

Analysis and Research on the Digital Transformation Business and Current Situation of a Group

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Abstract: In the current society, countries around the world attach great importance to building a strong online country and a digital country. China has also proposed an overall strategy for digital transformation and formulated an action plan to accelerate digital transformation. Digital transformation has become an important strategy for China's development, aiming to promote the integration of digital technology and the real economy, and improve the quality and efficiency of economic development. The purpose of this study is to analyze the digital transformation business and current status of a certain group. Through semi-structured interviews and on-site investigations, the researchers obtained the strategic planning and specific implementation of the group's digital transformation. The study found that the group lacks unified planning and standards, middle-level management personnel lack capabilities, and there is insufficient risk control ability in digital transformation. Additionally, the group lacks an organizational and institutional system for digital transformation and has failed to form an effective control model. The researchers proposed suggestions for strengthening process infrastructure construction, enhancing middle-level management capabilities, and establishing a unified management mechanism for digital construction. It is concluded that there is still room for improvement in the group's digital transformation, and it is necessary to strengthen management capabilities and establish an organizational system to promote digital transformation work.

Keywords: Digital Transformation; State-Owned Enterprise Transformation; Strategic Planning; Interview Research Digitalization of Enterprise Control

1. Introduction

At present, societies around the world, including countries, are emphasizing the importance of building a digital nation and becoming a powerful online nation. On February 27th, China released the "Overall Plan for Building a Digital China", proposing an overall strategy for building a digital China in the new era. Hebei Province has also proposed the construction of a data-driven smart integration digital Hebei scenario and formulated the "Action Plan for Accelerating the Construction of Digital Hebei (2023-2027)" ^[1], setting the goal of improving the digital transformation management system of enterprises and consolidating the foundation of digital transformation by the end of 2023. By the end of 2025, substantial progress should be made in the digital transformation of enterprises, comprehensively improving the digital level of production and operation management, and enhancing the innovation ability of digital technology. By 2027, it is necessary to achieve deep integration between the digital economy and the real economy, and increase the proportion of the digital economy in state-owned assets^[2-4].

China has issued a notice on accelerating the digital transformation of state-owned enterprises, clarifying the significance and specific requirements of digital transformation of state-owned enterprises. In the process of digital transformation within enterprise groups, it is crucial to identify core changes in production methods, operational models, and governance systems, aiming to achieve deep integration of digital technology and the real economy. At the same time, attention must be paid to four directions: digitization of product innovation, intelligence of production and operation, agility of user services, and ecological transformation of industrial systems. The document states that digital transformation has become an important strategic focus for

China's development. The plan to build the digital China and digital Hebei scenarios aims to promote the integration of digital technology and the real economy, and improve the quality and efficiency of economic development. The requirements for digital transformation of state-owned enterprises proposed by the State owned Assets Supervision and Administration Commission aim to improve enterprise management level and digital technology innovation ability, and promote high-quality development of state-owned enterprises. By strengthening digital transformation, China aims to cultivate more digital technology companies and demonstration scenarios, and promote the development of the digital economy^[5].

2. Research Methodology

The group company attaches great importance to digital transformation and regards digitization as one of the important strategies in the development of the group during the Five Year Plan period. Through multiple meetings and planning, the group has formulated a digital transformation strategy, including project management methods, strengthening of digital center functions, and integration of digital resources. The group strengthens independent innovation, promotes industry digitization and management digitization, and lays the foundation for digital development. In the future, digitalization will become the key to enterprise development. Only by achieving digitalization can intelligent and intelligent development be achieved. The success of digital transformation will determine whether the Group can keep up with the process of Chinese path to modernization, improve its management ability and create more digital economic opportunities^[6,7].

This study adopts a semi-structured interview method and designs an interview guide to cover strategic planning, goal setting, and implementation of measures for digital transformation. The interviewees include key participants such as senior management personnel of the group and members of the digital transformation project team. Through semi-structured interviews, researchers can flexibly delve into relevant topics and obtain the strategic intentions and specific implementation status of the group company in digital transformation.

In the design of the interview guide, the researcher first determined the theme and objectives of the interview, and compiled a series of open-ended questions. These questions aim to understand the group company's understanding of digital transformation, the basis for setting goals, challenges in implementation, and successful experiences^[8]. At the same time, the researchers also fully considered the background and responsibilities of the interviewees to ensure the comprehensiveness and depth of the interview content. This study adopts the method of on-site research to delve into various departments and project teams of the group company to understand the specific situation of digital transformation. Through on-site observation and recording, researchers can obtain practical operations and effects during the digital transformation process, and compare and verify them with interview results to increase the reliability and credibility of research results. During the on-site research process, researchers communicate and discuss with relevant departments and project team members to understand the specific implementation steps, technologies and tools used, problems encountered, and solutions for digital transformation. By interacting with actual participants, researchers can gain a deeper understanding of the actual situation in the digital transformation process and obtain more detailed information^[9]. This study will organize and analyze interview data and research results, using content analysis and induction methods to comprehensively analyze and summarize the strategic planning, target implementation, and influencing factors of digital transformation. Researchers first transcribe and organize interview recordings or notes word for word, ensuring the accuracy and completeness of the data.

