


Chapter 7

Digital Transformation and Change Management at Organizations in the Textile Industry

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ABSTRACT

Organizational changes are required for the implementation of information and communication technologies (ICT) at firms operating in the textile industry. Technologies for a new way of doing things will not provide good results if applied to an old established process. ICT allows putting into action processes in a different way, which may result in many cases, in more efficient and convenient process from the perspective of customer value generation. Textile firms highly invest in digital transformation to get new business models that constitute a challenge for traditional ways to operate. For that, they must face organisational changes. Change management implies leaving a group of structures, procedures, and behaviours and the adoption of new ones. Organizations must be able to identify potential efficient processes as a consequence of the application of new technologies. An appropriate management of more tangible aspects—equipment, financial resources—and intangible ones—people, users, and perceptions—will have impact on change management results.

INTRODUCTION

Digitalization of a firm is the integration of digital technology at different the areas of the firm, changing the way it operates and delivers value to stakeholders. Digital transformation goes a step forward. It implies thinking in a digital way to access to a new way of customer's behavior. It implies promoting a change in the way the decision making process takes place and it impacts leadership styles (De-Pablos-

DOI: 10.4018/978-1-7998-1859-5.ch007

Hereadero, López-Hermoso, Martín-Romo & Medina, 2019). Digital transformation is oriented towards the best use of the opportunities of the digital economy by organizations (Abella, Ortiz-de-Urbina-Criado & De-Pablos-Hereadero, 2019).

Amongst main motives why Organizations decide a digital transformation, the following can be stressed:

- The thread of survival based on a change of customer's demand. One example could be the preferences of customers today for digital interaction (Curwell, Deakin, Cooper, Paskaleva-Shapira, Ravetz & Babicki, 2005).
- The emergence of new technology. Mobile phones have motivated changes in the way firms offer products and services to customers. Big data, Internet of things (IoT) and cloud technologies are becoming promoters for digital transformation (Ogunleye & Van Belle, 2016).
- The spread of competitors with more efficient business models. Public transports innovate as a consequence of the apparition of firms that offer transportation services in another way (De-Pablos- Hereadero, López-Hermoso, Martín-Romo & Medina, 2012).

Technology is the main promoter for digital transformation (Luna-Reyes & Gil-García, 2014) and firms that wish maintaining services for customers must do an effort to link technological possibilities with strategic options.

According to IDC Report (2018) at the end of 2019, 1.7 trillion dollars will be spent in digital transformation worldwide, which implies an increase of 42% from 2017. Organizations invest in services and get results. In Gartner Report (2018) it is affirmed that 56% of managers opine that digital improvements have made evolve their business, but in a recent report from Accenture (2018) just a 13% of managers worldwide confirm having reached higher levels of efficiency, cost savings and growth from digital investments. The main motive highlighted in this report is that firms do not invest in digital transformation as an integral strategy for business, but as an intention for change in a concrete aspect of business.

In European textile and clothing industry 99% of enterprises are small or medium SME. Compared to large enterprises, SMEs have very specific environmental threats, as limited material, financial, informational, human and managerial resources, lower negotiation power, higher interest rates available etc. (Tudor, 2018).

From the perspective of change management, textile firms have been much less studied (MacCarthy & Jayarathne, 2013), even though this has been recognised to be a very dynamic and changing sector, and an important constituent of the global industrial system (Bruce, Daly & Towers, 2004).

Besides, many companies in the textile industry did not survive the last economic crisis. According to Istat (2011), the number of young firms (under 5 years of activity) that did not survive the crisis is more than twice the analogous portion of older firms that have maintained their activities.

Empirical evidence demonstrates that textile industry growth can no longer be sustained only by marketing and communication activities; rather, it is also necessary to better integrate and align all the actors and processes along the entire supply network according to a market-driven perspective, thus organizing and implementing coherent market and operations activities (Macchion, Danese & Vinelli, 2015). Digital transformation can help firms operating in textile industry to better integrate and align processes.

Digital transformation requires from textile organizations a redesign of their business models, from the operational, production and value chains perspectives and these demands an effort to work adequately the following aspects: customer experience, operational agility, culture, leadership, workforce training and digital technology integration.

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