

# MANAGEMENT STRATEGIES, KEY TO DIGITAL TRANSFORMATION

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## **Abstract**

*Macroeconomic events affect in multiple ways and companies should be aware of those challenges that came across. Broken supply chains continue to be a problem, labor disruption increase this year and affects organization internally, the pandemic also pushed digital economy at a faster rate than before.*

*ERP implementation came across with some challenges in 2022, prediction and trends for 2023 and beyond seems to keep those.*

*The key for organization is to understand why interferences happen and deploying KPIs throughout the journey as well as post-project to keep everything on track from start to finish. The end goal is to ensure that the implementation is on time and budget and minimizes operational disruption and maximizes potential business value.*

*Qualitative and quantitative findings present in this paper are fairly consistent among companies of comparable size and complexity. It is important for companies to know about how to maximize business value and get the full ROI.*

*This paper aims to present a few examples of things that might drive revenue enhancements and what is the prediction for 2023 and beyond.*

**Keywords:** *Management strategies, ERP Implementation, Challenges in ERP, Trends.*

**JEL classification:** *G30031*

## **1. Introduction**

The technology is changes faster than human ability, business intelligence, artificial intelligence, machine learning, come with a lot of upgrading and the focus often falls too much on technology and too little on people and processes.

Digital transformation and sequent business model improvement have fundamentally transformed consumers' expectations and actions, pressured traditional businesses, and disrupted numerous markets (Peter, Thijs& Michael et al., 2021).

In this paper, we aim to reflect on the phenomenon and the literature from multiple fields to encouragement an understanding of digital transformation and to stimulate future research by providing strategic requirements. We have to accomplishing three objectives: First, to recognize the external factors that affects organization and produce them new challenges with these crises. Second, to discuss the important tools that can help organizations to build a strong management strategies (1) top five change management strategies, (2) top five change management concepts, all this creating the qualitative parts of topic. Third, to present research about EU implementation, comparison on 2019 and 2021, pandemic challenged.

## **2. Literature review**

Digital transformation has affected people, businesses and systems seriously in recent years (M. Del Giudice et al., 2020)). This revolution is changing the way firms run businesses, and improve relationships within and across ecosystems (e.g., with buyers, contractors), posing new managerial opportunities and challenges.

Yuhao (2022) mentions the development of digital technologies causes digital transformation, as a strategic priority, which grants enterprises attain up with industry forefront in the turbulent, spurring managers to accelerate digital transformation for long-term growth. Accordingly, Gregory (2019) describes digital transformation as a process which firms respond to changes emerging in their environment by handling digital technologies to occur new paths of value creation.

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Therefore, Yuhao (2022) concluded innovation as an essential driving force of accomplishing and sustaining competitiveness and performance for organizations.

Current literature has exposed that digital transformation can relieve firms' information asymmetry (Huwei et al., 2022), encourage corporate improvement, enhance companies' performance (Huayun et al., 2022), and minimise companies' stock value crash risk (Huwei et al., 2022).

Hence, according to the Digital Competitiveness Ranking 2022 on the IMD World Competitiveness Center [8], some from the top ten countries are the US, Sweden, Singapore, and China in the economy-wide digitalization. Though it is natural that organisations are interested in digital transformation, it is not straightforward whether it may get tangible benefits to organisations and enhance shareholder value.

### **3. Challenges to apply digital transformation on organization**

External factors causes new challenges, the pandemic also hard-pressed digital economy at a quicker than last years and organization around the word are feeling the effects.

Economic turbulence, global supply chain challenges, and hybrid workforces are just a handful of the elements that hint at new and emerging industry trends [10].

The degeneration and subsequent recuperation in economic activity during the COVID-19 pandemic have been unprecedented, mirroring the massive shifts in demand and supply generated by the closing and reopening of economies argues Maria Grazia on paper ECB Economic Bulletin[11].

