

# Theoretical and methodological aspects of the development of digital culture of an enterprise in the process of change

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**ABSTRACT :** In the paper, the author examines the basic models on which the theoretical community is based, dealing with the causes and occurrences of change management during the transition to a digital enterprise culture. As a result of digital evolution and transformation, organizations have to deal with digital culture to achieve sustainable development. Adapting to a digital culture is impossible without digital leaders who are masters of strategic thinking and use the achievements of every wave of digital technology to create new business perspectives that benefit their customers. The transition to digital transformation significantly transforms all traditional company management functions, and especially the management area (enterprise management). In general, change management plays an important role in the digital transformation of the enterprise, ensuring the unity of action and involvement of personnel in the implementation of changes, preventing resistance, increasing corporate culture and quality human capital. At the same time, change and development due to the same digitalization, based on the introduction of the latest digital technologies, process optimization. As a result of the study, the author proposed a gradual transition to a digital enterprise culture. Such cultures encourage the adoption of digital initiatives, promote innovation, promote collaboration, are astute and able to respond quickly to unforeseen circumstances

**KEYWORDS** - organizational culture, organizational changes, digital culture, digital transformation of the enterprise, process.

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## I. INTRODUCTION

Changes in consumer behavior, the transition to the digital economy, staff mobility, digitalization are all a modern trend, forcing companies to look for new models of business management. Concepts: "digital economy," "knowledge economy," "information society" form a new economic system that replaces the industrial paradigm. At the same time, digital transformations change the way management activities are carried out, transform the processes of change management, lead to the emergence of digital thinking and revolutionize the experience of employees, requiring the updating of existing digital technologies. Companies around the world are transforming at different speeds and with different results. The researchers agree that the change process itself is a complex and detailed analysis of the research results of companies that have achieved the success of the change project, argue that the success of the project does not depend primarily on technologies, instead successful transformation projects largely depend on people (Dickerson, 2004) [1].

## II. LITERATURE REVIEW

**Theoretical Development:** Literature has shown great fertility when it comes to defining organizational culture, like a system of shared beliefs, norms and values, whether declared or practiced, that attribute meaning and an interpretative framework to the processes, behaviors and events that occur within an organization and that lead to the formulation of policies (Geertz, 1973) [2]. This system of shared values and beliefs interacts with the organizational structure, its members, and the control systems, producing norms of behavior (Harrison, 1972) [3]. It can also be described as a set of meanings and values that, as building blocks, configure the culture and are expressed through symbols, behaviors, and organizational structures (Garibaldi et al., 2009), allowing them to interpret such actions and judge them as appropriate or inappropriate [4]. The evolution of a certain culture is attributed to an organizational learning process whether facing external or internal problems (Schein, 1990) [5].

## III. MATERIAL AND METHOD

The current transformation landscape puts more pressure on enterprises to change their technologies, their systems, their traditional ways of working, their approaches to solutions, which leads to faster changes, which suggests something more than a formal functional organizational structure, as it interacts with many stakeholders. In order to survive and remain competitive, companies must change and adapt their organization to

become flexible in line with a rapidly changing external environment. They need to invest in the development of digital technologies, and the creation of digital jobs, or a workforce equipped with opportunities to meet the needs of a digital company. Change and transformation is vital to building an organization that can ultimately thrive in the current digital age, where digital technology can be a driver of an enterprise's competitive capabilities.

As part of organizational changes, many authors compare between different types of changes in organizations, such as (Anderson, 2010) [6]:

- change in development;
- change of transition;
- transformational changes.

Changes in development can be classified as planned, emerging or increasing; the type of changes that will help address or improve gaps in existing procedures. A transitional change, on the other hand, can be defined as one that is intermittent, changes that occur rarely fit into an existing or new company. Transformational changes are basic and very different from the other two. They are significant and force the organization to change its strategy, ways of working and its culture. Let's look at change management methodologies, characteristics of the most famous change management models. With this in mind, from the point of view of methodology, we will consider three levels of change in the organization. The first level is changes in the external environment. These are economic, technological, social, political, environmental changes.

