital government and system, changes in regulations and ordinances, data privacy, and security concerns are increasing.

Resistance to change is the most significant resistance to transformation, with 34% of CEOs agreeing that organizational and employee inertia is blocking corporate transformation, and only 51% of companies understand the workforce and the future direction of the digital transformation shift. IDC's report points out that the top three most significant challenges to digital transformation include: (1) lack of skills and resources; (2) siloed and a culture of resistance; (3) lack of advanced analysis to develop actionable ideas, and lack of leaders to drive digital transformation concepts.

Although the importance of the challenges encountered in the digital transformation of enterprises is different, the organizational resistance to change, lack of visionary leadership team and leadership, lack of skills and talent, lack of resources, etc. In addition to driving resources, including organizational resistance, leadership team, skills, and talent can be classified as digital transformation talent issues.

In the face of digital transformation that seems to bring bright benefits in the future, organizational change and talent transformation are equally important. The human resource use strategies adopted by companies for digital transformation include retraining and skills upgrading of employees (30%), automation or no longer employing employees (29%), creating new job roles because of digital transformation investments (24%), and not making any changes (17%). Overall, more jobs are predicted to be transformed in the next three years (83%).

In this paper, we will discuss the organizational talent challenges, talent development strategies and skills required for the digital transformation of enterprises. Finally, we provide strategic suggestions for domestic enterprises to promote digital transformation.

2. Digital Transformation Organizational and Talent Development Challenges

SAP found that the apparent talent gap of the future has made it increasingly important for companies to focus on this challenge and how to address it in the future. In particular, the biggest challenges in preparing the future workforce are "Too great a difference between the skills they have now and the skills they will need in the future" (55%), "Difficulty attracting people with the necessary skills" (48%), "Difficulty retaining people with the necessary skills" (46%), "Unclear what skills are needed for the future" (46%), "Lack of skilled employees and leaders" (44%), and "Lack of effective training programs" (39%).

In addition to the problematic side of the development of digital talent skills, the difficulty lies in the fact that it is still relatively not easy to become a digitally

transformed company with the help of talent after digital talent development or training if it is small and not very profitable, especially in terms of traditional industrial companies. Björkdahl (2020) sees from the experience of German companies three important challenges[4]:

1. How to integrate digital talent into the core business, which many German companies have adopted by setting up joint incubation centers to enhance the company's digital capabilities. Well-known companies such as Bayer, McKinsey, and Boston Consulting Group (BCG) aim to foster an entrepreneurial mindset and disrupt established business models. But the culture of incubation centers is different from that of the parent company because it is impossible to understand how digital innovation in an incubation center relates to the company's core strategy. Therefore, when the talent from the incubation center is to be integrated into the core business, it will be challenging to integrate, mainly because of the lack of senior executives to drive the integration.

2. Make digital skills available to the whole company, not only to individual departments but also to other departments, and establish a process for sharing new knowledge and replicating successful digital initiatives between units. Otherwise, only a single unit is undergoing digital transformation, and the company is not fully digital. In addition, training should be conducted for the IT department and for the core business to shift to digitalization in parallel.

3. Implement a bottom-up action plan to find high-potential employees and digital solutions. However, this approach is not easy to implement because it requires motivated employees to participate and must first communicate strategies and goals. Managers must encourage employee participation, raise awareness, and follow up with employees to implement results.

3. Organizational and Talent Development Strategies Under Digital Transformation

Whether companies can respond to the impact of AI and other digital transformations on corporate culture, as well as plan the corporate blueprint for the next 5-10 years, is a crucial issue for success. The challenges of digital transformation are: (1) the mindset and cognition of the management team, which must view the effect of investing resources from the perspective that the introduction of digital tools is only the beginning of digital transformation, not the result; (2) the adjustment and reshaping of corporate culture, how to drive the organizational structure, organizational culture, and employees to transform in tandem with the digital transformation gradually is an essential key in the process; (3) the transfer of personnel experience and knowledge, utilizing when digital transformation tools are incorporated into the workflow, a lot of knowledge is passed on and handed over, and how to introduce them so that the digital tools can achieve the original function of human operations, information must be integrated and adjusted simultaneously. Employee education and training is also an essential task. In the long run, it is necessary to establish a digital DNA atmosphere and incorporate it into the organizational culture and operation.

In addition, a comparison between digital transformation leaders and followers shows that digital transformation leaders who produce better results prioritize corporate agility, i.e., the company's skill to respond to market trends and opportunities and innovation and continuous learning in organizational culture. In contrast, followers focus on employee productivity and profitability[5]. At the same time, the organizational

characteristics of leaders also include more emphasis on leadership and organizational structure, digital transformation approach, organizational behavior, budgetary resources and culture, and making changes, which is perhaps an important strategic choice to drive digital transformation more successfully.

4. Digital Talent Transformation Model

In the face of talent transformation in the digital era, IBM proposes a digital talent transformation model, from strategy development to organizational culture, all of which should be taken into account in the transformation[6]. It can be said that if the enterprise's digital transformation only focuses on digital skills enhancement or resource betting, it is only a formal digital transformation. However, from the fundamental digital transformation, it should turn over the enterprise, including the organization and talent[7], from the beginning to the end.