Operational disruption seems to be an external factor that is defined as a “material” disruption to processes as a result of the change. For illustration, being unable to ship product because supply chain challenges or close the balance sheet are the two most general operational disruptions. This metric does not include smaller and more common disruptions, such as employee frustration, short-term inefficiencies, and other relatively minor disruptions [9].

Cloud software becomes unprotected. Cloud software, in many cases, has not be ready for embracing. Even so, software providers have been pressing their customers to go into the cloud [12]. Padma (2022) argues the benefits of cloud computing contains increased spreadsheet power, storage, flexibility, scalability, and lower IT equipment overhead costs

These vendors have had decades of R&D that have led to the creation of their on-premise solutions, and they have been shifting to cloud-computing solutions relatively quickly in an effort to appease investors and drive a subscription-based revenue model. As a result, these cloud solutions are integrated only for companies to find that there are shortfalls and immaturities in the system's capabilities[12].

### **4. Tools to build strong management**

Change management turns out different in this decade and it is no surprise that organizational change management is the key to digital transformation achievement, and it has never been more accurate than those days. In this changing world and change management greatest practices have evolved as well in response to the abundance of transformation already taking place outside of the workplace.

Researching on different scientific paper on organizational change in the early 2020s we identify five change management strategies that ensure organizations and there transformation strategies to keep up with world crises that is affects year 2022 and beyond.

**Table no. 1 Top five change management strategies**

| <b>STRATEGIES</b>           | <b>REMARK</b>   |
|-----------------------------|---|
| <b>Recognize Pressure</b>   | Given the ever-evolving landscape of the economy, the pandemic and even the personal and professional changes that have taken place over the past two years, people are feeling unprecedented pressure on several levels. From economic changes to social change, change has become somewhat of a constant. It leaves many to feel a continuous discomfort. When an organization pursues digital transformation in today's world and plans to change employees day in and day out, it has the potential to push people to their breaking point. |
| <b>Spotlight On Culture</b> | Just as people have been affected by the change in recent years, many organizations have also been affected. By understanding that external influences can effect organizational culture, we can be more realistic about where we are those days and how to get to where we want in future.   |
| <b>3 Pillars</b>            | Organizational change management is frequently the attach that claims together the 3 pillars of the DS (Digital Strategies): People, processes and technology. These pillars support a digital strategy and, to carry out a truly optimized operation, all three pillars must work synergistically to move.   |
| <b>Revolution Strategy</b>  | Once organization handle on the 3 pillars, should address the fatigue of change and adjust or refine business culture, then can be ready to devise a change management strategy. Without the basis of corporate strategy setting the groundwork, non-alignment will sprout, influence and even sabotage the overall progress of the business.   |
| <b>Alignment</b>            | The larger the organization, the more likely it is that your team will be misaligned. It takes objective and strategy to align stakeholders to ensure that everyone sweeps in the right direction. If there is ample misalignment, it often helps to take in an independent third party to get everyone to the same page.   |

Source: Own interpretation according to The 2023 Digital Transformation Report [9].

Table no. 1 describes top five change management strategies that are or could be adopted in each organization.

On the other hand change management is defined as the methods and manners in which a business describes and implements adjustment both within its internal and external processes [13].

To effectively manage change in any organization, it is important to understand the main concepts that affect change management.

**Table no. 2 Top five change management concepts**

| CONCEPTS                        | REMARKS  |
|---------------------------------|--|
| <b>Resistance</b>               | There are two types of resistance that will materialize regardless of the project: Intended resistance and unintended resistance. Awareness of resistance is the first step and can be attended by developing a strong strategy for change to contest it.  |
| <b>Interested party</b>         | Take a look on key interested party in each project. Analyze them can make us understand what makes them focus. They can offer a higher level of engagements and will lead to fruitful transformation projects.  |
| <b>Plan Communication</b>       | Is better than each message to be tailored for different departments, interested party or target audience. Therefore, need to repeat different elements of the project frequency to get point across and reach your audience.  |
| <b>Readiness benefits</b>       | Having a good understanding about how activities drive benefits realization and business value, will qualify the project team and interested party to stay on track.   |
| <b>Organizational Eagerness</b> | Is a must to comprehend how prepared is the organization is to adopt new processes. Maintenance rhythm on our team's appetite for change will enable a positive approach to change management strategy, cultivating the chances of higher user adoption and whole digital transformation success |

Source: Own interpretation according to the 2023 Digital Transformation Report [9].

