

Analysis of Organizational Change Management Mechanism Innovation in Enterprise Digital Transformation

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ABSTRACT

While digital technology drives enterprise transformation, success hinges not on technology alone but on innovating organizational change management. This study examines organizational change mechanisms during digital transformation, analyzing current challenges and proposing innovations in structure, management, culture, and talent. Through case validation, it offers theoretical and practical guidance for upgrading change management to support digital transformation.

KEYWORDS

Digital transformation; Organizational change; Management mechanism; Innovation path; Enterprise development

1 Introduction

With the deep integration of digital technologies-such as big data, cloud computing, and artificial intelligence-into the real economy, the global business environment is undergoing profound change ^[1]. Digital transformation has thus become a key strategic direction for enterprises seeking competitive advantage. However, transformation is not merely a technological upgrade; it requires comprehensive changes to organizational structures, management models, business processes, and corporate culture ^[2]. Enterprises must move beyond traditional models and build agile, efficient, and innovative systems suited to the digital age. Organizational change management plays a critical role in enabling this transition. It involves planning, guiding, and aligning structures, systems, and employee behaviors with both external shifts and internal needs ^[3]. Yet many companies focus heavily on technology investment while neglecting change management innovation, leading to a disconnect between digital tools and organizational practices. According to IBM, up to 70% of digital transformations fail-often due to the lack of effective change management mechanisms. Therefore, exploring how to innovate these mechanisms is essential for improving transformation success rates and fostering high-quality enterprise development. Existing research on digital transformation and organizational change, both domestic and international, provides valuable foundations. Foreign scholars, such as Kaganer et al., have examined organizational inertia and proposed micro-level transformation processes to mitigate it ^[4]. Domestic studies have focused more on Chinese enterprise practices and practical challenges. However, the literature remains limited: most research stays at a macro level, lacking in-depth analysis of micro-level management mechanisms, and offers insufficiently systematic or actionable guidance for innovating change management. This paper addresses these gaps by focusing specifically on the innovation of organizational change management mechanisms in digital transformation, diagnosing key problems, and proposing targeted pathways to support both theoretical advancement and practical application.

2 Theoretical Basis of Enterprise Digital Transformation and Organizational Change Management

2.1 Connotation of Enterprise Digital Transformation

Enterprise digital transformation refers to the process in which organizations leverage digital technologies as core drivers, integrating them into all aspects of production, operations, and management. This integration reshapes business models, organizational structures, and management systems, ultimately enhancing efficiency, quality, and overall performance ^[5]. As a comprehensive and systematic endeavor, digital transformation involves not only technological upgrades but also fundamental changes in organizational culture, management philosophy, and employee behavior. Its primary goal is to strengthen core competitiveness, adapt to dynamic market conditions, and support sustainable development. As Prosci notes, digital transformation represents a bold reimagining of how organizations create value in a digital-first world, extending into every facet of the enterprise.

Distinct from traditional technological upgrades, digital transformation is characterized by its comprehensiveness, permeability, and innovativeness ^[6]. Comprehensiveness means it encompasses all business functions and departments rather than isolated technological improvements. Permeability refers to the deep integration of digital technologies throughout operational and management processes, fundamentally altering traditional production and operational methods. Innovativeness drives enterprises to evolve their business models, management approaches, and organizational

structures, enabling transformative development.

2.2 Connotation of Organizational Change Management

Organizational change management is a structured process that guides enterprises in adjusting structures, systems, culture, and employee behavior to align with external and internal shifts ^[7]. It involves planning, organizing, and controlling to coordinate stakeholder interests, overcome resistance, and ensure smooth implementation. As Praxie defines it, change management is a deliberate approach to transitioning organizations from a current to a desired future state, aiming to achieve transformation goals while minimizing resistance and disruption.

Key elements include: (1) structural adjustment, such as optimizing departments, management levels, and processes; (2) management model reform, including innovations in decision-making, incentives, and oversight; and (3) cultural shaping, focused on fostering a digital mindset and enhancing employee digital literacy. Effective change management emphasizes employee engagement, open communication, and active participation to reduce resistance and facilitate successful transformation.

2.3 The Relationship Between Enterprise Digital Transformation and Organizational Change Management

Digital transformation and organizational change management are interdependent and mutually reinforcing. On one hand, digital transformation drives organizational change ^[8]. Emerging technologies often render traditional structures and models obsolete, prompting enterprises to adapt. For instance, big data and AI enable more scientific and efficient decision-making, encouraging flatter organizational hierarchies. As scholars note, digital transformation is both triggered and enabled by technological advancements. On the other hand, organizational change management ensures the success of digital transformation. An agile and innovative organizational system is essential for effectively integrating digital technologies. Without sound change management, even substantial technological investment may fail to deliver results. According to IBM, effective change management can boost revenue growth by up to 22%, serving as a critical success factor in digital transformation ^[9].