1. Clear development goals: Set strategic development goals for strategic transformation.

2. Strategic transformation with skills development: Professional skills as the focus of staff transformation, under the professional skills, new skills are added as the basis for technological change.

3. Establish the goal to achieve more effective strategic decisions: To achieve more effective decisions, organizational restructuring of organizational simplification, possibly new organizational departments, flattening the organization, incorporating industrial knowledge as the basis for organizational simplification, and giving more power flexibility to all areas.

4. Agile and speed: Use a new intelligent system, AI the system, streamline the process, agile working mode, and use the agile workshop to let employees adopt the new way of working.

5. Motivate employees' confidence and move more firmly into the future: In terms of management level, apply a new leadership model while cultivating transformational managers, establishing core transformation teams, empowering each management level, recruiting externally, and adopting a new behavior model for leadership.

6. Drive growth and lead the market: An agile and innovative organizational culture needs to be established, which requires continuous performance feedback, integration of external market information, a community collaboration model, personal commitment, and results in orientation to drive the practice.

5. Training Strategies for Digital Talent

The future of work will undoubtedly face a transformation of the existing work patterns in the digital transformation change. Job descriptions for most of the past work content will soon become obsolete, requiring a review of job content and tasks and a redefinition of the need to shift skills and improve them. Companies must present the skills needed to ensure that future education, training, and self-learning meet the company's needs.

The senior executives interviewed by SAP believe that amid Industry 4.0, in terms of talent development and class responsibility, there is a tendency to focus on individual self-learning, continuing education, and developing one's profession. While in corporate training, 43% of respondents believe that training existing employees is essential, 51%

of leaders are willing to take responsibility for training employees to prepare them for their future work, and 41% are developing external training programs, such as internship systems. In addition, 25% of leaders surveyed prefer to hire new employees directly.

It is clear that in addition to redefining the content of the job, it is also essential to plan for the skills needed for future employment so that existing employees can plan their learning process for the skills required for future jobs, and companies can also follow the direction for future talent training and recruitment.

6. Conclusion

Although digital transformation is an inevitable trend in the future, many companies are still clueless about digital transformation and are hesitant to take a proper first step. However, establishing the digital transformation goals and strategies of an enterprise organization is the starting point of the transformation. However, due to the differences in industry type, scale, product, and service markets, there is no one-size-fits-all standard or answer for digital transformation goals and strategies. Some companies open new factories and use part of the manufacturing field as a pilot field to promote digital transformation. Others will choose to transform their manufacturing, service, HR, finance, and marketing comprehensively. In any case, by combing through the surveys and reports of many research institutions, this paper finds that the challenge of digital transformation lies in resources, organization, and talent, which are the key to the most critical issues. This part can only be done by government policies and requires the internal consciousness of enterprises and the courage of leaders to promote.

As far as the organization is concerned, enterprises will adopt different strategies to face whether digital transformation requires organizational adjustments. The more aggressive companies will set up a new digital transformation department directly under the command of the chairman and general manager and set up a digital chief to lead the digital transformation. Each department needs to assign a department head to participate in the digital transformation department meetings, and each department also needs to propose the direction and projects of digital transformation. This project must align with the enterprise's overall digital transformation goals. Through the leaders personally involved in the discussion of the fixed meeting, and regular review of the goals and progress, the organization will have the motivation to promote digital transformation, and this is the digital transformation mechanism of the top active guidance and participation in the operation. This is the mechanism of digital transformation in which the top actively guides and participates in the process. The digital transformation will not become passive and hidden internal resistance only by promoting from top to bottom.

Leaders' digital vision, declarations that require the organization to move forward in tandem, and how leaders view digital transformation all influence employees' attitudes toward digital transformation. For example, it would be very positive for leaders to see digital transformation as a benefit that can reduce the burden of employees rather than replace or streamline them, reduce employees' resistance to digital transformation, and drive more active support and participation.

In addition, it is required that employees, regardless of their rank, should participate in internal training courses or workshops on digital transformation to enhance their awareness of digital transformation and consider the enhancement of digital capabilities and more human-computer collaboration as part of their daily work. In the long run, an organizational culture incorporating digital DNA can be formed. Furthermore, in

addition to training existing employees to improve their digital capabilities, expanding the recruitment of talent with digital skills is two strategy to respond to the talent gap. However, instead of spending a lot of money to grab digital talents, it is more effective and stable to train employees with potential and familiar with the organization's operation internally through various internal incentives, such as increased promotion opportunities, grade adjustment, and giving salary increase, so that they can become the driving force of digital transformation.

The training of digital transformation talents must pay attention to the training and strengthening the so-called digital and soft capabilities[8]. Many soft skills training is held in the form of workshops. Compared with specific hard skills, interpersonal communication, problem-solving, adapting to the environment, and quick adjustment of agility are more important soft skills in the digital transformation phase, such as coordinating digital transformation projects, reducing organizational resistance, and accelerating problem-solving. However, at present, companies focus on digital transformation capabilities to accelerate the development of employees' digital skills but neglect to enhance the training of soft abilities. In the future, enterprises should strengthen employees' improvement in soft competencies to more effectively and comprehensively promote digital transformation that can drive many benefits.

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