

CULTURAL TRANSFORMATION IN THE DIGITAL WORLD

RESEARCH
REPORT
2018

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FOREWORD FROM SMU EXD - KATHARINA LANGE

“IT IS ABOUT HUMANS.”

Dear reader,

The underlying binary code of the digital age shapes the way humans and machines work together. Managing the interface of human-machine interaction becomes critical for future success in business - and life in general.



“HOW DO WE WORK TOGETHER IN THE FUTURE?”

At the beginning of our study we wanted to know how the future of work would look like, globally and more specifically here in Asia. How would organisations have to transform to allow human and artificial intelligence to work together most productively?

In search for the cultural transformation for a digital age, we asked thought leaders in business and academia about their perspective and experience, and collectively we have identified patterns for a way forward.

Many leaders described the digital age as another change phase, though faster and more profound than any previous change cycle. Interestingly, the digital change process forced them to eventually address the many challenges that sometimes

get pushed aside in daily work life: integrating more diverse views, becoming truly customer-centric, reconciling cultural dilemmas, speeding up innovation cycles.

The eminent change forced them to find ways to organize, structure, realign their organisations and create a new culture that allows to remain agile and adaptable - for the next change to come.

Wishing you an inspirational read,

A handwritten signature in black ink that reads "U. Lange". The signature is fluid and cursive, written in a professional style.

Dr. Katharina Lange

Executive Director
SMU Executive Development
Singapore Management University

FOREWORD FROM THT – FONS TROMPENAARS



There are so many changes happening in our current times that are linked to the introduction of ever more powerful digital tools and machines. Our focus is often technical and there is not so much attention devoted to the human and cultural side of digitalisation. I think that this research will reveal many of those insights and also how they relate to the technical side of digitalisation.

Fons Trompenaars

Founder, THT Consulting

At THT, we will use the results to be better able to diagnose the relationship between the digital and analogue aspects of the changes we are facing in digitalisation. After the improved diagnosis, often revealed by the main business and cultural dilemmas the organisation and individual are facing, we will see how we can best approach the reconciliation of the opposites. So how can we combine hi-tech and hi-touch strategies? What can we control what is controlling us? Can we become better leaders that integrates digital processes by combining top-down and bottom-up approaches. And finally the outcome will help us to better anchor the reconciliation of the most important dilemmas in order to get sustainable results.

I am confident that this research will leave the reader with a combination of solid and modern research with practical tips that might help them to apply the recommendations. It is all based on the idea that there is nothing more practical as a good theory. Digitalisation is a blessing when we combine it with the essential analogue human condition. The report will also inspire the reader to frame challenges as dilemmas rather than making choices between two goods.

FOREWORD FROM TATA COMMUNICATIONS - VINOD KUMAR



TATA COMMUNICATIONS

The wonderful thing about humans is our ability to adapt and evolve. As we stand on the edge of the Fourth Industrial Revolution, advanced technologies are creating innovations at a speed and scale unparalleled in human history. This has resulted in many debates around the effect these profound technological changes will have on the future of humanity.

I have always been a firm believer that technology is an enabler, a force for positive change. That it improves lives and that by harnessing it in this spirit we will make the world a better place for everyone. Take Artificial Intelligence – at Tata Communications our belief is that AI diversifies human thinking rather than replaces it and that a future of ‘multiplicity’, where groups of machines and humans collaborate to innovate and solve problems will contribute to a more productive and inclusive world. This is a sentiment echoed by a recent study I had the pleasure to co-author; where over 90% of business leaders who participated believed that AI will enhance decision making and 75% anticipated that AI would create new roles within their businesses. Having said that, the only way we can experience the best of these types of advancements is to never forget that, at the end of the day, it’s really all about people. In other words, to unlock the positive potential that technology brings requires fundamental shifts in the collective mindset. One that builds a culture that fosters change and cultivates a spirit of continuous learning, un-learning and re-learning. We can’t change the past, so we need to focus on these learnings to find creative digital solutions for the future.

If you look at the economic development of the world and technology of various forms being adopted over centuries, human beings have always benefited, as long as they have made themselves versatile.



Business must take an element of personal responsibility for taking this approach, but, more importantly, organisations and leaders need to make sincere attempts in their own discourse, to enable learning and preparing people for the future. Before business leaders can evangelize to the rest of the world, they must ensure that they are practicing what they preach – a business must be internally digital before changing its external stripes.

By partnering with the Singapore Management University and Fons Trompenaars of Trompenaars Hampden-Turner we are supporting a shift in how we manage the response to digital transformation by putting people at the heart of any successful change. Through our discussions with C-suite leaders across the world we have identified common cultural challenges to digital transformation, and the behaviours and competencies required by leaders to help pave the way to create a diverse and inclusive future.

This is another example of how culture eats strategy for breakfast – a phrase I often refer to and one that I believe sums up the magic ingredient that can make all the difference in success or failure.

Vinod Kumar

Managing Director &
CEO Tata Communications

FOREWORD FROM DBS – LEE YAN HONG



When I was approached by the Executive Development team at SMU to partner with them on this research, DBS was also going through our own cultural transformation adapting to this digital world.

The great thing about DBS's culture is that it is collaborative and harmonious, less political and more family-like. It is, however, hierarchical and decisions were generally made from the top, and this resulted in less empowered employees who were not very comfortable with making decisions. This is not ideal as we compete in a world that has high levels of volatility, uncertainty, complexity and ambiguity (VUCA). In addition, our competitors are not limited to banks, but also the fintech companies and platform players.

In 2014, our CEO set us a big hairy audacious goal to be the best bank in the world by reimagining banking, as well as making banking invisible and joyful. We knew that one of the most important things that we had to do was to focus on changing our culture to a start-up culture by being Agile, focusing relentlessly on the customer, using data to help us make better decisions, being digital to the core and continuously experimenting to improve.

One of the most visible things that we did was to experiment with agile work spaces. We created JoySpace, enabling our employees to work in squads for better collaboration and ideation, breaking down silos and focusing relentlessly on the customer.

We also revamped the way we train our staff through various programmes and initiatives such as hackathons, gamification, Lunch and Learn sessions, back to School programmes, and Imaginarium. This also encourages the practice of lifelong and continuous learning. Staff are also encouraged to sign up for any course below 500\$ and our only request is for them to share and teach what they've learned with their colleagues.

Relentless focus on the customer is another component. By using human-centred design thinking and leveraging data, we used these insights

for us to make better decisions and create innovative solutions. By focusing on the customer, we changed how we delivered our service. Some examples include digibank in India and Indonesia, and our mobile wallet service Paylah! in Singapore.

Experimentation is another area that we encouraged our staff to embark on. To date we have more than 500 experiments in the bank. One successful experiment resulted in POSB Smart Buddy, a savings and payments wearable for kids. This helps to teach primary school children how to save and spend wisely by helping them track their saving and spending habits digitally.

As we look ahead, although we have made much progress, we know we are still a work-in-progress. I hope the findings in this research report can further help in our journey as we continue to work towards becoming a most admired world-class organisation that serves our stakeholders well, and employees can live fulfilled, drive change and make a difference.

We also hope that this research report with the Singapore Management University and Fons Trompenaars of Trompenaars Hampden-Turner will provide invaluable insights on the human and cultural dimensions for all who are also on this transformation journey. Good luck and best wishes.

Lee Yan Hong

Managing Director and Head Group Human Resources
DBS Bank



FOREWORD FROM KPMG – RAM LAKSHMINARAYANAN



Digitalisation is rapidly changing the way companies operate and create value. The emergence of technology centered business models is also challenging established organisations to re-imagine and reinvent themselves. And while many organisations are either experiencing or expect to experience some form of significant digital disruption, few appear truly prepared.

Most businesses are failing to transcend the gap between knowing what is needed and doing what is required to combine emerging technology with new processes and skills in order to remain competitive. This presents a significant risk to the organisation, its operating model and the talent it acquires and retains. While the presence of a contingent workforce and access to technology such as artificial intelligence and robots open doors to opportunities for the organisation, it also stokes fears of redundancy amongst existing employees.

Artificial intelligence and robots open doors to opportunities for the organisation.



A closer look at organisations that have undergone or are going through digital transformation will show that far less attention is dedicated to addressing the people and cultural aspects of change management and change leadership than the processes and technology behind the transformation. That said, conversations about managing employee experience as a core component of digital transformation have risen in recent years.

The growing awareness and recognition of the impact of transformation on people and culture underscore the urgency to place cultural change at the center of organisational transformation. This study takes a timely look at cultural transformation in a highly digitalised world and we believe the findings will help organisations understand how they can embed cultural transformation in their organisation.

Ram Lakshminarayanan

Head of People & Change
KPMG in Singapore

ACKNOWLEDGEMENTS

The SMU Executive Development team would like to express our special appreciation and thanks to Fons Trompenaars, Founder of Trompenaars Hampden Turner (THT) for his valuable guidance and supervision throughout the various stages of this research. Fons has been a tremendous mentor, having encouraged this study and for allowing us to grow as researchers. Thank you dear Phyllis Stewart for keeping the THT phone line open and available for all the times when we needed Fons and you.

We would also like to thank our corporate sponsors who supported us on this research. DBS Bank came forward as the Title sponsor, Tata Communications Ltd as our Launch sponsor and KPMG was our co-sponsor. The support rendered by these organisations with interviewees, survey respondents and the financial contribution has helped in catapulting this study to be a class apart from the rest.

We also acknowledge our gratitude to the forty-eight C-Suite leaders from leading multinational organisations who gave us their precious time for

the interviews. The learnings from those interviews were rich insights that money couldn't buy and set the foundation for this study. To the numerous clients, friends, colleagues past and present, and acquaintances who supported us during the survey, you were generous with your time to respond to our survey without expecting anything in return.

To Prof Tsai Ming Hong for his support on the statistical analysis and for sharing with us the story behind the data. To Dr Sandhya Karpe for help with research interpretation and co-creation of the report.

To all colleagues from the team of SMU's Executive Development – Dr Katharina Lange, Dr Flocy Joseph, Dr Markus Karner, Dr Shaun Ho, Ms Caslin Lai, Ms Carrie Tan, Ms Vanessa Heng, Ms Sharon Lee, Mr Ayden Tay, Mr Aaron Tan, Ms Jasmine Tan, Ms Eugenia Chan, Ms Sing Yee, Ms Roma Goodlander, Mr Stijn Welkers, Mr Jack Lim, Ms Xiaohan, Mr Winston Liew & Ms Veronica Wang; It was a team effort. We could not have embarked on this alone as individuals. Onward we go as a team.



BACKGROUND, CONTEXT & OBJECTIVES

The context of businesses across the world is fast-changing – more specifically, Digitalisation has had a growing and increasingly disruptive impact across industry sectors and regions. Companies in the APAC region, like many others across the world, are grappling with the digital wave and its implications for their own structures, strategies and people. It appears that many are struggling to cope with the phenomenon, only a few have been able to embrace it fully, and almost none have been able to get ahead of it, proactively.

