A Brief Summary on:

"The Role of Business Culture in the Digital Transformation Process in the Logistics Industry of Oman".

Survey Report – 2020-2021

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Introduction:

Business practices nowadays have evolved tremendously as a result of the existence of digital technologies (Ebert & Duarte, 2018). These fundamental changes have been going through a number of revolutions that lead to the creation of clear milestones in the process of transforming companies from traditional businesses into technology-based ones. These milestones can be illustrated through the following stages (Matt, Hess & Benlian, 2015).

1. The digitization process: which is the process that concerns the minor utilization of digital technologies in junior business practices such as key business data recording and bookkeeping.
2. The digitalization process: which is the process that concerns seeking improved and more efficient methods and conducts of managing key business data and processes.
3. The Process of digital transformation: which is the process that concerns restructuring core business practices to be more technological-based in the interest of discovering full business potentials.

The main purpose of the survey was to investigate the current status of digital transformation in the logistics industry in Oman. The questionnaire, which received 154 responses, contains sets of questions that studies demographics, current state of digital transformation in Oman, the impact on leadership & business culture on the process, drivers and challenges. Remarkable perceptions and insights were put together into a form of a report on the current status of the companies in terms of their digital maturity, in addition to a number of themes and insights that were extracted from the responses. One of the major takeaways of the survey results deals with the effect of the business culture in the overall process of digital transformation in the logistics industry in Oman, which is summarized and presented in the following pages of this report.

Key Survey Findings Regarding the Role of Business Culture on Digital Transformation Process

To study the impact of the business culture on the digital transformation process in the logistics industry in Oman, the questionnaire asked the following question "Cultural differences across functions (such as pace of work, language, and behavioral norms) enable/hinder the effectiveness of our cross-functional teams". The question acted as a general head-start to indicate the trends on the impact of culture in the digital transformation process.
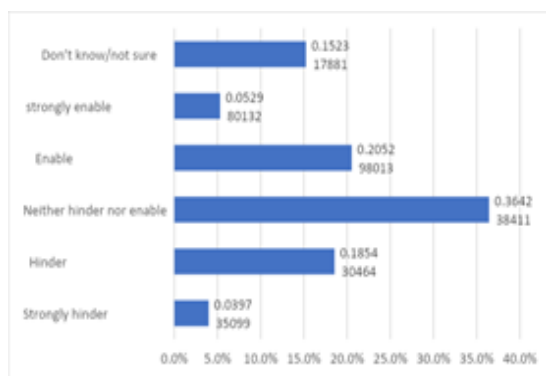

Figure 1 Cultural Differences Impact on Cross-functional Teams

Figure 1 indicates that the broad structure of the of the question caused a unified response where around half of the respondents either "do not know/ are not sure" or believe that it neither hinders nor enables their effectiveness. The remainder half were split almost equally in the two tails, which means that they consider the affect the effectiveness amongst the cross-functional teams to be positive for the first end and negative for the second end, evenly. Figure 1 also presents the first challenge that affects the digital transformation in logistics related practices in Oman which is "the lack of understanding the business internal environment". The absence of awareness and knowledge of the internal influences results in ambiguity in terms of defining internal opportunities, strength and weaknesses, which leads to gaps in setting the business's objectives and targets accordingly (Rowles & Brown, 2017).

Figure 2 illustrates the responses to the question that investigated the extent of encouragement provided by the management to their employees. The popular trend of the participants' responses indicates that management is in fact open to employees posting innovative ideas. However, these ideas lack backing up with a comprehensive

