

OPPORTUNITIES AND CHALLENGES FOR DIGITAL ORGANIZATIONAL CULTURE CONSTRUCTION

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Abstract: *The digital organizational culture helps organizations to adapt much faster to technological change, customer needs and quick response to stakeholder relationships. It creates conditions for development of people's talent, flat hierarchy leads to flexible decision making, relies on team potential and cooperation in the fulfillment of goals and tasks.*

Keywords: *Organizations, Digital culture, Digital environment, Management*

Introduction

The digital transformation is a complex process that requires not only the competencies of the human resources and high technology from the organizations, but also changes in the mechanisms of work in the digital environment. This means that they have not only technologies that will help them to transform into the digital business i.e. to offer digital products and services to engage quickly with customers to offer them high quality, but also to accept the challenges and changes in organizational culture.

The new technologies and systems cannot bring about to a change in the way people work and think unless they rethink their task performance as well as acquiring up-to-date competencies in the digital environment. Conventional methods and approaches are often incompatible in the digital world, which is why the managers and leaders are making strategic changes to adapt their organizations in the context of the Fourth Industrial Revolution. With the advent of the Internet, mobile and cloud technologies, the Internet of Things has made

it clear that the importance of the change in the digital age is imperative, especially for a digital organizational culture construction.

Opportunities and challenges for digital organization culture construction

Unlike the traditional organizational culture, which reflects the mechanisms of work in the organization, from the implementation of operational and management processes to the values and standards of behavior of people working in it, the digital culture requires a radically different approach. The traditional organizational culture aims to improve the work and climate of the organizational structure, while the digital culture is targeted at external audiences, working closely with customers and stakeholders on the use of high technology, flexible projects and highly efficient teams. The big companies have an organizational culture that is unique and defines how people work, the rules they adhere to, and the behavior they follow. In the small and medium-sized companies, the driving force in defining organizational culture is the managers and leaders who set the parameters of work and the model of employee behavior [Temelkova, 2018 (a), Gupta, 2018, Sheninger, 2019]. The digital culture requires a new way of thinking and acting that is driven by the customer requirements and the development of competitors. They are at the heart of business change, process digitalization and accelerated innovation and technology development [Perkin & Abraham, 2017].

In the context of the Fourth Industrial Revolution, organizations find it difficult to adapt to digital transformation with old methods of work created by conventional organizational culture. Now, customers are informed and demanding buyers, new competitors are emerging with advanced technologies, knowledgeable and capable experts, adding business value to the organization and their customers. The digital culture is oriented primarily towards consumer preferences, because social media, Internet technologies and business applications give the customers ability to compare, evaluate and share opinions on the functionality and quality of the products and services. Thus forces companies to be "*always*

online", to have direct contact with consumers to monitor competitors and make technological and business decisions. The rapid response to the challenges of the environment and the digital transformation necessitate the creation of a digital culture that enhances the competitiveness and image of the organizations.

The main differences between Traditional Organizational Culture and Digital Culture are shown in Table 1.

Table 1.

TRADITIONAL ORGANIZATIONAL CULTURE	DIGITAL CULTURE
✓ Emphasis on organizational structure	✓ Market orientation and customer focus
✓ Hierarchy and authority in departments and units	✓ Flat structure, delegation and team activity
✓ Human factor, behavior and values	✓ Knowledge, innovation and high technology
✓ Internal changes and transformations	✓ Flexibility and adaptability to the environment
✓ Human resource satisfaction	✓ Social responsibility and sustainable behavior

From Table 1, one can make a basic characteristic of the dimensions that shape the specificity of the digital in relation to the traditional organizational culture [Sheninger, 2019, Perkin & Abraham, 2017, Temelkova, 2018 (b), Brett, 2018, Dimcheva, 2016, Angelova, 2017].

1. Market Orientation and Customer Focus

The organizations' digital culture is aimed to the customers and their attitudes and needs. The efforts and resources are directed to market processes and trends, direct contact with them or generation of data sets for interaction in social media and through Internet technologies. The role of marketing is being rethought; the importance of e-business and commerce, the "Internet of Things" and more is being strengthened. This approach to digitalization and construction of a digital culture enables organizations to respond and identify product needs, reduces direct costs for sector market research, quickly and accurately justify the quantity, price and timing of the product/service offering, etc.

2. Flat structure, delegation and teamwork

Organizations' digital culture minimizes hierarchy and control, centralized decision-making and long-term planning. Designing teams for complex tasks and scrum projects [Perkin & Abraham, 2017] requires an integrated approach of interaction with an emphasis on short-term planning and situational decision-making. At the heart of this concept is real-time work i.e. directly addressing customer needs and meeting their needs, generating resources, utilizing new technologies and outsourcing activities. People are experts in various fields of business and IT, are empowered to make decisions in their areas of competence, promote risk and break the conventional stereotype of work. Collaboration, confidence and expertise of people are at the heart of good results, rapid career development, motivation and challenges in work.