Although much has been written and said about Digitalisation in the Asian context, our team believed that it was necessary to gain a much deeper understanding of what Digitalisation meant to companies in Asia and beyond, how it was being perceived by C-Suite leaders as well as the rest of the organisation, and what is being done to prepare their organisations and people for the changes that are needed for future success. The topical nature of the subject, as well as the high priority being accorded to it by several companies in Asia and across the world, inspired us to delve deeper into the subject, and undertake this evidence-based study. We hope that our efforts and findings will benefit the broader business community as it “muddles through” its own responses to Digitalisation.

It became clear through our conversations, that there is a universal agreement about the fact that Digitalisation is here to stay and that almost every organisation across industry sectors has been impacted by it. Our review of related research on the subject indicated that legacy cultures of organisations would likely present the biggest barriers to transformation and that mindset shifts would be key to successful implementation.

While there was preliminary evidence to suggest that organisations that were embarking on their Digitalisation journeys, were concurrently attempting to drive cultural transformation, we believed that it would be helpful to undertake this study to determine how Digitalisation impacts organisational culture.

In order to benchmark our work with international standards, we believed that it was important to collaborate with a global thought leader with deep expertise in the area of organisational culture, on the design and implementation of the study. Our search led us to eminent global thinker - Fons Trompenaars and the Trompenaars-THT team - we are delighted to have had the opportunity to collaborate with them on this exciting and important project.

This report highlights the key findings of the joint research initiative undertaken by Singapore Management University-ExD in collaboration with the Fons Trompenaars of Trompenaars Hampden-Turner (THT), entitled **Cultural Transformation in the Digital World**. The study aims at understanding how organisations in the Asia-Pacific region (APAC) are addressing the challenges (or opportunities) presented by digital transformation, and the cultural and mindset shifts that are needed to support this strategy. It seeks to gain a deeper understanding of how business leaders view digital transformation and what challenges they encounter in the process of leading the change that is necessary to propel them forward.

APPROACH & DESIGN

In designing the architecture of our study, we purposefully selected a combination of qualitative and quantitative elements. Our goal was to gain deep insights by engaging with C-Suite leaders who were deeply immersed in leading digital transformation, as well as perspectives from mid and senior-level leaders.

The qualitative data was gathered from in-depth personal interviews conducted by our team with 48 C-Suite leaders from across a variety of corporate functions and industry sectors. The synthesis of, and insights from these interviews, enabled us to build the conceptual foundation for the design of the survey questionnaire, that was then used to gather empirical evidence in the second, quantitative phase of the study, and to further validate findings from our interviews.

The survey questionnaire was distributed to mid and senior-level executives across industry sectors - individuals who were charged with implementing digital transformation initiatives and/or impacted by it, but were not directly involved in crafting the overall strategy.

The questionnaire comprised 41 items and responses were requested on a 7 point Likert-type scale from several mid and senior-level executives. We were heartened to receive close to 500 anonymous responses from executives representing a wide cross-section of industry sectors. Most companies whose C-level executives had been interviewed by our team for the qualitative section, also participated in the study. Responses were collated, synthesized and calibrated against pre-defined hypotheses, using standardized statistical methods and calibrated against the results of our qualitative findings.

HYPOTHESES

Our team tested the following hypotheses:

01

Diversity of perceptions of Digitalisation: There is no single definition of Digitalisation from a cultural (vs. a technical) standpoint. Definitions are idiosyncratic and may vary across individual leaders.

02

Technological barriers are easier to overcome than mindset shifts needed to support digital transformation.

03

Companies do not concertededly focus on people aspects of transformation, as much as they do on the technological aspects.

04

Most organisations are less than half-way ready for the digital future.

05

The CEO is seen to have the greatest accountability for transformation.

REVIEW OF RECENT RESEARCH

A study conducted by McKinsey in 2017 found that gaps in organisational culture, were some of the biggest barriers to achieving digital transformation objectives. Key cultural elements included risk aversion, low customer centricity and silo-ed mindsets of the business units and functions.

An article by Laurent-Pierre Baculard in Harvard Business Review in 2017 emphasised the importance of the CEO's role in leading digital transformation. While CEOs are under pressure to launch transformation initiatives, including the deployment of new and sophisticated technologies under severe cost constraints, they recognise that **while leading digital transformation, they would need to look well beyond achieving technological excellence, to building a highly agile culture and organisation.**

An interesting finding reported was that in most companies that were steeped in driving technological advancement, project teams "on the ground" were typically much further ahead of their corporate offices. Many had taken the initiative to launch their own micro-technologies like robotics, apps and partnerships with digital players, although their efforts were fragmented, ad-hoc and unorganized. While it is important to empower all levels of the organisation to drive Digitalisation within their own units, "ruthless direction" from the center was identified as a key success factor, and CEOs would need to own that responsibility.

In order to achieve the right balance between control and empowerment, CEOs would need to develop a holistic view of the digital landscape, opportunities and challenges, and find ways to align these with the overall strategy of the business. **They needed to identify where change was most needed, define and articulate the change framework, and empower people by providing them with the resources, structures and authority needed to drive this change within their spheres of work.**

Even the clearest digital strategy will fail if people are not able or willing to embrace and internalize the need for it. Besides, change once initiated, must also **"stick" and be sustainable**. It is therefore important for the CEO to define the change roll-out plan in greatest detail including details including who will lead it, how and when to monitor progress over time and shift gears if needed. Mobilizing and "rallying the troops" around transformational change, would require that CEOs and their senior leaders be very willing to upset the status quo and make bold and often harsh people decisions.

While the "project team approach" and empowerment of people across all levels is key, the roll-out would need to be carefully orchestrated from the center, in order to ensure alignment, integration and efficiency. The role of the CEO in this exercise becomes paramount, although this power may also be distributed across a few highly empowered, and trusted lieutenants

A special report by Gartner in 2018 outlines the positive impact of creating a digital business on the organisation overall. Digital transformation was found to have an organic impact on structures - they become **"fluid and permeable; teams form and disband quickly and continuously; value chains become value networks; customers become partners, competitors, critics, and suppliers; business systems become digital platforms supporting larger ecosystems"**.

Throughout this journey, and as organisational culture consequently evolves, the role of the leader also changes. Resilience, bold decision-making and the willingness and ability to embrace ambiguity and uncertainty, become critical success factors.

Deloitte and Sloan Management Review in 2017, collaborated on a global survey of more than 3,500 managers and executives, and conducted 15 interviews with executives and thought leaders, that highlighted some interesting characteristics of companies that are growing into mature digital organisations. Notable among these, are a **sharp focus on cultivating a “digitally-minded culture” scaling smaller, iterative digital experiments** into larger, enterprise-wide initiatives, and finding creative ways of resourcing these initiatives in the face of other competing and more immediate investment priorities.

A recent study by KPMG revealed that 46% of companies believed that **uncertainty of the ROI on digital transformation was a key barrier to adoption and implementation**. The study also emphasized the role of the leader in successful transformation. “Short-termism” and the continuous pressure to deliver results, contribute significantly to leaders’ reluctance to make bold moves - there is often the tendency to avoid putting the organisation’s current position at risk, without being certain that it will yield the best outcomes.

Increasingly, organisations are **leveraging ecosystems to collaborate**, and moving away from owning their innovation and R&D, because the cost and speed with which organisations can develop, maintain and protect those assets is fast-eroding. They are beginning to realize the great value in being faster and more nimble-footed, by working through partnerships vs. building solutions internally.

MIT Sloan Management Review and Capgemini Consulting conducted a survey of about 1600 executives and managers in 2017 across a variety of industry sectors. The findings highlighted that while managers believed in the ability of technology to bring transformative change to business, they felt frustrated that these **technological advances were not being fully leveraged to get the best possible business impact**. “Lack of urgency” was cited as the biggest obstacle to digital transformation. The study also found that **many companies struggle to gain**

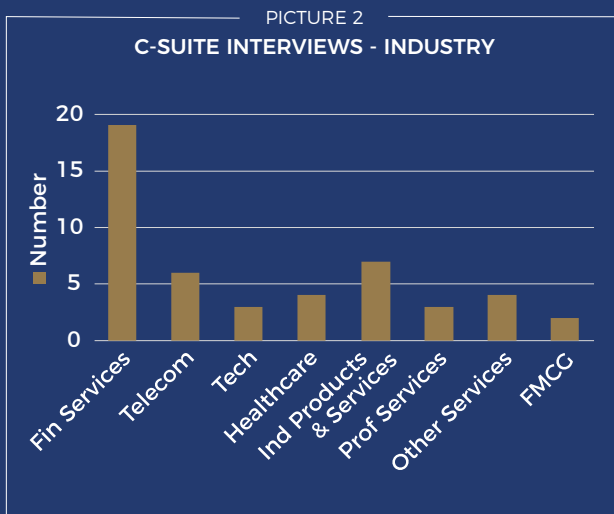
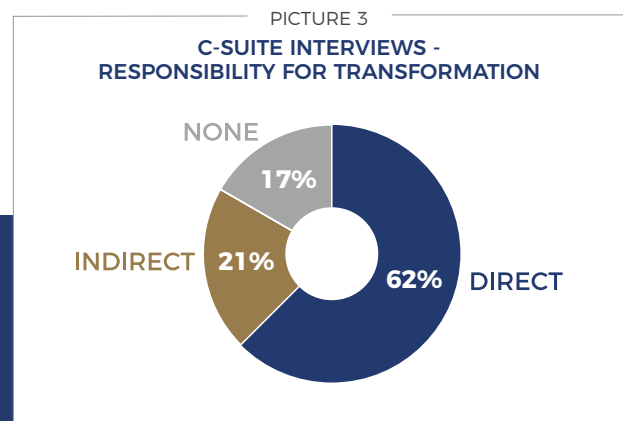
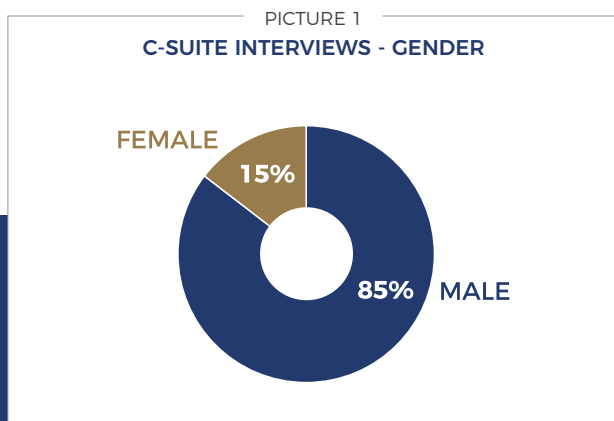
the true transformational effects from new digital technologies, although most frontline corporate employees believe that they are bound to implement a strategic imperative, to successfully adopt emerging new technologies.