Through the application of the above research methods, this study is able to deeply explore the strategic planning and target implementation of the group company in digital transformation. At the same time, through interviews and research, researchers can interact and communicate with actual participants, obtain more comprehensive and in-depth information, and improve the credibility and practicality of research results^[10].

Table 1. Interview Organization

Module Name	Business Status	Problem/Requirement Description
Reform of state-owned enterprises	According to the state-owned enterprise reform plan, formulate and issue the overall reform plan for the group. Layered supervision and implementation, implemented at all levels of the group's departments, while collaborating with relevant departments to supervise the implementation of secondary enterprises.	The supervision and implementation process covers aspects such as manpower, cadres, and performance evaluation
Group strategic planning	Develop strategic planning at the group level, review the strategic planning of subordinate enterprises based on the group level strategic planning objectives	Need to increase mid-term and post evaluation of strategic planning objectives; Improve the basic data for group control and share data based on permissions
Administrative logistics	Responsible for organizing and ensuring important meetings; Property management (including vehicles, security and cleaning, duty keeping, etc.), important event reception; Fixed asset management of the group headquarters, etc	Except for document circulation and approval, other affairs are currently managed through manual ledger methods. The business process is cumbersome and there is no unified standard; The control mode is not clear; Decentralized management permissions.
Group financing	Fund flow supervision, penetration of funds through the UnionPay system, internal refinancing and investment within the group	Timeliness of internal fund collection and investment management within the group
Property rights administration	Financial enterprises and investment management company groups only carry out report consolidation and shareholder equity management, without conducting business process management, and the enterprises themselves carry out risk management	Investment process management for financial enterprises and investment management companies
budget	At the beginning of the year, the budget will be adjusted based on the operational situation of the department/subsidiary company, and controlled to the third or fourth level accounts of the subsidiary company	After adjusting the budget at the beginning of the year, the NC system cannot retain the budget value at the beginning of the year, and there is insufficient control over budget deviations; How to reconcile unconventional extra-budgetary expenses with the budget at the beginning of the year
file management	Archives of all personnel of the group headquarters and the leadership team of affiliated enterprises. The formation, transmission, and retrieval of archives. The daily maintenance and management are all in the organization department. I hope to achieve digitization.	The management of archives (personnel archives, licenses, and some of their rewards and punishments, as well as archival materials) is implemented online. It is hoped that the information in the approval form for cadre appointment and removal can be entered online
project management	There are clear management methods for the feasibility analysis and other processes in the early stage of project construction. The investment project management process is mostly manually organized, and the investment	Without an investment management system, leading and understanding projects through traditional manual management methods; Leaders pay attention to the details of

	plan needs to be reported to the Group's Strategic Development Department and Finance and Financing Department.	project negotiations and need to understand the timing of investment and whether the invested company can go public normally. The entire investment management lacks statistical analysis function, making it difficult to grasp the overall progress of the project
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3. Research and Discussion on the Current Situation of Control and Management Capabilities

In order to objectively evaluate the current level of control capabilities of the group, we conducted comprehensive interviews and research on various departments of the group, and made a preliminary judgment on the overall control and management capabilities of the group.

The group has a large scale and a wide range of business coverage, with a large number of secondary and tertiary companies, most of which are relatively small in scale. At the same time, a company's business coverage is also wide, and the group's control capabilities urgently need to be enhanced. Based on the data statistics of 2022 and interviews, we found that the group has significant deficiencies in four aspects: lack of means - data integration and platform construction; Lack of strategy - the model is not implemented and the management is not systematic; Lack of integration - resources will be dispersed and business will not be focused; Lack of ability - The group lacks guidance and needs to build its capabilities.

The interview content was organized and a list of questions and requirements was formed as above (Table 1. Interview organization):

4. Summary of Current Management Status in the Group

From the research findings, the current status and important issues in the group can be summarized as follows:

4.1 Enhancing Critical Capabilities as Essential Support for Digital Transformation

Weak process foundation, lack of explicit standardization, and unified planning: Processes are developed separately by each department without unified coordination and management. Lack of a vertical group control

process system, particularly a coordinated process system between the group and subsidiary companies.

Middle management needs to enhance their management capabilities: Middle and senior-level managers need to strengthen their digital management capabilities, establish digital management awareness, and possess digital management skills. Middle management needs to enhance their specialized management skills to provide guidance, coordination, and control over subsidiary companies in their respective domains.