The second level of changes is changes in the organization.

The third level of change is change in people. Modification of capabilities, attitudes of behavior. Using a systematic approach, it is clear that changes in the external environment will require changes in the organization, and changes in the organization are possible subject to changes in people. It follows that the manager must take into account all levels of change and work with the information field of all three levels. For example, changes to the strategy at the enterprise level will require adaptation and changes to the internal field of the organization, or the option when the initiation of changes occurs from the urgent need of the enterprise. When the performance indicators ceased to satisfy. High business process or process overhead, or internal conflicts between related departments and services increase. The point of using changes for enterprise development is strategic change planning, which allows you to predict change zones. First, to maintain the stability of the enterprise. Secondly, to advance the development and increase the productivity and competitiveness of the enterprise.

Note that the role of changes for the entire hierarchy of employees and the enterprise as a whole. For top management leaders, this is a number of opportunities, as mentioned above. Bringing the enterprise to a higher performance and rating in a competitive environment. For middle and linear management, these are opportunities for professional and career growth. The ability to form highly efficient teams that share the strategy, values of the enterprise. Obvious career and professional opportunities for line and engineering personnel. It is worth noting that there are often barriers, fears and risks for all levels of enterprise structure next to opportunities. For senior management, these are risks associated with the financial and reputational component. For average management - risks of increased responsibility, complexity in working with personnel during the period of changes, which may affect productivity for no better. For employees, fears are more often associated with the transition to a new model of work and an increase in the amount of work, which is perceived as an area of uncertainty. For each category of employees there are personal fears and familiar attitudes when meeting with a new one.

In view of the above, it can be concluded that enterprises, depending on the external and internal impact, should change their approaches at each level of the organization. The need for changes at any of the levels may arise due to existing problems that hinder the effective development of the enterprise.

- low level of revenue from sales of products;
- low labor productivity;
- unsatisfactory quality of products;
- low level of profitability;
- new technological equipment, and investments do not pay off;
- failure to fulfill the production plan on time;
- low personnel motivation;

- low involvement in personnel improvements;
- high overhead costs;
- significant costs for organization and preparation of production;
- separate interaction of subdivisions;
- use of traditional management principles;
- weak control over the implementation of projects;
- weak adaptation to change.

Next, let's look at the basic models in change management. Let's present the most famous models.

**Model Kurt Lewin :** One of the earliest and most influential models to receive widespread attention is the model (Lewin, 1949, 1951) - known in science as Lewin's Freeze Phases or Lewin's Three Phase model and used as the basis for many of the company's change management models, theories, and strategies for change management [7, 8]. This model is one of the widely used change management models, and most companies tend to prefer this model to build their strategies when making any major changes. This may be because this model perceives changes as a sequential linear process, although the entire change process is very complex. This model also helps in assessing the forces that resist and those that move transformation forward.

### **John Kotter model.**

The approach of John Kotter, a professor of leadership at Harvard Business School, is the most popular in both the West and our country (Kotter, 1995) [9].

The model includes eight steps, which are divided into three blocks.

The first block is creating a climate for change in the organization.

The second block is involvement and interaction with the entire organization.

The third block is the implementation and consolidation of these changes.

This is also evidenced by the special interest in the method of managing changes using eight steps (Kotter, 2002) [10].

- 1 Creating the inevitability and urgency of change.
2. Forming an influential reformer team.
3. Creating strategic vision (future image) and initiatives.
4. Promotion of a new vision, reforms.
5. Change of structure, minimization of interlocks, promotion of risks.
6. Planning and achieving "instant results.
7. Sustainable acceleration of change - non-stop reforms.
8. Institutional change: formalization of reforms and new rules.

We also consider the ADKAR change management model - this is a result-oriented method of change management, the purpose of which is to limit the resistance to organizational changes (Hiatt, Creasey 2003) [11].