PWC conducted a study in 2018 of 1100 executives at global manufacturing companies to understand the “winning” characteristics of organisations who successfully implemented digital transformation and called them **“Digital Champions”**. **Digital Champions successfully leveraged digital transformation to deliver greater business impact. They found that while digital transformation is a key stated priority on the agenda of most companies today, business leaders have still not come to terms with the challenges and opportunities associated with the journey**. The findings revealed that successful digital transformation requires the development of a highly collaborative culture, strong commitment of the top management, and a clear roll-out plan. Digital Champions excelled at managing and integrating four critical ecosystems – Customer Solutions, Operations, Technology, and People. In addition, people and culture were found to be at the core of a successful digital transformation strategy.

Finally, a 2018 study by Tata Communications, in collaboration with Prof. Goldberg from UC Berkley, highlighted how **AI had the potential to enhance collective intelligence and intellectual diversity, allowing human worker to do more diverse thinking and become more efficient**. Participants included 120 global business executives who were current or prospective clients of Tata Communications; 15 in-depth interviews with leaders from both emerging and developed markets across the US, Europe, South America, Asia, India and the Middle East. The study highlights **the importance of ‘multiplicity’, where machines and humans collaborate to innovate and solve problems**. Humans have the critical element of cognitive diversity—differences in how we perceive, interpret, reason and solve - the more diverse the participants, the greater the opportunities to discover insights and novel approaches.

SUMMARY OF FINDINGS - PART 1: C-SUITE INTERVIEWS

We were interested in getting insights from C-Suite leaders in the APAC region, some of them holding regional responsibilities, and some of them with global responsibilities on the phenomenon of Digitalisation, their organisation's own digital transformation journeys, their perspectives on opportunities and challenges encountered and most of all, the interaction between digital transformation and organisational culture. Between August and October 2018, our team conducted personal interviews with 48 CEOs and C-level executives across a wide variety of industry sectors - the demographic profile of our interviewees is shown below.



Our interviewees were C-Suite leaders from across ASEAN - 83% of them had direct or indirect responsibility for leading digital transformation within their organisations. The largest representation was from the financial services industry, followed by industrial products and services, and telecommunication was the third largest.

During our interviews, we asked the following questions:

1. What does digital transformation mean to you and what do you seek to achieve through such transformation?
2. What are the potential barriers - technological and/or cultural, that hinder the achievement of your objectives?
3. How are these obstacles addressed, and what is your own perception of your organisation's readiness for change?
4. What is the specific role of the CEO in leading digital transformation?
5. What are the key leadership behaviors/capabilities that would need be developed, in order to effectively pave the way for change?
6. On a scale of 1-10, 1 being the lowest and 10 being the highest, what is your organisation's readiness to change?

SUMMARY OF FINDINGS - PART 1: C-SUITE INTERVIEWS

Our interviews yielded some truly rich insights and learnings - it became clear through our discussions that the digital transformation journey of each organisation was distinct and unique. All respondents unanimously agreed that they were navigating previously uncharted territory and 'acting their way towards a solution', without a clear blueprint for action and/or predictability of business outcomes. We have categorized our key findings into eight broad categories:

01. PERSPECTIVES ON DIGITAL TRANSFORMATION

Digitalisation is a subject that currently occupies significant mindshare of C-Suite leaders across industry sectors in Asia. As one of our interviewees said:

“ We (CEOs) meet often on planes and at networking events... but now, our conversations are about very different things... and digital transformation is always one of them...”

The definition of Digitalisation did not have a universal interpretation across our group of interviewees - it was being perceived and interpreted in many different ways. For some, it was about technological advancement, adoption of devices and new, disruptive technologies. For others, it was a very personal journey of change, and of leading the organisation through the daunting process of cultural transformation.

There was however, a **universal agreement that Digitalisation was the new normal and it was here to stay - organisations across the board, regardless of their size and/or nature of business, needed to embrace it fully and fast, in order to survive, stay relevant and competitive, and provide greater value to their clients and stakeholders, in the future.**

“ There are those who say that the old model has worked and this (digitalisation) is a passing phase - maybe I can just tinker a little bit with the old model and reboot for the future. My sense is that this is not a passing phase - it requires a paradigm shift.”

Shekar Khosla,

Chief Commercial Officer, Kellogg's

Most interviewees agreed that **Digitalisation required changes in structures, processes, culture, mindsets and leadership behaviors and that the shifts needed were not just incremental, they were seismic.** Transformative paradigm changes in thinking were required for organisations to embrace radically different ways of working both, with customers, and internally, with employees.

“ Professionals who have embraced the power of new technologies and embrace them, will do much better than those who may be technically good at their work, but haven't understood that the world is doing things fundamentally differently.”

Jyoti Shukla,

Director, Singapore Infrastructure and Urban Development Hub, World Bank

In most cases, the need for digital transformation was being triggered by external pressures - demand from customers as in the case of retail and tech, and competitive disruptions as in the case of the financial sector. The drive for change was often triggered internally - the need felt by C-Suite leaders, boards and or even employees, in their pro-active efforts to remain relevant and competitive.

We asked our interviewees whether and how digital transformation differed from other forms of organisational change - many agreed that while it seemed to exhibit all the classic characteristics of other organisational changes, it somehow looked and felt different. **What differentiated the digital transformation process, was the extremely rapid and even exponential pace of change, the sense of urgency and some specific implementational impediments relating to culture, that we have described later in this report.**

At the individual level, C-Suite leaders shared that in the case of digital transformation, the **change felt real, palpable and urgent**, and there was a shared anxiety and realisation that those who don't change or innovate, could quickly fall behind.

“ Digitalisation requires a new paradigm in thinking... it is not about incremental changes.”

Aadesh Goyal,

Chief HR Officer, Tata Communications

SUMMARY OF FINDINGS – PART 1: C-SUITE INTERVIEWS

Our interviewees discussed **two distinct aspects of digital transformation – the external focus**, which stemmed from consumer demands for innovative, digitally-powered solutions, **and the internal focus**, which was the need to drive greater digital adoption of platforms and processes across the organisation, in order to leverage the power of technology to enhance efficiency and effectiveness.

C-Suite leaders were broadly aligned about the fact that **technological barriers were far less daunting than the cultural and mindset shifts that were necessary for the success of their digital transformation initiatives**. Technological barriers were largely surmountable – the new capabilities needed could be acquired by either enhancing existing platforms and/or or sourcing more contemporary and innovative ones from external sources. The **real impediments were faced while driving the cultural and mindset shifts needed for digital transformation initiatives to succeed**. This finding was consistent with our own hypothesis about the challenges posed by organisational culture in the digital transformation process, and this is also validated by recent research on the subject.

A few C-Suite leaders emphasized the importance of handling digital transformation thoughtfully and carefully, in order to avoid some potentially adverse effects on organisational culture.

“The biggest risk that we run with digitalisation is that it is the perfect recipe for the cultural fabric to get weaker, if not executed and adopted properly.”

D. N. Prasad
 Founder and Executive Coach, Noëtic Step &
 Formerly, Director, People Operations, Google.

For example, wide-scale **adoption of digital devices and platforms could potentially disrupt effective communication networks, and have a negative impact on relationship-building, especially among employees who are not "digital natives"**. In businesses where the 'craft' or the 'art' is a differentiator, Digitalisation may lead to a commoditized solution and diminished business outcomes.



Most C-Suite leaders were upbeat and positive about embracing digital transformation. In fact, some of them shared that it had already begun **to demonstrate a positive and enabling effect on work culture**, facilitating easier and faster communication, exchange of ideas and joint problem-solving and enabled employees who had limited past interactions, to engage and collaborate more freely. It had the potential to create a positive sense of affiliation to the larger organisational community, and increase the level of engagement, especially across remotely scattered, regional teams. One of our CEO interviewees shared that Digitalisation that was launched as an experiment in one department, was quickly scaled to others, because of its positive impact on culture.

In low-tech industries, the need to understand technology has never been a key success factor - IT or technology departments typically handle technology adoption and/or integration, while other employees are not required to build an awareness. In such industries, where technology is not used extensively for day-to-day activities, the challenges of implementing digital transformation are far more acute.

There was a broad agreement that **it was necessary to have a highly cohesive and centralized strategy and a clear roadmap for digital transformation, directed by the CEO**. Accordingly, organisations with decentralised or highly federated organisational structures would find it much more challenging to implement a centralized strategy. This is predominantly because specific units or regions within the organisation may have already embarked on their digital transformation journeys, made investment in resources and technology based on their own needs, and so it is much more difficult to shift gears midstream and align with the new overall transformation agenda.

SUMMARY OF FINDINGS - PART 1: C-SUITE INTERVIEWS

While leaders interviewed agreed that **digital transformation is a business imperative, and not a 'nice-to-have' option, they believed that it was important to continuously ask themselves, and share with the broader organisation, the important "why" questions** - what purpose will it serve, how will it enhance value to consumers and key stakeholders? Digital transformation, like any other change initiative, must serve broader business objectives.

They highlighted that it was important to **avoid falling into the trap of knee-jerk reactions to competition**, and instead identifying solutions that were differentiated, and addressed the unique requirements of their own consumers and/or employees. It was not always necessary to create novel solutions - innovation could also come in the form of leveraging existing technology and platforms more creatively.



“Insurance companies are not going to win by creating the next great technology - they will win by figuring out how to leverage new technologies as they are developed. We should be asking ourselves, “What can we do with Google search or AI or the Internet of Things that we could not do before?”, as opposed to trying to create the next great technology ourselves.”

Jack Howell,
CEO Asia Pacific,
Zurich Insurance Company Ltd

02. THE ROI QUESTION

A recurring theme in our C-Suite interviews was the question about the ROI on digital transformation - at the end of the day, it needs to serve larger business objectives and contribute to revenues and profit generation, enhanced value to the consumer and/or a distinct competitive advantage. There was also a general agreement that **ROI on digital transformation at this time, could not be clearly defined. What was certain however, was that digital transformation was necessary for survival and that they had no choice but to embrace it.**

“When you put money into digital, you can't always guarantee the precise outcome, especially the timing. But I see businesses as having no option but to embark on the journey... taking the Board and investors along is critical.”

Vinod Kumar,
MD & CEO, Tata Communications

The challenge of embracing digital transformation in the face of great ambiguity and uncertainty further emphasises the need for leaders to be able and willing to make bold moves, take courageous decisions and developing a high tolerance for risk and failure. Agility is critical to be able to maneuver and pivot as and when needed.

Several executives agreed that while it was still too early to determine the tangible ROI, the **greatest and most positive ROI was being realized by some in the form of increased employee engagement. Internal digital adoption enabled employees to establish better connections, collaborate on problem-solving and learning from successful adoption within specific pockets of the organisation.** It also had the potential of improving efficiency through greater access to data and information, thus freeing up employees' time for more value-adding activities as well as for relationship-building.

SUMMARY OF FINDINGS – PART 1: C-SUITE INTERVIEWS

03. CULTURE AND DIGITAL TRANSFORMATION

When asked about how culture impacts digital transformation, there was universal agreement about the fact that technological barriers were far easier to overcome than barriers relating to organisational culture.