Insufficient risk management capabilities: Auditing and risk control systems are under development. It is recommended to take the lead in establishing and implementing company-wide risk control systems.

Inadequate group control capabilities: Group headquarters departments currently serve as service-oriented functions, lacking centralized control capabilities over personnel, finances, and assets of the group, business units, and subsidiary companies.

Insufficient digital transformation capabilities: There is no dedicated system for building digital talent, resulting in a lack of reserves for digital transformation. Management personnel lack digital awareness, and management principles and approaches need to be transformed.

Incomplete management output mechanism: As the company expands its business and undergoes continuous mergers and acquisitions, there is a lack of effective management models and talent output mechanisms for managing newly acquired companies. The rapid growth has not been matched with existing organizational capabilities.

4.2 Urgent Need to Establish an Organizational and Institutional System for Digital Transformation, Requiring a "Business + IT" Digital Development Model to Effectively Drive Digital Transformation in the Group

Parallel stages of informatization and digitalization, with a heavy focus on transformation tasks: The scope of informatization applications is still limited, with most business processes executed offline. A digital thinking mode has not yet been established, necessitating a transformation in management approaches to digitalization.

Lack of organizational and institutional support for digital transformation planning and implementation: There is a lack of organizational systems at both the group and subsidiary company levels to support digital transformation. While corresponding group departments have been established, there is still a significant gap in their functional performance. The absence of a system of institutional safeguards for digital transformation, such as clarifying the relationship between business and IT and the relationship between the group and subsidiary companies.

Lack of unified management mechanisms by the group for digital transformation: The principles of a single digital foundation, data middleware, and planning system need to be implemented, with the group taking overall responsibility for digital development and centralized functions. Management improvement and digital development need to progress simultaneously, avoiding simple computerization of business processes.

Need to establish a unified management mechanism for digital development: Infrastructure construction: Unified planning, management, and investment in network and hardware resources. Application system construction: Unified planning and construction at the group level, centralized and efficient, while avoiding the formation of new data silos. Software-centric, hardware-assisted: Digital systems are the carriers of management concepts, with hardware serving as the foundation. Digital transformation needs to prioritize software.

4.3 Current Lack of an Effective Control Model throughout the Group, Failing to Establish Comprehensive Control of Human Resources Management across the Group

Human resources planning: Lack of comprehensive human resources planning across the entire group. Lack of control over

the group's human resource structure, resource allocation, and human resource systems.

Recruitment: Separate recruitment processes between headquarters and subsidiary companies, lacking unified control by the group over recruitment activities: recruitment plans, channels, efficiency, and costs. Establishing an internal talent market to prevent the formation of internal cliques.

Performance: Organizational performance appraisal: Separate performance appraisal plans by departments, lacking effective control over the alignment and coordination with group strategies. Employee performance appraisal: Lack of a management tool at the group level for the process and results of employee performance appraisal, making it difficult to effectively guide the appraisal work. Compensation and benefits: Lack of group control over the distribution of compensation and benefits in subsidiary companies, resulting in a lack of effective management and analysis of the role, structure, and efficiency of compensation and benefits. Low level of digitization in compensation management, lacking systematic management at the group level for total compensation, distribution, and strategies.

Training and development: The construction of a group-wide training system is underway to facilitate unified control of training activities. Recommendations to enhance the management of training courses (establishing training courses based on career advancement and employee lifecycle), and improve the effectiveness of training management.

Corporate culture: Advancing the assessment and management of corporate culture among middle management personnel. Upgrade the management style and work culture of group management personnel to enhance management efficiency.

5. Conclusion

Based on the analysis of the group's problems and current situation, we have drawn the following conclusions:

The pillar business segments of the group are currently large in scale and have promising growth prospects in the future. Therefore, we suggest continuing to invest and develop in the pillar core business.

In terms of fund allocation, we suggest prioritizing strategic investments in pillar

businesses to ensure continuous personnel and internal resource allocation.

For strategic cultivation business segments with high future revenue growth prospects, we suggest increasing resource investment to cultivate them as future pillar core businesses.

The current revenue of the maintenance main business sector is limited, and the future growth prospects are average. Therefore, we believe that it should not be a focus of the overall strategy of the group. In terms of resource allocation, we suggest placing it at a medium to low priority and prioritizing development based on the internal circulation of business profits.

For business segments with limited income and difficulties in future revenue growth, we suggest targeted adjustments, reduction of resource allocation, or exit disposal. In terms of fund allocation, we suggest placing it at the lowest priority, strictly controlling fund investment, and evaluating it based on the actual benefits of the project.

In summary, this study evaluated and recommended the positioning and resource investment direction of each business segment through the analysis of the group. These conclusions are of great significance for the group's strategic planning and resource allocation, and can help the group achieve sustainable development and improve business performance in the future.

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