Hence, Table no 2 reveal each component that helps to definitive a project plan and lead an organisation through a digital transformation.

In conclusion those concepts seem to become more prominent through 2023 according to the transformation that already covered 2022.

Since now we know how to obtain digital transformation, appear the question how to measure transformation results?

Best digital transformations collapse to deliver on time, budget, and business value. There are some major performance indicators (KPIs) that can be handled to accomplish and monitor any digital transformations and guarantee the project is increasing its ROI.

The end goal is to confirm that the implementation is on period and in on financial plan and also reduces operational disruption and expands potential business value. Therefore, we create a system of measurement to keep an instrument on that will help you do just that.

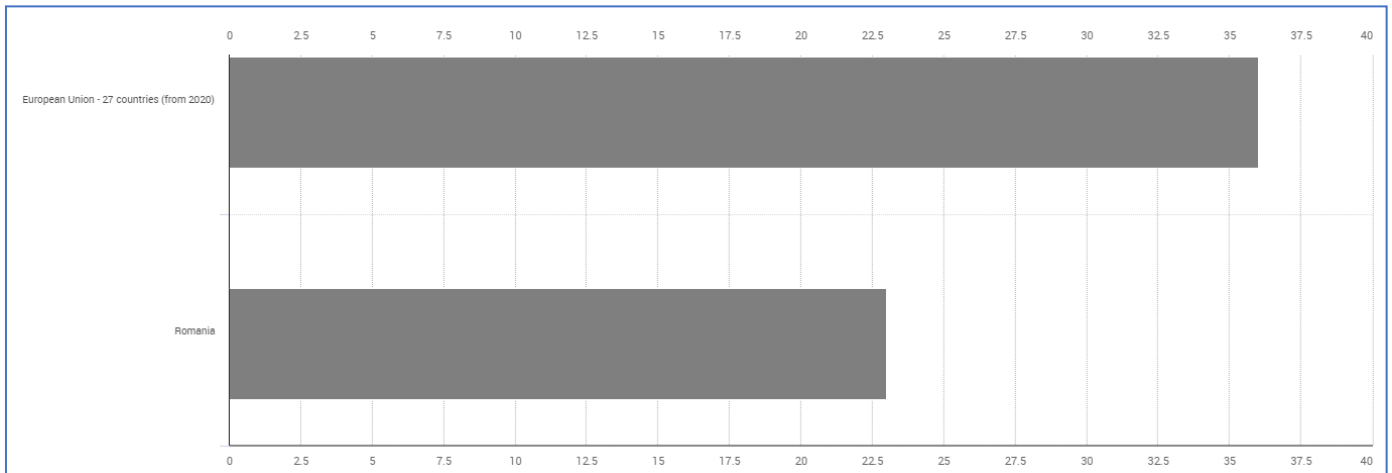
- Cost implementations and time – Most perceptibly KPI is overall based on cost and timing;
- Readiness of operational - Pretending the business developments and requirements in the upcoming state are explained, there should be a measurement system to quantify accomplishment and identify any breakdowns in the business processes[15];
- Business value and ROI – Also a performance metric to look at the business values and ROI. These anticipated business benefits are essential to understand.

## **5. Quantitative metrics**

Using custom datasets from Eurostat Data Browser, we discovered 42 values displayed on geopolitical entity, and for time ten values displayed. On the other hand, we use like indicators “Enterprises who have ERP software” and unit of measure “Percentage of enterprises”.