3 Current Situation and Existing Problems of Organizational Change Management Mechanism in Enterprise Digital Transformation

3.1 Current Situation of Organizational Change Management Mechanism in Digital Transformation

In recent years, as enterprises accelerate their digital transformation, the importance of organizational change management has gained increasing recognition. Some large enterprises have taken the lead in optimizing structures, innovating management models, and fostering digital culture, achieving initial results. For instance, they have adopted flatter organizational structures to enhance decision-making efficiency, introduced digital tools to improve incentive and oversight mechanisms, and strengthened employee digital literacy training to boost acceptance of transformation ^[10]. Overall, however, the organizational change management mechanisms of most Chinese enterprises remain underdeveloped, leaving a significant gap relative to the demands of digital transformation. Constrained by limited capital, technology, and talent, small and medium-sized enterprises (SMEs) in particular have underinvested in change management, with slow innovation in management mechanisms-severely hindering their digital progress. Furthermore, notable disparities exist across industries and firm sizes: high-tech and large enterprises tend to exhibit relatively advanced organizational change management, while traditional industries and SMEs lag behind.

3.2 Existing Problems of Organizational Change Management Mechanism

3.2.1 Rigid Organizational Structure, Unable to Adapt to Digital Development Needs

Currently, most enterprises still operate under traditional hierarchical structures characterized by multiple management layers, slow information flow, and low decision-making efficiency. While such structures suited stable markets in the past, the digital era demands rapid responsiveness and flexible decision-making to meet personalized and diverse customer needs. Hierarchical organizations often suffer from slow adaptation, rigidity, and strong departmental silos-hindering their ability to keep pace with digital transformation. For instance, during transformation initiatives, close collaboration between business and technical departments is essential, yet communication barriers often impede progress.

3.2.2 Backward Management Model, Lack of Innovation and Flexibility

During digital transformation, many enterprises persist with traditional management models characterized by centralized decision-making, rigid incentives, and inadequate oversight. Centralized decision-making slows responsiveness to market changes; material incentives overlook employees' spiritual and developmental needs, dampening engagement in transformation efforts; and weak supervision undermines the implementation of change initiatives. Moreover, some organizations lack data-driven management, relying instead on intuition-compromising decision-making quality and efficiency. As IBM notes, many leaders remain overly focused on technical challenges while missing the bigger picture, rendering traditional models ill-suited for the demands of digital transformation.

3.2.3 Imperfect Corporate Culture, Insufficient Digital Literacy of Employees

Corporate culture lies at the heart of organizational change management, with a strong digital culture serving as a critical foundation for successful digital transformation. However, many enterprises remain constrained by traditional cultures marked by conservatism, inertia, and resistance to change. Such environments stifle innovation, hinder adaptability, and foster employee opposition to transformation initiatives. Compounding this, low digital literacy among employees limits their ability to effectively utilize digital tools, further undermining transformation outcomes. As Prosci emphasizes, technology and processes hold little value if people are not prepared to embrace new ways of working—culture ultimately determines whether employees resist or champion change^[11].

4 Innovation Path of Organizational Change Management Mechanism in Enterprise Digital Transformation

4.1 Innovate Organizational Structure, Build a Flexible and Efficient Organizational System

To meet the demands of digital transformation, enterprises must move beyond traditional hierarchical structures and build flexible, efficient organizational systems. First, adopt flatter structures by reducing management layers and consolidating redundant departments to accelerate information flow and decision-making. A "platform + team" model—centered on a digital platform with agile project teams—enables efficient resource allocation and rapid market response. Second, break down departmental silos by establishing cross-functional coordination mechanisms, particularly between business and technical units, to integrate operations and technology. Establishing a digital transformation steering committee with representatives from various departments can help oversee progress and address emerging challenges. Third, implement modular organizational designs that divide the enterprise into semi-autonomous business units, each empowered with independent decision-making and operational authority to enhance agility and innovation.

4.2 Innovate Management Model, Establish a Data-Driven Management System

During digital transformation, enterprises should innovate management models by establishing data-driven systems across three key areas. First, transform decision-making from experience-based to data-driven: deploy big data analytics platforms to inform strategy, while decentralizing authority to frontline teams for greater agility. Second, diversify incentive mechanisms by combining material rewards with spiritual recognition—such as establishing digital transformation innovation awards—while supporting employee development through training and promotion opportunities. Third, strengthen oversight mechanisms using digital tools to monitor change initiatives in real time, enabling timely course correction and ensuring effective implementation. As IBM recommends, organizations should adopt a structured, data-driven approach that integrates qualitative and quantitative metrics to evaluate the impact of management innovations throughout the transformation process.

5 Case Analysis

5.1 Case Overview

A Company, a large machinery manufacturer, faced challenges during its digital transformation—including rigid structures, slow decision-making, low digital literacy, and a talent shortage—which hindered progress. In response, it innovated its organizational change management mechanisms, achieving notable results, as shown in Figure 1.