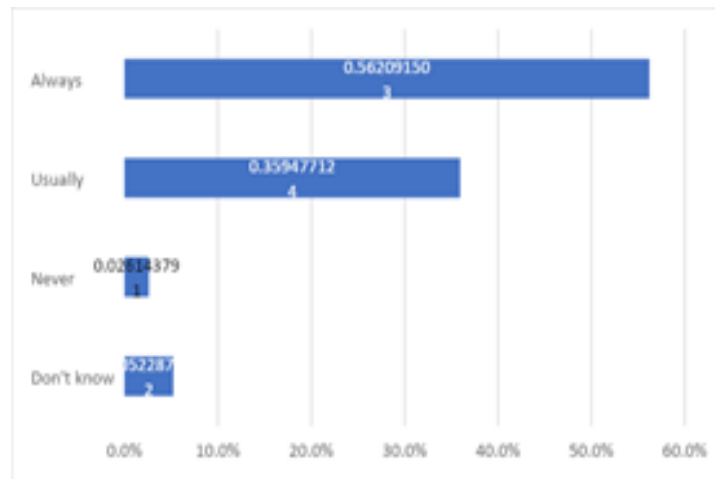understanding of the key elements that forms the culture of their enterprises, as discussed in Figure 1.

Figure 2 Post Innovative Business Ideas Encouragement

Figure 3 indicates the respondent's reaction to the new technological developments in the field. Almost 46% of the responses indicate a "slow-adopting" or a "mainstream" reaction while only 13% of the respondents consider themselves to be leaders in the process. This reflects that the businesses express minor "core" commitment in the digital development.
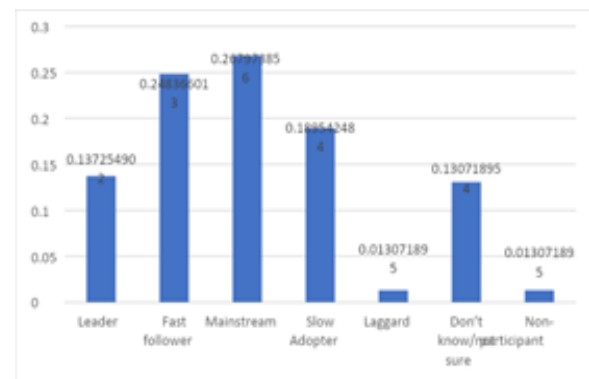

Figure 3 Characteristics of Digital Adoption by Companies

Figure 4 Primarily Drives of Digital Business Adoption & Engagement:

Figure 4 present further data on the degree of culture cultivation of digital transformation. Figure 4 expresses that

only 16% of the companies are "cultivating a strong digital business culture that strives risk taking, collaboration, agility and continuous learning". Nonetheless, almost 60% of the responses indicate that digital advancement efforts are expected to be adapted by employees: data openly state that 32% of the companies are actually expecting employees to be

motivated and to embrace digital business opportunities, with a lack of supporting core strategies.

Figure 5 Q: What would you like your leaders to have MORE of to help your organization navigate digital trends?

Finally, Figure 5 defends the extracted correlation on the importance of the business culture and values for the transformation process, as the majority stated that they require directions for operating and appreciating digital development and demand provision of vision and purpose by their superiors and leadership.

Conclusion

The process of digital transformation in the logistics-related companies in Oman was found to have a huge link with the business culture. The absence of awareness and knowledge of the internal influences results in ambiguity in terms of defining internal opportunities, strength and weaknesses, which leads to gaps in setting the business's objectives and targets accordingly. This was backed up by the fact that businesses actually express minor "core" commitment in the digital development. Further analysis reveals that digital advancement efforts are expected to be adapted by employees themselves, with a lack of supporting core strategies. All these factors contributed to the fact that almost 64% of these companies are yet to reach digital maturity levels (the author, 2021). To conclude, business culture and what it cultivates are vital in ensure the digital transformation. These finding reflect the importance of taking into account the business culture as a key factor of digital transformation success along with the other critical aspects such as the technical and the financial sides (Rowles & Brown, 2017). Key findings where go in line with Kane's study which stated the following: "There was one path to digital transformation, and it was through a defined set of cultural characteristics that are not unfamiliar; actively increasing agility, encouraging experiments, and continual learning, recognition and rewarding

collaboration, accepting an appropriate level of failure of risk, and increasingly organizing around cross functional teams" (Kane, 2019).

References:

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