The technology required for digital transformation was easier to upgrade and/or acquire from external sources, and so technology was not perceived to be a barrier in implementing digital transformation. The only exception cited was the case of organisations that had made already made massive investments in technology - these “sunk costs” created a great burden of legacy, and the Board and leadership were unable and/or hesitant to make the case for further investments in new technologies. Also, the emotional investment in older technologies created challenges of unlearning and in an unwillingness to disband legacy structures.

With the exception of the above, 100% of our interviewees agreed that the biggest barriers to implementing digital transformation related to organisational culture, and therefore, significant mindshare of the leaders was invested in creating and nurturing a conducive cultural environment, in which digital transformation could thrive.

While most leaders believed that cultural shifts were necessary to support digital transformation, some leaders posited that “culture supersedes and overrides Digitalisation”, and that culture, purpose and values should transcend any transformation initiative, continue to anchor the organisation through its transformation journey, and stand the test of time. Many C-Suite leaders emphasised the importance of remaining true to the organisation’s values and purpose throughout the transformation journey.

The organisation’s cultural norms are often threatened by Digitalisation – for example, the importance of human interaction could be lost when organisations begin to adopt Digitalisation for internal efficiency purposes. There is much less of “real talking” as digital communication increases, and this could undermine the ability to build relationships and/or solve problems collaboratively. If not handled appropriately, Digitalisation could potentially undermine its cultural fabric.

While some elements of digital transformation are akin to those of other large-scale change transformational initiatives, the unique differentiation



relates to the rapid pace of and urgency with which the change must be implemented, the overload of data and information and the creation of location-agnostic roles.

“Change is critically important for survival but if you don’t get a chance to refreeze, you may never know what worked or not.”

Peta Latimer,
CEO Mercer Singapore

The fast-paced changes, short reaction times, and the feeling of the organisation being in a constant state of ‘white-water’, may have the adverse effect of inadequate time to pause and assess what is working and what is not, and how and when exactly to pivot.

The positive impact of Digitalisation on culture

It is important that the CEOs and their leadership teams model the behavioral changes that they hope to see in others – they must begin to embrace digital means in order to bring communities together.

SUMMARY OF FINDINGS - PART 1: C-SUITE INTERVIEWS



“For our leaders, it is about walking the talk - we can’t ask our people to change without leaders demonstrating new behaviors and empowering others to do the same.”

Dr. Bicky Bhangu,
President SE Asia Pacific & South Korea,
Rolls - Royce

Innovative, low-cost platforms like Yammer could be immediately integrated to **start building a “digital culture” in a non-threatening manner** - once people experience the joy and value of being more engaged with each other and sharing practices, positive business outcomes are likely to follow.

Digital platforms could be very valuable in facilitating digital adoption and enhancing learning and developing positive attitudes towards Digitalisation. C-Suite leaders who have implemented these simple platforms reported a **positive impact on level of communication flow, as well as early indicators of building trust and inter-connectedness between employees.**

There was a unanimous agreement amongst our C-Suite leaders that **Digitalisation would not fully replace human intervention. Critical thinking abilities and the need to master and leverage technology fully would now be more in demand and so human needed to interface more effectively with technology like AI, to create innovative solutions.** This was also emphasized in a recent report by Tata Communications on the human interface with technology.

Sometimes, existing cultures could actually be enablers of digital transformation.

“Our culture of naive curiosity and humility to learn, is actually helping us. All of us are learning the new ways, there is no blueprint for the future - it is much more fluid and dynamic.”

Shekhar Khosla,
Chief Commercial Officer, Kellogg's

04. SHIFTING CULTURE, MINDSETS AND LEADER BEHAVIORS

Agility, flexibility and the willingness to adapt and pivot emerged in our interviews as key organisational and individual traits and success factors.

The need for agility and flexibility came up many times in our discussions as a key success factor. To balance the need to innovate and be fast-paced, with a framework of legacy structures and processes, is a daunting challenge. Rapid testing is important, and so is the ability to ‘pivot’ and/or course-correct as needed.

“... a culture of agility, a learning culture rather than a protective culture, one that is open for change, open for possibilities and not protective of what you have, your status or level, but really strives to create the best results for the company, your customers, your employers and your shareholders.”

Peter Slagt,
Partner, Bain & Company

SUMMARY OF FINDINGS – PART 1: C-SUITE INTERVIEWS

Agility especially refers to the need to adopt a 'growth mindset', and to the willingness and ability to learn from failures, building resilience and learning capabilities into the process. Building an agile culture appeared harder in organisations that have been around for a long time and have well-defined structures and processes.

Another popular approach was to create internal “agile teams” to test and learn from experiments.

There seemed to be a preference for making small bets instead of large-scale transformational changes, that could be derailed by cultural resistance.

Most C-Suite leaders seemed to favor the strategy of launching “micro-experiments” and “beta-testing” innovative projects driven by highly empowered, agile teams, before making heavy investments in wider-scale, enterprise-wide rollouts. Successful projects run by these teams served as a key source of inspiration for others and led to a more organic and internalized change process.

“ It is important to make the process digestible... rather than a big digital shift, make it more as an enabler. If you make it a big deal and everyone needs to start using it tomorrow, it does not really stick - people get intimidated, they sometimes feel threatened.”

Atul Khosla,
Senior Vice President, Mondelez International

One of our CEO interviewees, referred to “micro-battles” which he defined as the need to focus on small, iterative changes that were relatively easy to implement at the unit/department level. Another shared how he had successfully created an “Engine 2” – a small and highly capable and innovative group, who were charged with leading and driving digital transformation. **Even more traditional organisations with historically long innovation cycles, were creating agile teams to work on shorter ‘sprints’ and ‘rapid prototyping’ of digital experiments.** Piloting digital transformation in specific sections of the organisation where it has a higher probability of success and then leveraging this success a poster-child for change, could inspire others and mitigate some of the fears associated with large-scale changes.

“ Agility and experimentation are really important and with that... creating an environment for people to learn, and not feeling like failure is a failure, but a part of a journey.”

Tina Lawton,
Regional Director Asia Pacific, Syngenta

One of the key cultural barriers to Digitalisation mentioned was the fear of failure. Employees are focused on, and concerned about how they are being measured, and so are often unwilling to let go of habits that have made them successful in the past. **Reward systems that emphasise individual priorities, could become barriers to giving up their power positions because there is low incentive to change and adopt new ways of working.** Hanging on to legacy mindsets is a big challenge, as well as the unwillingness to take risks. Leaders must address deep-rooted causes of their employees' concerns, and better understand the reasons why they are reluctant to let go of their conventional approaches.



SUMMARY OF FINDINGS - PART 1: C-SUITE INTERVIEWS

In the digital world, data and information is much more accessible and transparent - democratization of data leads to a reduction of hierarchical barriers and the erosion of conventional power centers. **As Digitalisation alters power dynamics, tech leaders increase in power and influence.** The data and information overload that results from Digitalisation may require greater critical thinking as well as the ability to 'sense-make' through the chaos.

An interesting insight on the impact of Digitalisation and relationship-oriented organisational cultures was shared by one of our interviewees - when **Digitalisation is introduced in a relationship-driven culture, it could create unproductive tensions.**

“ Relationships hold us back... when you digitize something, you effectively democratize decision-making. It takes away who is making the request and replaces it with why the request is being made and why it is important.”

Antony Bartolo,
Chief Product Officer, Tata Communications

When data is so freely and easily available, erosion of power bases of leaders who thrived on information and data as their prime sources of power, could create insecurities and tensions. Relationships now begin to seem much less critical in getting work done.

Adaptability is one of the key capabilities needed by today's leaders - they must be self-aware and honest about what they know and don't know and be open-minded about learning from others.

A collaborative mindset, the ability to break down silos and move towards a culture of trust and relationship-building, is important in order to enable creative problem-solving and effective engagements with external stakeholders and partners, who could help in pushing digital transformation forward efficiently.

Leading by example and walking the talk is key, at the same time also accepting that as a leader you will not have answers to all the questions, and that new leaders, could emerge from other parts or levels within the organisation.

“ If leaders don't get it right, don't understand the journey, don't understand what can be done, nothing is going to happen. Leaders must talk the talk, walk the talk, talk the walk and walk the walk.”

Sim S Lim,
Singapore Country Head, DBS

Since ownership and accountability will now be key, the culture will need to evolve to enable employees to feel safe about taking risks and even fail sometimes, pick themselves up and move on, without fear of reprimand and embarrassment. Again, leaders need to demonstrate these behaviors visibly.

05. THE CRITICAL ROLE OF THE CEO

A frequently recurring theme in our conversations, was **the focus on the CEO as the initiator, enabler and nurturer of digital transformation** - his/her role in leading the organisation through its digital transformation was a key success factor. This finding is consistent with what has been described in related studies on this subject.

While it is prudent for the responsibility for digital transformation to be distributed and shared among leaders across the organisation, the **CEO must take center-stage in orchestrating** and demonstrating the ability and willingness to drive the change process. Inadequate engagement of the CEO in the early stages of the process and until the time that the process reaches steady state, was frequently seen as a derailer of digital transformation initiatives and could undermine any efforts being made by other leaders across the organisation.

“ Cultural changes or transformations are exciting, and everybody wants to be the captain on a ship, but there should be only one person holding the wheel.”

Antony Bartolo,
Chief Product Officer, Tata Communications

SUMMARY OF FINDINGS – PART 1: C-SUITE INTERVIEWS

Most interviewees agreed that a **high degree of centralization of the strategy and rollout plan is needed in order to push the agenda forward swiftly** - the CEO should hold the reins and define the desired direction, the pace of change, monitor progress and make critical decisions about pivot points.

The CEO should play an important role in enabling their people in what one interviewee described as “escape velocity”. This refers to the potential for the digital transformation initiative to lose momentum too early. It is not enough for him/her to launch the initiative, **he/she must actively play an ongoing role in nurturing and ‘hand-holding’ the change process, until the time that it can be handed off to other leaders.**

While the disengagement of the CEO too early in the change process usually results in lost momentum, he/she cannot possibly be the ‘engine’ that powers the change forever. The baton must be handed over to the next level, to execute and implement the change efficiently and effectively.



While the CEO is not required to be a digital expert, **he/she needs to have an understanding of the new technology that is being integrated**, be able to clearly articulate and evangelize its value to the business, the customers and stakeholders, build the right talent capabilities, the appropriate partnerships to drive this forward, and most importantly, create a culture that is conducive to its successful implementation.

“As a leader, you must have an appreciation for technology, deep appreciation for any change, the creative thought that comes along with that and be able to aid and nurture that thought process to take it to its logical conclusion.”

C. R. Srinivasan,
Chief Digital Officer, Tata Communications

The CEO has sole responsibility for defining and nurturing an organisation culture that is conducive to embracing digital transformation - an exceptional CEO can make a huge difference to its success. The entire leadership team must ‘walk the talk’ and visibly demonstrate the behaviors that they would like others to embrace.

The biggest mindset shifts that CEOs themselves need to embrace, is the willingness to **give employees the license to conduct rapid experimentation, and even fail if needed, in order to learn. Low tolerance for failure and risk-taking at the Board and C-Suite level is a key cultural barrier.** Many of our interviewees mentioned the need to build a learning organisation and develop a ‘growth mindset’ that embraces failure and builds resilience.