### **ADKAR**

This model has 5 steps:

1. Awareness - the organization needs to create an awareness of the need to make changes so that employees understand that changes are inevitable;
2. Desire - employees should have a desire to participate and support change;
3. Knowledge - employees should have knowledge of how to change;
4. Ability - employees should have the ability and skills to show their skills;
5. Reinforcement - the ability to consolidate changes.

In general, this is a very good working tool - the ADKAR model. It says that it is necessary to understand what the situation in the company is, to create a single information field, to give knowledge of how we will change this, to create a desire to change [12].

There are stages of Blanchard anxiety. The essence of the approach is that when asking questions, workers would understand how ready employees are for change. If they ask the question: "We lived normally. Why change something now?", "Then they are at the first stage of concern. They need to tell you what we're going to do first. Therefore, when an enterprise invites consultants, it is better not to give a ready-made solution. More effectively involve employees in work, ask how everything is happening for them. This information background can be synchronized.

At the second stage, employees ask: "Why do I need this personally?" Even if they are embarrassed to ask such a question, because they do not want to seem weak and incompetent, then in fact it is always in their heads. This is a question of personal motivation. She can be in money, in career progression, in fear of dismissal. When you understand this motivation through questions, you can move on to the third stage. The third stage is the implementation of a project or system. In this case, you need to answer the questions: "How to do this?," "What is the instruction?," "What are the first steps?." If such questions sound, then, most likely, the implementation - will be good. As a rule, in practice, the first two stages: informational and motivational - usually many managers miss. Immediately move to implementation. Those who do not want to implement will be decremented. But, naturally, there will be resistance. From this follows the conclusion, in order to relieve the heat of staff resistance when changing, first you need to change production and management processes, agree with personnel, understand the motivation of employees to follow the new rules. And only after that implement IT solutions in order to "cement" this agreement This we have looked at the basic models on which the theoretical community is based, dealing with the causes, occurrences of change management (Tashkinov, 2023) [13]. There are also notable models. Kurt Levin's model includes three steps. Williams Bridges is a transition model. It is also necessary to sanctify the practical model of management of changes in consulting.

This model includes five stages, used in the stages of preparation and implementation of measures in change management.

1. Stakeholder engagement.
2. Building communications.
3. Assessment of the impact of changes.
4. Training.
5. Ready for change.

The essence of the used model lies in the complex interconnection of work blocks, which make it possible to achieve the maximum successful implementation of changes of any scale. Work on individual blocks is also carried out, but a holistic effect is achieved with a comprehensive approach. Thus, organizational change management is the accompanying direction of any process of changes in the organization (transformation of processes, restructuring, implementation of systems, etc.) (Popov, Tashkinov, 2015) [14].

The first is the transformation of processes. Today, managers have the ability to automate the processes that are most often used as part of digital transformation. This also applies to any area of the organization's life.

The second - restructuring can be associated with the merger and acquisition of other organizations.

The third is the introduction of various kinds of systems that affect the digital transformation of the enterprise

(kaizen, digital twins, etc.). For example, the so-called digitalization of processes, when we take a look at processes, we look at them from the point of view of how effective they are, perform a task.

The goal is to ensure a planned transition from the current state to the target state.

Change management helps:

- reducing resistance associated with people in the process of implementing changes;
- increase the efficiency of the implemented changes due to a set of measures aimed at comprehensive training of employees.

#### **IV. RESULT**

The transition to digital transformation significantly transforms all traditional company management functions, and especially the management area (enterprise management). In general, change management plays an important role in the digital transformation of the enterprise, ensuring the unity of action and involvement of personnel in the implementation of changes, preventing resistance, increasing corporate culture and quality human capital. At the same time, change and development due to the same digitalization, based on the introduction of the latest digital technologies, process optimization.

Change management processes in the context of digital transformation involve organizational changes occurring in three areas Figure 1.