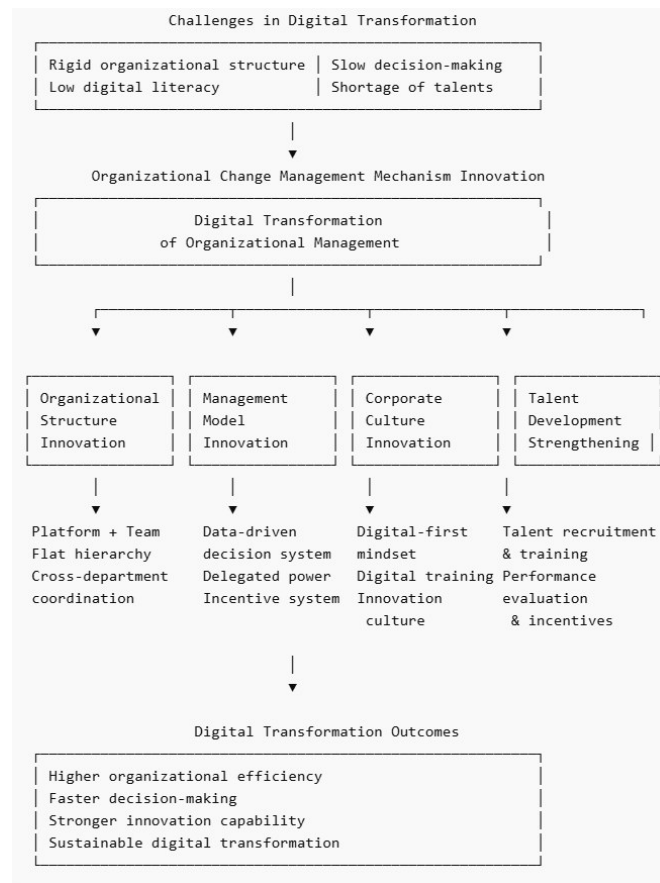


Figure 1 Organizational Change Management Mechanism Innovation Framework of Company A

5.2 Innovation Practice of Organizational Change Management Mechanism

5.2.1 Innovation of Organizational Structure

Company A transitioned from a traditional hierarchical structure to a flatter organization, reducing management layers from five to three and consolidating redundant departments. It adopted a "platform + team" model built around a digital operations platform that integrates departmental resources and supports flexible project teams—such as digital R&D, production, and marketing teams—each empowered with independent decision-making and operational authority. This structure enhanced resource allocation efficiency and market responsiveness. Additionally, a cross-departmental coordination mechanism was established through a digital transformation steering committee, comprising representatives from various departments to oversee progress and address emerging challenges. These structural innovations effectively broke down silos and improved overall organizational efficiency.

5.2.2 Innovation of Management Model

Company A implemented a data-driven management system by establishing a big data analytics platform that collects and analyzes operational data to support scientific decision-making. Decision-making authority was delegated to frontline employees and project teams, enhancing both efficiency and flexibility. Incentive mechanisms were diversified to combine material and non-material rewards, including digital transformation innovation awards for outstanding contributors, along with training and promotion opportunities to boost employee motivation. For oversight, the company adopted digital tools to create a full-process supervision system, enabling real-time monitoring of transformation initiatives and timely resolution of issues. These innovations significantly improved the scientific rigor and efficiency of enterprise management.

5.2.3 Innovation of Corporate Culture

Company A embraced a "digital-first" mindset, embedding digital transformation into its strategic direction. Leaders modeled digital behaviors, setting an example across the organization. A robust digital training system was introduced to enhance employees' skills in digital tools, technologies, and concepts. By fostering a culture that encourages experimentation and tolerates failure, the company created an open environment that stimulated innovation. These

cultural initiatives significantly boosted employee buy-in and reduced resistance to organizational change.

5.2.4 Strengthening Talent Construction

Company A strengthened its talent pool by recruiting experienced digital and management professionals from outside, supported by attractive incentives such as competitive salaries, housing subsidies, and career development opportunities. Internally, it established a comprehensive training system to upskill existing employees in digital technologies and management capabilities. A performance evaluation and incentive mechanism was also introduced, assessing employees based on digital proficiency, management skills, and innovation-with corresponding rewards and promotions to motivate and retain top talent. These talent development efforts provided strong support for innovating the company's organizational change management mechanisms.

6 Conclusion

Digital transformation is a strategic imperative in the digital era, with organizational change management innovation as its cornerstone. This paper examines the interplay between digital transformation and changed management, identifies key obstacles-including structural rigidity, outdated management models, cultural deficits, and talent gaps-and proposes innovations in structure, management, culture, and talent development. Case findings confirm that such innovations enable smoother transformation, boost competitiveness, and foster sustainable growth. Importantly, change management innovation is an ongoing, context-driven process requiring continuous refinement. Employee engagement is vital: open communication and active participation reduce resistance and ensure successful implementation. Ultimately, integrating digital tools with organizational systems is essential to unlock technology's full potential and drive lasting innovation.

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