C-Suite leaders need to be good listeners - they must be willing to actively listen to diverse perspectives offered by leaders at all levels and believe in the **inherent power of the “collective genius”.** **Poor listening and a “top-down” culture, is a specific challenge in Asia, and often impedes effective bottom-up communication flows, thwarts innovation and risk-taking,** and does not create the inclusive culture that is needed for successful digital transformation. CEOs in Asian cultures are also expected to ‘know it all’ and so may hesitate to show vulnerability and seek support from others.

During the digital transformation journey, the CEO is the galvanising force - he/she must paint an inspiring, compelling and ambitious vision - something that the rest of the organisation can get excited about and “hanging their hats on”.

CEOs who lead digital transformation must have a **heightened sense of self-awareness and demonstrate great honesty and candor.** They must

SUMMARY OF FINDINGS - PART 1: C-SUITE INTERVIEWS

be willing to honestly assess the current state of the organisation in the context of Digitalisation, identify the gaps, and determine what is realistically needed to achieve the objectives.

“It is important that we understand our weaknesses, take an honest approach to addressing those weaknesses and have an honest dialogue to push the changes required.”

Tri Pham,
Chief Strategy Officer, Tata Communications

They must set the tone for a culture of open communication and robust debate, inviting and welcoming perspectives from all employees, especially those with superior digital capabilities. Often, these are new hires and or younger employees at junior levels, who are digital natives.

06. ORGANISATIONAL READINESS AND CAPABILITIES

Many C-Suite leaders were concerned that **their organisations were not yet ready for digital transformation - 75% of them assessed their current readiness level as less than 5, on a scale of 1-10.** The good news is that many of them also realized that **they would not be able to build these capabilities fast enough, and so would need to partner with external parties, and hire ‘digital’ superstars.** Acknowledging these gaps honestly, and being open-minded about collaborating with external parties, is a major mindset shift that will be needed.

Many of our interviewees were grappling with the dilemma of whether to ‘make or buy’ digital solutions. A common cultural barrier is the **“not-invented-here” mindset and parochial thinking.** Developing a ‘partnership mindset’ and the willingness to embrace diversity of perspectives and approaches that do not emanate from one’s own’s organisation, is a big challenge in moving the digital transformation agenda forward. Lack of trust in partners and/or their motives becomes a barrier to embracing partnerships and creating productive working relationships.

Most leaders interviewed expressed **concern about the acute shortage of high quality ‘digital’ talent needed to drive their digital transformation agendas.** On one hand, there appears to be a war for such talent, and many of them were recruited by the tech, fintech and global consulting firms, at very high salaries. Attracting ‘digital’ talent was also made difficult because many are drawn to organisational cultures that are empowering, energising and nimble, and they came from newer industries. They are less interested in working with organisations that are less digitally savvy.

When the organisation was successful in attracting such talent, the biggest **challenge faced was integrating these new hires into the existing cultural fabric.** They often struggled to create the right environment for the new entrants to thrive and perform, as the organisation was undergoing the transformation process.



“You need to blend the grey-haired and the young to work as a team... there are no winners on a losing team.”

Ermis Marques,
Regional Director Middle East, Aurecon

Attrition rates amongst new ‘digital’ hires tends to be high, mainly because of the resistance from existing employees to their innovative ideas and unconventional approaches, and the inability of the organisation to integrate them successfully into the existing cultural fabric. Leaders must play a key role in ensuring that **this valuable talent pool is provided with growth opportunities, empowerment and visibility, to enable them to thrive.**

SUMMARY OF FINDINGS – PART 1: C-SUITE INTERVIEWS

07. LEADING WITH PURPOSE, CARE AND EMPATHY

Many C-Suite leaders emphasized the **importance of the organisation remaining well-grounded in its purpose and values, during its digital transformation journey.** While trying to innovate and digitalise in a hurry, it is sometimes easy to lose sight of its larger mission - balancing the business transformation agenda with organisational purpose. This is a tricky one to get right.



The key success factor of Digitalisation is to enable people to embrace it - not everyone will be able and willing to go along for the ride and so the organisation's leaders will need to play a critical role in taking the "troops" along, as in the case of any large-scale change management initiative. While many will be enthused by the change, there will be fence-sitters and other who are anxious and fearful, sometimes even for their own job security.

Another big challenge in hiring from outside or working with external partners, is the lowered sense of ownership that existing employees may feel about the digital transformation process. It is important therefore that if sourcing externally, a concerted and authentic **effort be made to integrate existing employees into the initiatives.**

“...there will always be people who are not ready for the next stage... change is resisted. You have to educate them, hear their views, include them and take them along... even, if it takes effort. There has to be an intentional care that you show towards these people...”

D. N. Prasad,
Founder and Executive Coach, Noëtic Step &
Formerly, Director, People Operations, Google

Organisations driving digital transformation must **promote inclusive transformation and take everyone along, regardless of age, level, gender and level of 'digital savviness.** 'Non-digital' employees would need to be quickly up-skilled and/or re-deployed to other sections of the organisations where their core talents could be better utilized.

We were surprised to note that many C-Suite leaders highlighted **the importance of demonstrating empathy and genuine care towards employees who may not fully comprehend Digitalisation, during the transition phase,** fully appreciating that this may slow down their efforts. Sensitivity and empathy demonstrated by leaders towards employees during the transformation phase goes a long way in building goodwill across the organisation and could improve the probability of them embracing digital transformation and developing positive attitudes towards it. Employees and customers must be handled with extreme care during the transition phase.

As one of our interviewees aptly put it **“The place between the old and the new is a dangerous place where we could lose employees and customers”.**

The HR team should play a lead role in promoting inclusiveness and crafting a proactive strategy to either re-skill or re-deploy this talent to other sections of the organisation, in order that would set them up for success.

“Our focus is on saving people rather than saving jobs. Jobs will become redundant, but humans are capable of learning and reskilling. We embrace digital as it helps eliminate mundane transactional work creating capacity for our employees to do higher value and more interesting work.”

Lee Yan Hong,
Managing Director and Head
Group Human Resources, DBS

SUMMARY OF FINDINGS - PART 1: C-SUITE INTERVIEWS



08. STIMULATING CREATIVITY AND JOYFULNESS

One of our CEO interviewees shared an important insight about the growing trend of **creating physical spaces** that are conducive to stimulating creativity and innovation and collaborative co-creation among employees.

“ We want our clients to see our new corporate office, not a stodgy office with lots of closed doors - so we’ve ripped the ceilings and all the doors out... it’s a real breath of fresh air. You’ve got technology visible everywhere, if you walk in here you’d say, “yes, this looks digital!” ”

John Davison,
CEO, Zuellig Pharma

On a lighter yet profound note, one of our interviewees offered this insightful advice to his C-Suite peers, who are leading digital transformation:

“ I tell my team - life is not a straight line, it is more of a flowing river... through this journey of change, you will come across obstacles... learn how to laugh at yourselves, make mistakes and then from there, you recover.”

Lim Him Chuan,
Managing Director, DBS Bank Taiwan

SUMMARY OF FINDINGS – PART 2: EXECUTIVE SURVEY

From our synthesis of the C-Suite interviews, we identified the following eight themes, that we believed warranted further enquiry and validation and formed the underlying foundation of our survey design.

01 PERCEPTIONS OF DIGITALISATION (PD)

C-Suite leaders interviewed had embarked upon digital transformation journeys within their organisations for a variety of reasons. Some were convinced that these initiatives were necessary for their organisations to thrive in the future, others felt that there was a burning platform for change and still others pressure from their boards or competitors to go digital. We believed that it was important for leaders of transformation to know how their digital transformation initiatives were being perceived by mid and senior level executives, who were charged with implementation.

Our goal was to understand **whether mid-to senior level executives across organisations had a favorable view of the change initiatives, and whether they believed that these were valuable in enabling the company to achieve its future growth objectives.** It would help us to understand whether our respondents recognised innate value to the overall mission and strategy of the company, or whether they viewed it as a passing fad and/or a necessary evil.

Understanding the beliefs of the company's executives about the value of Digitalisation would enable top leaders to determine how much more work was still needed to socialize the changes and the strategic intent of their digital transformation agendas. Change management initiatives often derail, if the broader organisation fails to quickly internalize the need for change and/or is skeptical about its benefits.

02 NEED FOR CHANGE (NC)

We wished to explore whether respondents believed that their **current organisational cultures either helped or hindered the digital transformation process** and whether individuals felt that it was conducive to supporting the successful implementation of digital transformation. Responses would indicate how much support the leaders had at the next level, for the changes that they were seeking to implement, and the extent of resistance that they might anticipate.

03 LEADER EFFECTIVENESS (LEF)

In this section, our goal was to examine respondents' perceptions of **how effective they felt their leaders had been** in the process of leading and implementing digital transformation. It encompassed various elements of implementation including clarity and frequency of communication, assessment of leaders' capabilities to lead and manage the change process, whether their **CEOs had assumed full ownership** and whether their leaders appreciated the implementational difficulties.

04 ORGANISATIONAL READINESS (ORE)

We believed that it was important to determine how executive groups perceived their organisation's level of readiness for digital transformation, whether there was an adequate level of supporting resources including digital talent and external partnerships, and whether they themselves felt prepared with the skills needed to contribute towards the change. We had asked the same question of the C-Suite leaders and thought it would be interesting to explore whether there was an **alignment in perceptions about preparedness for a digital future, across various organisational levels.**

05 LEADERSHIP EXPECTATIONS (LEX)

During our interviews, we asked about the nature of leader behaviors that C-Suite leaders felt would be essential for digital transformation to succeed – risk-taking, agility and flexibility, taking ownership and **accountability, leading change and digital adoption, emerged as the most desirable behavioral traits of leaders in a digital age** from our C-suite interviews – we were eager to validate these findings from the executive group.

06 UNCERTAINTY (UC)

We also included a few questions about whether respondents were **experiencing feelings of uncertainty due to the changes** that their leaders were driving.

07 JOB SATISFACTION (JS)

This section was aimed at determining the **level of job satisfaction** of survey respondents of the survey. It would be interesting to note whether this element might have any bearing on their beliefs about, and attitudes towards digital transformation.

