


Chapter 6

Stakeholders' Engagement in Digital Transformation Initiatives


Maria João Ferreira

 <https://orcid.org/0000-0003-4274-8845>
Portucalense University, Portugal

Filomena Castro Lopes

Portucalense University, Portugal

Isabel Seruca

 <https://orcid.org/0000-0002-9951-6378>
Portucalense University, Portugal

ABSTRACT

Digital transformation (DT) has shifted from a trend to an increasingly accepted reality in the global and organizational scenarios, shaping behaviors, social interactions, economies and operations, as well as driving innovation. While DT, powered by emergent technologies, holds significant potential for businesses, its success hinges on effective stakeholder engagement. By involving stakeholders actively in the transformation process, organizations can maximize the impact of the change initiative and drive long-term success. The DT literature lacks an understanding of the stakeholders' involvement in the DT process. The lack of roadmaps capable of successfully conducting DT initiatives is also acknowledged. In this chapter, as a predominantly theoretical contribution, the types of stakeholders involved in DT initiatives are identified and characterized and their roles presented. Moreover, to reduce the gap between theory and practice, different practical approaches and activities to framing stakeholders in DT roadmaps and promote their active participation in the DT are discussed.

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INTRODUCTION

Digital transformation (DT) has become a perennial objective for business survival. As early as 2000, the concept of DT was introduced to enterprise management by Patel and McCarthy (2000), who demonstrated its significant impact on enterprise performance. DT became a key strategic initiative in the mid-2010s, as mobile communications, cloud, data analytics, and other advanced information technologies took off, enabling organizations and partners to easily engage via digital channels. It has remained a top objective ever since, having accelerated in 2020, as work, commerce, and everyday activities shifted online in response to COVID-19 lockdowns. And it continues at a rapid post-pandemic pace as artificial intelligence and immersive web technologies bring promises of new opportunities and disruptions.

The intersection between organizational resilience and DT also gained prominence. Organizations increasingly recognize that DT is not just a technological upgrade, but a fundamental strategy for increasing resilience and ensuring sustainability in a rapidly changing environment (Browder, et al, 2024, Tim & Leidner 2024). Organizations embracing DT are continually looking for new ways to improve their processes, products and services, using information technologies (IT) to enhance and create value for the business. DT represents a strategic response to the evolution of technological and business developments, as organizations strive to harness digital technologies to improve operations, elevate customer experiences, and maintain competitiveness in a rapidly changing digital landscape (Kao et al., 2024).

DT is understood as a complex multidimensional change process that impacts all aspects of an organization. It is underpinned by core dimensions – Technology, Processes and People, which play a crucial role in driving change and creating value. Beyond the acknowledged contribution of these core dimensions to the DT process, the broader concept of stakeholder engagement is put forward as essential in the success of the organizational transformation (Costich, 2021; Kujala et al. 2022; Moldstud, 2024). A stakeholder may be defined as an “*individual or group that has an interest in any decision or activity of an organization*” (ISO 26000, 2011). Stakeholders may include suppliers, employees and executive staff, customers, investors and shareholders, consultants and regulators.

While DT, powered by AI and other emergent technologies, holds significant potential for businesses, its success hinges on effective stakeholder engagement. Stakeholder engagement involves identifying all individuals or groups impacted by the transformation and ensuring their needs and concerns are addressed.

Despite the significant attention garnered by the topic of DT among both academics and practitioners, several challenges persist. These include the need for digital transformation models to guide organizations through their transformation endeavours (Kao et al., 2024; Gudergan & Mugge, 2017; Gong & Ribiere, 2021), the lack of a universal taxonomy of concepts (Kao et al., 2024) and of a unified understanding of stakeholders’ engagement and how their involvement should be considered in the former roadmaps (Kujala et al., 2022).

In this chapter, we argue that stakeholders play a crucial role in carrying out successful DT. By involving all relevant parties, addressing their concerns, and leveraging their insights, organisations can navigate the complexities of digital transformation initiatives more effectively and achieve their strategic goals. The organization’s ability to remain successful by undergoing an adaptative or transformative process is frequently described as organizational resilience. According to Heinz et al. (2023), an organization must use its resilience capabilities to trigger transformative or adaptative processes to drive change within the organization itself, involving its employees and other stakeholders.

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