3. Knowledge, Innovation and High Technology

An organization's digital culture cannot be constructed without knowledge, innovation and investment in high technology. Knowledge is a prerequisite for innovation, deployment and use of advanced technologies. It generates creativity, non-standard thinking and rational solutions typical of transforming

companies into a digital environment. This creates great ideas and efforts to turn them into a profitable business and strategy for success. The innovation and technology help organizations to be competitive and responsive to market dynamics and customer demands.

4. Flexibility and Adaptability to the Environment

The digitization in all areas of business requires companies to optimize work technology, business processes, management approaches and, accordingly to change the organizational culture from conventional to digital. The flexibility is achieved through appropriate strategies for change, overcoming people's resistance, instituting training, coaching and mentoring programs, stimulating creativity, etc.

5. Social Responsibility and Sustainable Behavior

The digital culture creates the conditions for rethinking the organization's business in terms of the social responsibility to the society and employees. Working in the digital environment can reduce harmful emissions in the nature. The digital technologies are part of the global policy of countries to reduce waste and pollution in society. The digital culture is a way of working, comfortable and satisfied with the people in the organization. Through block chain, cloud technology and "Internet of Things", experts can manage the supply chain, plan logistics operations, and perform operations and management tasks, save time, costs and money by working from the office.

The transformation from conventional to digital culture requires organizations' leaders to take advantage of opportunities to adapt quickly and appropriately to the new environmental trends. The construction of digital culture requires initiatives and efforts to adapt the organization to the digital transformation with a range of actions in order to create digital thinking and governance. Some of these are as follows [Temelkova, 2018 (b), Lambovska, 2018, Miller, 2011, Campbell & Garner, 2016]:

◇ *Define a Clear Vision Mission and Goals*

The transformation into a digital culture cannot be accomplished without the vision, mission and goals that the associates pursue. It is the responsibility of the leaders, who have the experience, routine and inspiration to drive change because people need to embrace the new culture, to know the technology they will be working with, and what methods they will use. When the leaders are well informed what they have to do and what is expected of them, the leaders will reduce resistance and stress and will activate their potential their creative thinking and innovation. It is not realistic to believe that digital culture is a mechanism that will work as soon as a strategy is defined and people and technology are provided. The digital culture requires to be implemented in stages in the different units of the company, taking into account the specificity of the work and what functions the human resources fulfill. The vision, mission and goals should be transparent and clear and people should have access to information and data in order to achieve high results.

◇ *Highly Effective E-Leadership and Commitment to Human Resources*

The leaders are the driving force of transformation because they set the direction; change not only the thinking, but also the technology of management in the organization. If the people do not follow the new methods of work, i.e. do not follow the vision, mission and goals of the digital culture, even if technology is introduced, the organization will not make significant progress. The engaging of the people is a key part of the digital culture policy because it affects the autonomy of teams and employees, given people empowerment, customer interaction and entrepreneurial thinking. Conditions are created for choosing a workplace and using the right IT technology that will best impress people's behavior, their roles and competencies. In the conditions of business digitalization, teams cannot work in separate units, which is why they set up joint workplaces where ideas are shared and information and communication flow in real time. Through connected IT platforms and business applications, teams communicate with customers, partners and external audiences.

◇ *Monitoring and System of Control Procedures*

The construction of the digital culture is a complex process that is subject to monitoring and evaluation. Whether designed or in process of being completed, leaders and experts report real results. They are regulated and implemented by institutional practices at individual, team and organizational levels. The aim is to determine the level of functioning/construction of the digital culture and its maintenance. When deviating from the targets, analysis and evaluation of performance indicators is made from communication strategies and technologies, to real-world training, coaching and mentoring of human resources. People's opinions are taken into account, how they understand the change, what they feel, what their difficulties, suggestions and so on.

Despite the benefits and the need for organizations to construct a digital culture, they face challenges with different contexts. The main challenges are as follows [Ross, Beath & Mocker 2019, Bollmer, 2018, Anguelov & Angelova, 2016]:

◇ *Behavioral Challenges*

The functions and elements of the traditional culture have been researched and applied for many years in the organizations, and it is difficult for the people to adapt to digital technologies and mechanisms of work. They prefer to adhere to conventional stereotypes while avoiding innovation, initiative and responsibility. The leaders have a role to play in convincing people of digital transformation and motivating them. Whether the digital processes are built, if people are oriented towards traditional approaches to work and do not take advantage of innovations, automation will not be effective. On the other hand, the problem for the organizations is the lack of talented people who do not have the necessary competencies to work in the digital environment, do not understand the trends in the digital industry or simply do not want to study and develop their careers.

◇ *Organizational Challenges*

If the organizations' leaders do not support the digital transformation, it is likely that it will not be put into practice. There are obstacles hindering the creation of a digital culture related to infrastructure projects and costs for various IT

products and systems, software platforms, mobile applications, cloud technologies and more.

Conclusion

The digital organizational culture is a phenomenon requiring leadership competencies and a new approach to work structuring, asset management and customer relationships. Transforming organizations into a digital business cannot happen without a digital culture that drives change, innovation and a new way of thinking. This creativity and the introduction of new work models are key factors in corporate competitiveness and customer satisfaction.

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