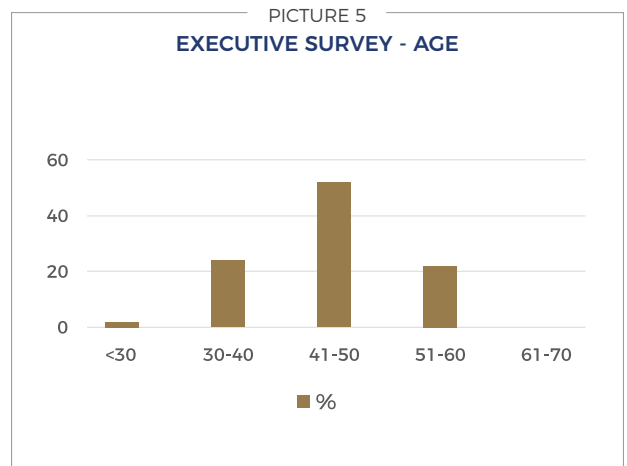
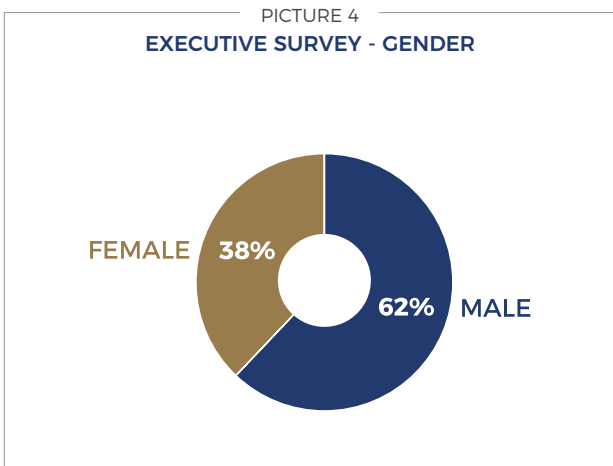
08 INFORMATION SHARING (IS)

Respondents were requested to report about how free they felt to share information with their colleagues, as an indication of the **openness of their communication and information flows.** This aspect was cited by C-Suite leaders as an important cultural success factor in digital transformation.

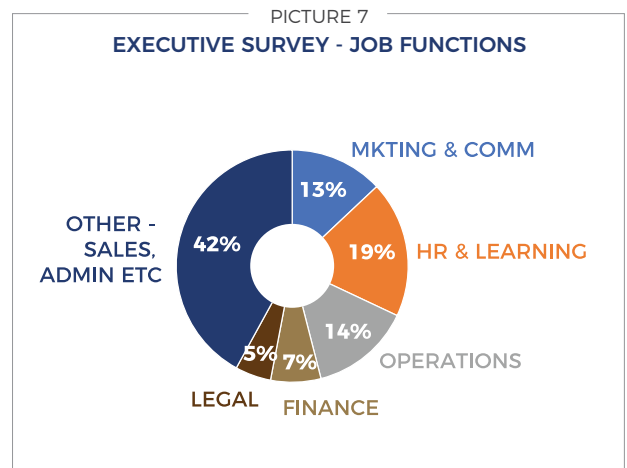
SUMMARY OF FINDINGS - PART 2: EXECUTIVE SURVEY

A questionnaire including 41 questions was distributed to mid and senior level executives from various industry sectors across Asia – questions were classified into eight broad categories and responses were gathered using a 7-point Likert-type scale. Many of our survey prospects represented organisations whose C-Suite leaders had also been interviewed by our research team - a total of 401 completed responses were received. We studied individual descriptive statistics as well as inter-variable correlations, in order to determine the significance of these interactions.

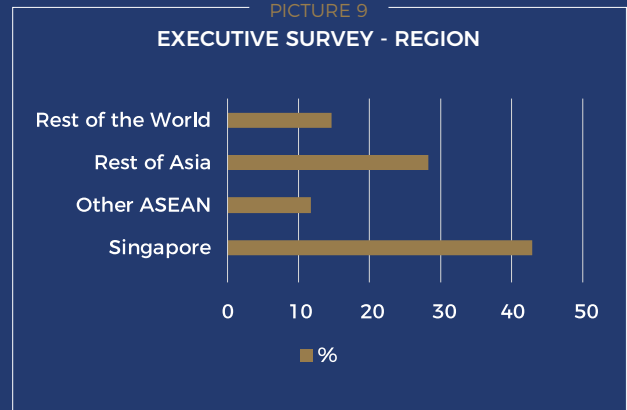
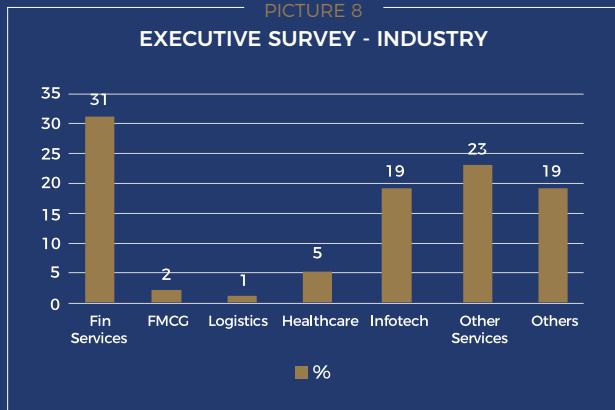
DEMOGRAPHIC PROFILE OF EXECUTIVES SURVEYED



62% of the respondents were male and 38% female and most respondents were between the ages of 41 and 50, followed by the category of 30-40 years. The majority of them had over 10 years of work experience and represented a wide variety of job functions including Operations, Finance, and HR. A wide cross-section of industries including Financial Services, Information Technology, Healthcare were represented in our sample population.



SUMMARY OF FINDINGS - PART 2: EXECUTIVE SURVEY



PICTURE 10
EXECUTIVE SURVEY - DESCRIPTIVE STATISTICS

Item No.	Variable	Abbrev	Responses	Mean	Standard Deviation	Cronbach Alpha
1	Perceptions of Digitalisation	PD	401	3.59	0.76	0.42
2	Need for Change	NC	401	4.73	0.74	0.41
3	Leader’s Effectiveness	LEF	401	5	0.91	0.57
4	Org Readiness for Change	ORE	401	4.85	0.72	0.21
5	Expectations from Leaders	LEX	401	5.67	0.85	0.87
6	Uncertainty	UC	401	3.89	1.31	0.81
7	Job Satisfaction	JS	401	5.4	0.94	0.75
8	Information Sharing	IS	401	5.7	0.78	0.55

Overall scores for all for all eight items were in the positive (Agree) range. Highest mean scores were seen for Leader Effectiveness (M=5), Expectation from leaders (LEX= 5.67), Job satisfaction (M=5.40) and Information Sharing (M=5.70). Reliability of all variables was found to be in the acceptable range, except in the case of Organisational Readiness for change, where the **Cronbach Alpha*** was low at 0.21. The highest scores were received by Expectations from Leaders, Uncertainty and Job Satisfaction variables.

* This variable is based on consistent answers given to similar questions. A low C-A means that respondents could not quite agree on what "Readiness for Change" implies.

SUMMARY OF FINDINGS - PART 2: EXECUTIVE SURVEY

PICTURE 10
EXECUTIVE SURVEY - INTER-VARIABLE CORRELATIONS

	Perceptions of Digital Transformation (PD)	Need for Change (NC)	Leader Effectiveness (LEF)	Org Readiness (ORE)	Expectations from Leaders (LEX)	Uncertainty (UC)	Job Satisfaction (JS)	Info Sharing (IS)
PD	0.1	.300**	.194**	.283**	0.089	.157**	-.259**	-0.009
NC	.300*	1	.062*	.284*	0.079	.226*	-.128*	0.038
LEF	.194*	0.062	1	.428*	.355*	-0.04	-.168**	.249**
ORE	.283**	.284**	.428**	1	.217**	-0.47	0.009	.189**
LEX	-0.089	0.079	.355**	.217**	1	0.084	.121*	.323**
UC	.157**	.226**	-0.04	-0.047	0.084	1	-.444**	-0.081
JS	-.259**	-.128**	0.168**	0.009	0.121*	-.444**	1	.236**
IS	-0.009	0.038	0.249**	0.189**	0.323**	-0.081	.236**	1

* : Significant ** : Highly Significant

DESCRIPTIVE STATISTICS

THE EXPECTED

01. JOB SATISFACTION AND DIGITAL TRANSFORMATION

Job satisfaction and Information sharing among colleagues was quite high with average scores of 5.4 and 5.7 respectively, indicating that the **environment of digital transformation had not yet had an adverse impact on their level of job satisfaction and/or their willingness to share information with their colleagues**. Most organisations represented were committed to innovating and reinventing themselves – an energizing work culture may be one of the reasons for high job satisfaction scores. This should be a reassuring finding, since change initiatives often create high levels of stress, anxiety and dissatisfaction and there is a real and sizeable risk of losing employees including those who could be valuable to the organisation in the future.

C-Suite leaders leading ambitious digital transformation, strive to achieve that delicate balance between driving change and not rocking the boat too hard. This finding suggests that they may not need to have major cause for concern about large-scale employee attrition, as a result of their transformation initiatives.

02 HUMANS WILL RULE TECHNOLOGY

92% of the respondents believed that human intervention would continue to be important in the digital age and only 10% agreed that analog methods were superior to digital. Only 41% believed that they had the skills that were needed for the digital age.

This is consistent with findings from our C-Suite interviews as well as from our review of related research on the subject. This may explain their low level of job insecurity arising out of possible naivete about the changing face of human-tech interactions in the future and implications for people. It is important to ensure that employees across the organisation do not become complacent and educate them about the changing nature of human intervention in the future, that **will transcend beyond conventional mastery of devices and platforms**.

In the digital age, humans will need to master technology and leverage its potential to the fullest, in order to enhance value to their consumers as well as to improve the efficiency and effectiveness of their internal processes and systems. The Tata Communications study in 2018 highlights the **emerging concept of “multiplicity” - the ability of humans to interface and collaborate effectively with technology** in order to co-create innovative digital solutions.

SUMMARY OF FINDINGS - PART 2: EXECUTIVE SURVEY

92%

of respondents believed that human intervention would continue to be important in the digital age

41%

believed that they had the skills that were needed for the digital age

71%

acknowledged that they needed to adopt new leadership behaviors

87%

of respondents agreed that culture created bigger barriers to digital transformation than technology.

03. DESIRABLE LEADER BEHAVIORS

71% acknowledged that they needed to adopt new leadership behaviors including agility, risk-taking, accountability, leading change and digital adoption, and 80-90% of them agreed that these behaviors named by their C-Suite leaders were critical qualities.

A relatively high mean score of 5.67 was seen on the dimension of Expectations from Leaders. In this section, we had explored whether respondents agreed that leader behaviors that were emphasized by our C-Suite interviewees like agility and flexibility, taking ownership, stakeholder management, digital adoption and collaborating across silos, were needed to drive cultural change.

Executives surveyed acknowledged that cultural and behavioral changes were important, and so may be willing to adopt these new behaviors. This finding should be very encouraging for top leaders who believe that cultural change is important and are concerned about possible resistance from lower levels due to a variety of factors like fear of failure and job insecurity. The propensity to change among the mid and senior level executives may actually be much higher than C-Suite leaders might have expected.

04. CULTURAL BARRIERS, MORE IMPORTANT THAN TECHNOLOGICAL

A whopping 87% of the respondents agreed that culture created bigger barriers to digital transformation than technology. This was consistent with our findings from C-Suite hypotheses, recent research, as well as our own hypothesis.

05. CONFIDENCE IN LEADERSHIP

The mean score for Leader Effectiveness was relatively high at 5 on a scale of 7. This section included questions relating to the confidence that our respondents had in the ability of the C-Suite leaders to drive transformation, the level of engagement of the CEO, whether they were receiving updates on the plans.