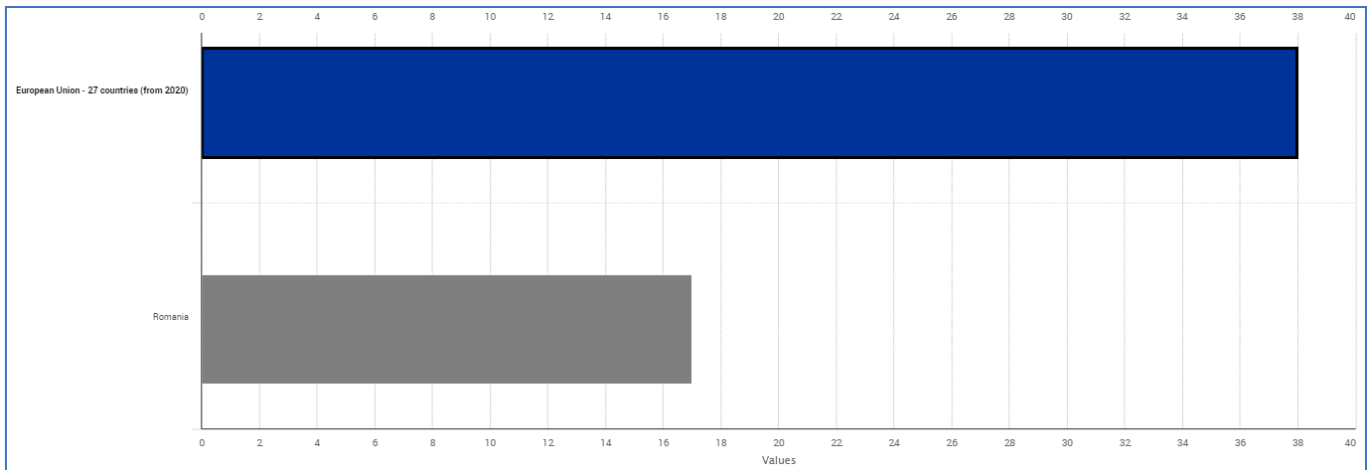
Hence, we filtered on 2 values geopolitical entity: European Union and Romania, for 2-year comparison, 2019 and 2021.

**Fig. no. 1 Values for 2019**



Source: Own processing from Eurostat [14].

**Fig. no. 2 Values for 2021**



Source: Own processing from Eurostat [14].

Type of enterprises contain all business without financial sectors that have ten or more employees.

If we synthesize in few words the graph's above, will observe that 2021 make considerable changes on EU. Percentages on 2019 it was 35% and growth to 38% on 2021, means EU recorded an increase by 3 percentage points (pp).

Throughout the pandemic crisis digital transformation is affecting Romania, exposing us that it was not prepared for this kind of challenge.

From 22.5% percentages registered in year 2019, it downgraded to 16.5%, means that organizations keep their money for subsequent investments that is not considering a risk. The drop led to decrease by 6 percentage points (pp), hence the interest rate fall dramatically.

## **6. Conclusion and discussion**

A business can count measures around what is expected. It can be inventory stages, optimizing inventory through better forecasting to reduce inventory by a certain percentage, or it might be that we are expect growth revenue by X% due to different sales enablement tools.

In deduction three big issues became particularly apparent in 2021. Primary, and perhaps the clearest to many of us, was the exceptional pressures on global supply chains produced by the COVID pandemic and the succeeding series of lockdowns and boundaries which different in their timing and difficulty from country to country.

Business must be strong and efficient of adapting to major disruptions so that it can improve long-term strategies and solutions to these compound challenges.

Forbes bring up that the businesses have faced huge challenges and have experienced an incredible amount of transformation over the past few years, and this won't slow down in 2023. Industries will be affected by consequences of the global pandemic, Russia's invasion of Ukraine, economic challenges, as well as an ever-faster development of technologies [16].

At the end this paper aims to give a fresh perspective on what's happening in those days, what are the challenges and how a business can pass thru them. What it will be in 2023 and beyond we will analyze soon, now we know the trend and prediction, and have a base of what we can do next to attain more strategies and add more digitalization on our business, invest in ERP or other application from software space.

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