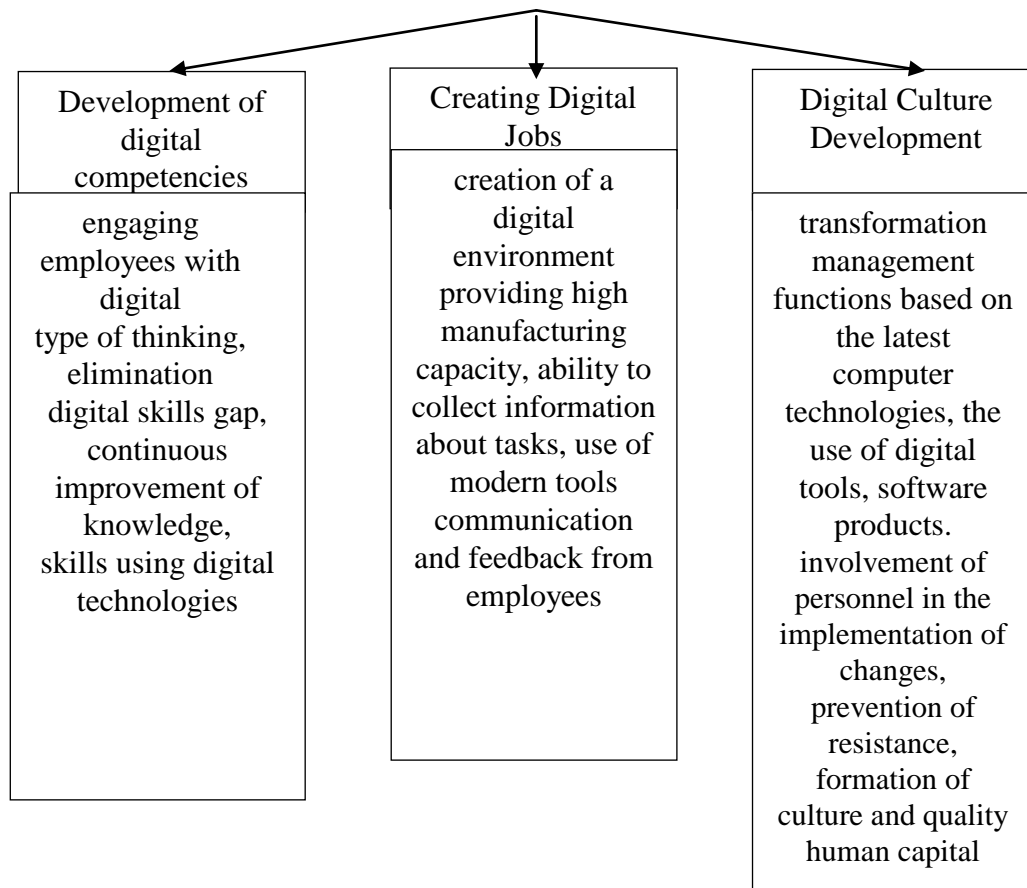


Figure 1: Change management processes in the context of digital transformation

Next, let's look at one of the elements of change control in the context of digital transformation - digital culture. Any culture is a rather complex topic and the task of developing a digital culture in an enterprise, aimed at the success of implementation in most cases depends on the internal context of the organization and the achievement of stages of digital maturity.

As a result of digital evolution and transformation, organizations have to deal with digital culture to achieve sustainable development. Adapting to a digital culture is impossible without digital leaders who are masters of strategic thinking and use the achievements of every wave of digital technology to create new business perspectives that benefit their customers.