70% of respondents agreed that they believed that their leaders had the ability to lead digital transformation and but only 50% believed that they were appreciative of implementational challenges. 77% agreed that their CEO had taken prime ownership and accountability for driving changes. The finding about CEO ownership, is consistent with the results of our interviews with C-Suite leaders. The fact that respondents had faith in their leaders' capabilities, should comfort and encourage top leadership to drive transformation projects harder.

THE UNEXPECTED

01. VALUE OF DIGITALISATION UNCLEAR

It was interesting to note that the mean score for “Perceptions of Digitalisation” was at 3.59, which is little more than average. There was therefore a **mixed opinion among executives surveyed, about the overall value for Digitalisation to their organisations**, and they were apprehensive about what it may mean for them personally.

While the mean score on Perceptions of Digitalisation was relatively low, the score on Need for Change was higher at 4.73. This indicates that while respondents **were on the fence about the perceived value of Digitalisation, they had a higher level of conviction that cultural and behavioral changes were needed** for digital transformation to succeed.

84% said that they were excited about the digital transformation in their organisations - only 11% reported that they thought that Digitalisation was a passing fad and an equally low 10% believed that analog methods were better than digital.

Some of these findings contrasted sharply with what we uncovered from our interviews with C-Suite leaders, **100% of whom expressed emphatically, that Digitalisation was necessary for the future survival** of their organisations, that they needed to embrace it fully and cascade the implementation swiftly across the organisation. The difference in perceptions between the C-Suite and executive levels clearly indicates that there is much more work to be done by the leadership in articulating and communication the “why” messages, and the business case for digital transformation, in order to ensure that this is well-internalized by those who are executing the strategy. There may be a need for more aggressive and comprehensive communication strategies that would help to get most of the organisation on board. Creating a positive perception of the change initiative, is a pre-requisite for driving the cultural and behavioral changes that are needed.

84%

said that they were excited about the digital transformation in their organisations

11%

reported that they thought that Digitalisation was a passing fad and an equally low

10%

believed that analog methods were better than digital

02. LESS CONCERNS ABOUT JOB SECURITY

Another key finding was that only 17% of executive interviewees were concerned that their own jobs could be at risk because of Digitalisation. This was a surprisingly low number. In contrast, at least **25% of our C-Suite leaders felt that employees down the line would resist digital transformation because of job insecurity.** We found this to be an interesting disconnect and this could be explained by the fact that executives may not fully comprehend the fact that some jobs could be displaced by technology. Alternately, leaders, to their credit, may have done a really good job of mitigating anxieties relating to job loss, through effective communication strategies.

In the Asian context, organisations are faced with the added complexity of not being so easily able to let go of employees rendered redundant by Digitalisation, due to specific government policies that ensure job protection, especially for older employees, who are much more likely to be adversely impacted by digital transformation.

Regardless of whether employees feel threatened or not by technology, C-Suite leaders recognised the **importance of ensuring that their people remained professionally relevant and valuable.** Some organisations like DBS have proactively developed strategies to ensure that impacted employees are either being aggressively re-skilled, or redeployed to other sections of the organisation, where their core capabilities could be best leveraged.

SUMMARY OF FINDINGS - PART 2: EXECUTIVE SURVEY

03. GREATER OPTIMISM ABOUT ORGANISATIONAL READINESS

The mean score of Organisational Readiness for change was **4.85**, which is higher than what was reported by our C-Suite interviewees. **77%** of employees felt that their organisations were ready for Digitalisation. This was much higher than what was reported by our C-Suite interviewees - **75%** of whom believed that their organisations were less than half-way there. Again, this stark difference between perceptions at the top and mid to senior level executives, represents an interesting disconnect. This may be attributed to the fact that **C-Suite leaders are much closer to the change strategy and have greater visibility and so are able to do a more realistic assessment of the capabilities** - talent, cultural readiness, investment and technology - needed for digital transformation to succeed. The readiness scores are also consistent with the higher Leader Effectiveness scores suggesting that employees feel that **they are in good hands with respect to digital transformation with their current leaders**. C-Suite leaders must transparently present a realistic picture of the readiness level to their employees, so that there is a full alignment on the extent of gaps and action plans to fill them.

04. FEELINGS OF UNCERTAINTY

The mean score of Uncertainty at 3.89 indicated a fairly low percentage. The spread of responses on this item was also greater than other items with a standard deviation of 1.31 indicating that responses on this item varied more than on other items.

Uncertainty and constant change are the hallmark of the digital era - major cultural and mindset shifts will be needed here to drive digital transformation. Steps would need to be taken to enable people to embrace the discomfort associated with these changes and manage their expectations that a clear blueprint or business outcomes could not be defined at this stage.

Most C-Suite interviewees shared that the outcomes and ROI on digital transformation were currently quite unclear, and this often posed a serious challenge in their ability to articulate the value proposition to their Boards, and garner additional investment in resources. It would be important to develop a more agile and risk-taking approach by promoting a cultural of 'rapid experimentation, testing and learning and developing a 'growth mindset' and courageous risk-taking, and one that permits and embraces failures as an important source of learning and resilience-building for better future outcomes.

4.85

mean score of organisational readiness for change

77%

of employees felt that their organisations were ready for Digitalisation.

75%

believed that their organisations less than half-way there

INTERVARIABLE CORRELATIONSHIPS

THE EXPECTED

01. PERCEPTIONS AND FAITH IN LEADERS

Significant co-relationships were seen between the Perceptions of Digitalisation and Leader Effectiveness, Organisational Readiness, and Uncertainty. Essentially, individuals who had positive perceptions of Digitalisation also have positive opinions of the effectiveness of their leaders, the readiness of the organisation for change, and experienced a lower level of uncertainty.

This may mean that **individuals who are positive about digital transformation have greater faith in their leaders' abilities and have a positive attitude about the transformational initiatives overall.** Also, those who perceive digital transformation positively, are more receptive to the need for the cultural change that is needed - they also feel that the organisation is ready for change. Those who have **a positive perception of the digital transformation experience feel a lower level of uncertainty** – this is an expected finding.

The findings are consistent with our own point of view that leaders need to ascertain the extent of understanding of their people about what Digitalisation means, and work diligently to ensure that there is clear communication of its value and benefits to the organisation.

02. IMPACT ON NEED FOR CULTURAL CHANGE

The agreement about the need for cultural change among respondents was seen to be highly correlated with perceptions of digital transformation and with organisational readiness and uncertainty perceptions. These again were not surprising findings and validated our own hypotheses that **individuals who felt that cultural change was necessary, tended to be more positive about transformation, and also felt that the organisation was more prepared for the changes.** They also felt less uncertainty.

03. LEADER EFFECTIVENESS CORRELATES WITH POSITIVE PERCEPTIONS OF DIGITALISATION

Leader Effectiveness was found to be highly correlated with perceptions of digital transformation, organisational readiness and expectations from leaders. This finding is once again consistent with our own hypotheses and insights from our review of recent research on this subject.

The manner in which leaders articulate and communicate the digital vision and strategy, whether he/she was seen to possess the necessary capabilities to drive the agenda forward successfully, was a key variable in influencing whether respondents viewed the phenomenon positively, whether they felt the organisation was ready for change, and whether they needed to embrace new leadership behaviors including taking ownership, being flexible and agile, leading change, adopting digital methods and processes and managing stakeholders.

04. DESIRABLE LEADER BEHAVIORS

Desirable Leader Behaviors like flexibility, agility, and taking ownership, as expected, were found to be highly correlated with Organisational Readiness and Leader Effectiveness. When mid and senior-level leaders had positive attitudes towards behavioral and cultural changes, this also positively impacted the readiness of the organisation for the change and ability to embrace a new strategic direction.

05. INFORMATION IS SHARED MORE FREELY WHEN THERE IS CONFIDENCE IN LEADERSHIP

Information Sharing was found to be highly correlated with leader effectiveness, expected leader behaviors and organisation readiness. This means that **leaders could more effectively drive digital transformation, when employees were more open with sharing information with their colleagues.** Also, organisational Readiness was perceived to be higher in the case of organisations in which information sharing was greater and when leaders believed that new behaviors and cultural changes were necessary for digital transformation. This was an expected finding.

SUMMARY OF FINDINGS - PART 2: EXECUTIVE SURVEY

THE UNEXPECTED

01. ORGANISATIONS ARE MORE PREPARED THAN C-SUITE THINKS

Findings relating to Organisational Readiness were interesting, since this variable was found to be highly correlated with most other variables including perceptions of Digitalisation, Need for Change, Leader Effectiveness and Expectations from Leaders. This means that **“readiness” was perceived to transcend well beyond technological readiness into the realm of organisational culture and new mindsets and leader behaviors. The “readier” the organisation was perceived to be for digital transformation, the greater was the need felt for cultural change and for embracing of conducive leadership behaviors.** This is good news for leaders at the top who are driving change.

**02. JOB SATISFACTION IMPACTS NEED FOR CHANGE OF CULTURE AND BEHAVIORS**

Job Satisfaction was found to have a significant relationship with perceptions of Need for Cultural Change, Perceptions of Digital Transformation and Need for Leader behavioral changes. This is an interesting finding – it could mean that **when employees are more satisfied with their jobs, they have lower positive perceptions of change initiatives.** This could possibly be due to the feeling that the status quo is quite comfortable, and they do not feel the need for rocking the boat or “fixing what is not broken”. Leader Effectiveness was perceived to be higher when employees were more satisfied with their job, indicating that they felt that their leaders articulated and communicated the changes effectively.



KEY INSIGHTS & RECOMMENDATIONS

01. EVERYONE'S MUDDLING THROUGH DIGITAL TRANSFORMATION, NO CLEAR DEFINITION

100% of our C-Suite level agreed that **Digitalisation is the new normal**, and that it must be embraced. There was no clear understanding of what it really meant across the organisations that we surveyed, and interpretations were highly contextualised. There was **no 'one-size-fits-all' solution, and each organisation's transformation journey was unique** – for many of our interviewees, it was completely uncharted territory without a clear blue print for a path forward, or models to emulate.

100% of our interviewees shared strong convictions that embracing Digitalisation was urgent and critical for the organisation to survive and thrive. **Mid and senior-level executives were still on the fence about its true value and business impact.** More work is by the leadership in articulating the value proposition.

While digital transformation has many similarities with other transformational change initiatives, **it was perceived to be unique because of the exponential rate of change and the rapid pace at which organisations needed to react.**

Digitalisation was being tackled on **two distinct fronts - externally**, in response to consumer demand to create more innovation, digital solutions and competitive pressures, and **internally**, to drive digital adoption amongst employees for greater efficiency and effectiveness, as well as shifting culture and mindsets to support the change process.

Some interviewees cautioned against the tendency to chase the “shiny new object” and “tech for tech's sake” -they emphasised that the context of each organisation is unique and nuanced, and so **its digital transformation journey would need to reflect these differences and be tailored to suit its specific needs and objectives.** Common elements that differentiate context and could impact the choice of the transformation plans include the type of industry, organisational structures, employee demographics and level of digital adoption.

The **ROI of the investment is unclear and uncertain**, yet, there is a high level of optimism and confidence in its potential to yield positive business outcomes. While CEOs were challenged with justifying large-scale investment in resources needed to their Boards, in the absence of ROI clarity, they were still willing to take that ‘leap of faith’ and muddle through the journey. At the next level down, executives were still on the fence about the real value of digital transformation.

02. C-SUITE SAYS THEY ARE NOT EVEN HALF-WAY READY, OTHERS MORE OPTIMISTIC

75% of the C-Suite leaders interviewed believed that their organisations were less than half-way ready for Digitalisation and that there was still more work to be done to prepare. Interestingly, other **executives surveyed were much more gung-ho** about their organisation's readiness than their leaders, probably because they were much less aware of the capabilities and resources available as against those required.

As they prepare for a digital future, many C-Suite leaders grapple with the classic ‘make vs. buy’ decision and most believed that they would need to ‘buy’ these capabilities either through hiring of external talent and/or partnering with external expert organisations. Implementing ‘buy’ decisions creates significant cultural integration challenges.

03. CULTURAL BARRIERS TRIP DIGITAL TRANSFORMATION INITIATIVES, NOT TECHNOLOGICAL GAPS - CONDUCTIVE CULTURE, LEADER BEHAVIORS ARE PARAMOUNT

Technological gaps were perceived to be easier to address than cultural barriers by both C-Suite and executives - **technology could be easily upgraded or externally sourced** with the right level Board support for appropriate investments.

Legacy culture and mindsets were the biggest barriers to digital transformation - this included the need to change mindsets of C-Suite leaders, organisations that had invested heavily in technological assets in the past faced serious **challenges of having to dismantle legacy processes and platforms, unlearn and recreate.**

Agility and flexibility were cited by executives at all levels, as the most critical traits of both organisations and their leaders in a digital world. Conventional structures, business models and processes often impede digital transformation, and would need to be disbanded and rebuilt, in order to move swiftly forward to capture new market opportunities and create internal efficiencies.

Debunking traditional hierarchies and developing more nimble, flatter organisational structures that empower the “edge” or the frontline employees are also needed. As one of our interviewees described - **“it feels like moving from pyramids to pancakes”**. Flatter structures with fewer layers that enable the development of **small, efficient network eco-systems instead of linear, vertical chains of command**, will be important if organisations must move swiftly. This again requires a radical mindset shift.

Experimentation, courage and risk-taking are cultural dimensions that will support successful digital transformation since these initiatives involve navigating typically uncharted territory. They must be approached in the spirit of experimentation. Failures are inevitable, and so organisations will need to develop a high tolerance for risk-taking and a mindset shift in how failure is perceived. This will require changes in how projects are evaluated as well, as how individuals are measured and rewarded.

The rapid pace of change, uncertainty of business impact, lack of defined blueprints and extreme ambiguity, requires that leaders quickly embrace new leadership behaviors. They need to be able and willing to make **critical decisions without having full certainty of outcomes and “pivot” quickly, as they test and learn their new ideas**. This implies being able to ‘let go’ and embrace failure as an integral and inevitable part of the transformational journey that will enable them to learn and grow as organisations, teams and individuals.

Open-mindedness and embracing diversity are important leadership traits in the digital era. It is unlikely that organisations will have all the resources needed to pursue its Digitalisation aspirations. They will **need to recruit new external talent, and be willing to partner with external parties**, in order to move forward more efficiently and effectively. The challenge of **integrating external talent and/or partners who bring diversity of thinking and challenge existing organisational paradigms and mindsets, is a key stumbling block in digital transformation**. The organisation should be able to not only successfully attract the right partners and talent, with the promise of an inspiring vision and empowering work culture, but also keep them engaged and motivated.

The development of strong listening skills is a highly desirable leadership behavior - listening for, and welcoming diverse opinions and perspectives, **appreciating that digital expertise could be seniority-agnostic** and that in the brave new world, **great ideas and creativity could come from anywhere in the organisation or its eco-system**.

Taking ownership and accountability is a key success factor. **Empowerment is a double-edged sword** - as people become more empowered in the emergent, fast-paced culture, they would also need to take greater ownership and accountability for their actions and lead their own professional development and up-skilling, in order to stay current and relevant. They would need to take the initiative to learn new skills and adopt Digitalisation, in order to drive change within their teams.

Collaboration and silo-busting and building a partnership mindset and culture, are pre-requisites for successful digital transformation. **Innovation and creativity thrive in an environment of ‘radical collaboration’** which involves nurturing diversity of thinking and perspectives, and accepting of ideas that may be very different from one’s own. **Creative problem-solving in the process of digital transformation also requires units and divisions to break out of their silos** and collaborate in cross-functional teams as well as with external partners from outside the eco-system.

04. THE CEO MATTERS MOST

C-Suite leaders and executives equivocally asserted that the **role of the individual CEO is extremely critical to the success of the digital transformation initiative**. He/she must be deeply engaged in crafting a bespoke strategy to fit the unique context of the organisation, set the goals, define the desired pace of implementation, launch the initiatives and nurture the process until a stable state is reached, and others are ready to take over the baton. He/she **may not be a digital native but must demonstrate a deep appreciation for technology** and strong conviction about its ability to deliver value to external and internal stakeholders. The CEO must also **act decisively to identify critical pivot points at which the strategic plan will need to be swiftly adjusted and direction altered**.

The **CEO must assume the role of the chief evangelist of digital transformation** - persuasively, persistently and convincingly articulating and communicating the “why” behind the initiative, and convincing skeptics and fence-sitters, that the change and/or the investment is essential, and that it will create positive business impact.

The CEO's role becomes **crucial in creating some “method in the madness” and providing clear direction for convergence, by narrowing down priorities and managing cross-functional interdependencies**. Each company's Digitalisation journey would be unique and distinctive, and the CEO would need to develop, articulate and communicate a clear point of view that forms the basis of the implementation strategy, as well as the business case for the investments in required resources.

CEOs and C-Suite leaders must **“be the change” that they seek in others**. They must **“walk the talk”** by modelling the very behaviors including risk-taking, tolerance for failure, collaboration, agility, that they expect from other leaders in their organisations. In addition, they must be willing to listen and **embrace diverse thinking from others across the organisation, show vulnerability when needed**, and accept their own knowledge gaps without being hesitant to seeking support from others.

CEOs must reflect upon, and be willing to change their own leadership behaviors, **let go of legacy aspects of culture** that are barriers to the progress of digital transformation - the longer the history and legacy, the longer the tenure of the CEO in role, the more challenging it is, to let go and ‘unlearn’.

05. MICRO-EXPERIMENTS TRUMP ENTERPRISE-WIDE CHANGES

The creation of small, **agile, nimble-footed teams that are highly empowered** to drive digital transformation, as opposed to making large-scale enterprise-wide changes that could be intimidating for employees, is a preferred implementation tactic. Equipping these teams with the appropriate level of resources, authority and visibility, enables a kind of **“contagion” of innovation to spread organically across the organisation**, and make change more palatable. Re-framing these initiatives more as **‘experiments’ that may or may not succeed** promotes a culture of learning and tolerance for risk-taking and failure. Successful outputs from agile teams can be cascaded across the organisation with greater level of confidence, credibility and receptiveness.

06. HUMANS AND MACHINES WILL CO-CREATE, WITH THE EMERGENCE OF “MULTIPLICITY”



There was a unanimous agreement across executive levels, **that humans could not be entirely replaced by machines - human intervention would be required to master and leverage technology** to its the fullest potential, by using strategic and critical thinking. A recent report by Tata Communications outlined an additional dimension that leaders in the digital world would need to quickly be able to develop - the idea of **“multiplicity” or the unique capability of humans to interface seamlessly with machines and co-create innovation solutions collaboratively**. Multiplicity could be developed through appropriate leadership development programs.

KEY INSIGHTS & RECOMMENDATIONS

07. MORE LEADERS WITH HEARTS - PURPOSE, INCLUSIVENESS AND EMPATHY

We were surprised to note how much **emphasis C-Suite leaders placed on purpose, inclusiveness and values as the guiding lights for organisations** that were going through their digital transformation journeys. Achieving the right balance between innovation and business outcomes, and the broader purpose and mission of the organisation, is a tricky one to get right.

Effective leaders focus on **ensuring a high level of inclusiveness** in the change process and make purposeful efforts to take everyone along. They recognize that change is daunting and even intimidating, **especially for 'non-digital' employees**, and that individuals may react differently to change and have uneven paces of digital adoption. They, along with their leadership teams, purposefully invest the time and effort that

is needed to address anxieties and insecurities of these employees and enable them to navigate their personal transformation journeys. **HR must play a key role in ensuring inclusive transformation** and support sections of employees who are more likely to feel threatened and anxious, through aggressive upskilling and deployment programs.

It is important for leaders to **exude positivity, enthusiasm and joyfulness**, as they lead the challenging process of digital transformation. After all, they are the **beacons of light and hope - the trusted sherpas of their people through this transformational journey**. They must work purposefully to reduce anxiety, by maintaining a light tone, encouraging their teams to savor and enjoy the journey, and even have some fun along the way.

VALIDATING THE HYPOTHESES

As described earlier in this report, we had outlined five key hypotheses:

1. **Diversity of perceptions of Digitalisation: There is no single definition of Digitalisation from a cultural (vs. a technical) standpoint. Definitions are idiosyncratic and may vary across individual leaders.**
2. **Technological barriers are easier to overcome than mindset shifts needed to support digital transformation.**
3. **Companies don't concertededly focus on people aspects of transformation, as much as they do on the technological aspects**
4. **Most organisations are less than half-way ready for the digital future.**
5. **The CEO is seen to have the greatest accountability for transformation.**

Based on the evidence gathered, **hypotheses 1, 2, 4 & 5 were validated in the course of our enquiry**, based on the synthesis of the qualitative and quantitative data.

Surprisingly, **hypothesis #3 was challenged by our findings** - 80% of our C-Suite interviews specifically highlighted the **importance of purposefully focusing on people aspects during their digital transformation journeys**. There is a clear emphasis on the importance of inclusiveness, to take employees at all levels, regardless of age and/or level of digital savviness along with care and empathy, even if it slowed down the pace of change. There was also an appreciation for the fact that individuals may have different responses to and perceptions of Digitalisation, and so would their digital adoption rates. HR could also play a lead role here in supporting re-skilling and deployment of employees as needed.

There was clearly a much greater focus on the people aspects of digital transformation than we had expected - were delighted to note that C-Suite leaders were **eager and willing to lead digital transformation with bigger hearts!**

* In addition, mid-level management clearly reciprocated the feelings by corresponding high confidence in leadership and in their organisations' abilities to change.

In Summary

Our journey of exploring this fascinating subject of the interaction between digital transformation and culture was a truly enriching experience and we are grateful to all our interviewees and executive respondents.

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