## V. DISCUSSION

Organizational change leadership and management approaches are a strategic framework leaders use to guide and manage significant organizational change initiatives (Kotter, Schlesinger, 1979) [15]. The term "digital culture" refers to how the internet and technology influence how people interact with each other. In society, this refers to how we act, think and communicate. The reason for this is to determine the role of employee digital capabilities and digital organizational culture in a sustainable digital environment. The digital leader is responsible for planning and implementing the company's plans, as well as creating or helping to change the culture, including the formation of a digital culture, to increase the company's competitiveness. The authors of a previous study found that digital leaders influence the innovative behavior of employees, which leads to an increase in the sustainability of the organization. Digital leadership combines digital competence and digital culture. Today's digital leaders must have global thinking, communicate with others and be more inventive in developing an innovative culture in their organizations (Oberer, B. Erkollar, 2018) [16]. We describe transformational changes in the context of the digital transformation of the enterprise Figure 2.

Four successive transitions are presented here, where transformational changes in the context of the digital transformation of an enterprise move from stage to stage, adjusting to activities that become not on some

reasoning, but on the basis of digitalized data. At the last stage, a digital culture develops with the involvement of personnel in change management processes, the processes function on the culture of interaction between process participants. If they first describe the interaction system on certain functions, then in this case there is a purely technical connection of stages, business processes. Here, business processes are written not according to some technical templates, but according to a cultural template. The business process is registered in such a way that each employee understands the entry and exit, the result of the process. In this case, business processes are changing based on the formed digital culture in the context of the digital transformation of the enterprise (Tashkinov, 2023) [17].

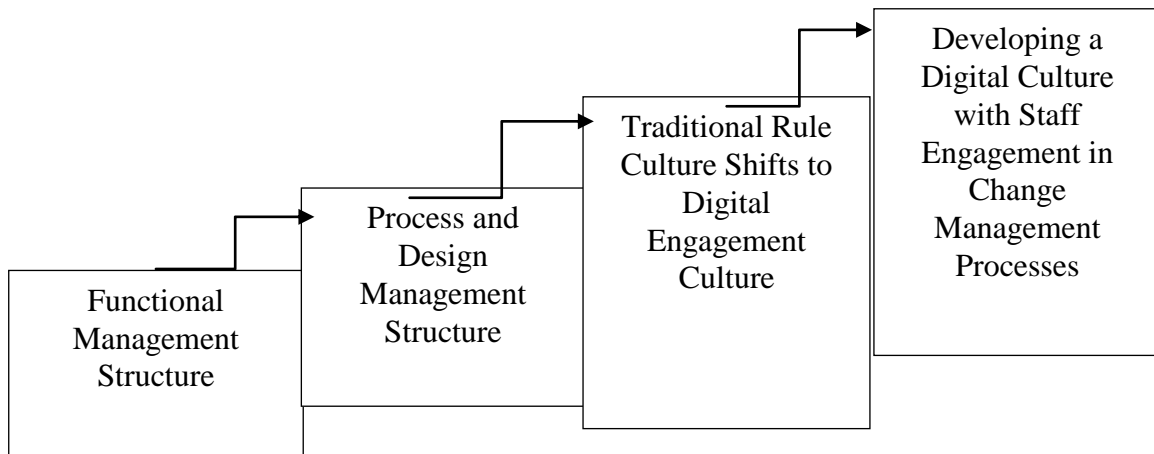


Figure 2: Transformational Changes in the Context of Enterprise Digital Transformation

## VI. CONCLUSION

Taking into account the change management methodology described above, it can be said that the changes allow the enterprise to move to a new level of management and solve a number of problems related to the resistance of personnel and their adaptation to changes. Employees resist non-changes per se: they resist that changes do not meet their expectations. Change is a process, not a one-time event, and this process needs to be directed. Thus, the digital transformation of the enterprise provides an excellent and timely guide for digital leaders to accelerate two-way transformation with digital technology. This suggests that transparency of digital initiatives, appropriate training and support for personal development, as well as a willingness to take unfamiliar approaches should be considered and embedded in the program of change. To do this, you need to carefully push everything, and understand how to carry out transformational changes. In our opinion, first of all, it is necessary to start with a change in cultural thinking throughout the enterprise with the transition to digital thinking. Such cultures encourage the adoption of digital initiatives, promote innovation, promote collaboration, are astute and able to respond quickly to unforeseen circumstances

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