AI in the Workplace: A Comparative Study of Traditional, Digitalized, and AI-Based Organizations

Dr. Deepika Ameta[1], Dr. Aruna Deoskar[2], Dr. (FCMA) Prof. Roop Kishore Singhal[3]

[1]*HoD- BCA Program, IIMHRD – AFFILI- TO SavitriBai Phule Pune University, Pune*

[2]*Director, IIMHRD – AFFILI- TO SavitriBai Phule Pune University, Pune*

[3]*Director, IIMS, International Institute of Management Studies, Chief Executive Officer, SaiBalaji Education Society, Pune*

Abstract: This research examines the effects of artificial intelligence (AI) on organizational structures, procedure, and cultures by comparing traditional, digitalized, and AI-based organizations. Throughout a comprehensive review of the literature and case studies, we focus on the main difference in AI adoption, use, and results among different types of organizations. According to our research, traditional organizations must use AI in order to remain competitive, even while digitalized organizations may utilize it to enhance customer experiences and generate innovation. AI-Based Organizations must prioritize human-AI collaboration, transparency, and ethics in the interim. This study contributes to our understanding of how artificial intelligence (AI) is transforming workplaces and provides direction for companies undergoing digital transitions. This research paper aims in analysing the impact of Artificial Intelligence based organisation compared to the traditional and simple digitalization based organization work culture.

Keywords: Artificial Intelligence, Digital Transformation, Organizational Change, AI Adoption, Workplace Innovation.

I. INTRODUCTION

Artificial intelligence (AI) is changing workplaces in a number of industries, presenting organizations with both new an opportunity and challenges. In this paper, we compare Traditional, Digitalized, and AI-Based Organizations and explore the amazing adoption journey of AI. These categories each reflect an individual phase in the adoption of technology and provide different viewpoints on the use of AI today in business. Traditional organizations frequently have hierarchical structures and depend on established processes. These organizations prioritize stability and consistency, with limited use of advanced technology. In the past, businesses such as Reliance Industries Limited depended mainly on manual labour and clearly established rules, with limited technology. But as the world gets more digitalized, these companies are starting to look at small-scale AI projects, including automating routine tasks to increase speed. Digitalized Organizations are adopting technology to improve their operations. They use digital tools to promote innovation, enhance consumer experiences, and speed processes. For example, Amazon uses AI to provide product recommendations, enhance user experience when purchasing, and reduce operations. Such companies are aware of the value of data and analytics, and they use insights powered by AI to stay ahead of the competition and make wise decisions.
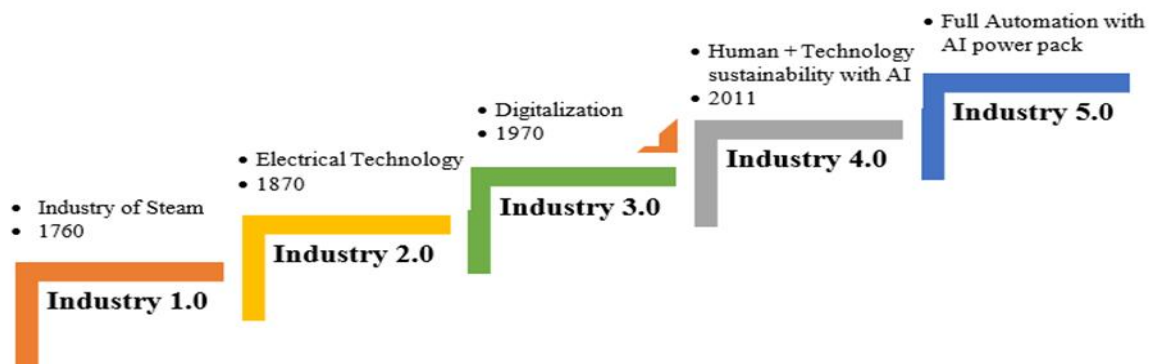

Fig. 1 Industry Revolution

AI-based organizations are leading the AI revolution. They implement AI into the foundation of their business models in addition to using AI tools. Leading companies using AI are Google and Tesla, who use it for everything from advanced data processing to autonomous driving. These companies can be identified by their creative, independent, and flexible cultures, where continuous human-AI interaction is encouraged.

II LITERATURE REVIEW

Traditional Organizations

Traditional organizations depend on limited technology, mostly depend on manual operations, and have a clear line of command (Mintzberg, 1979). They prioritize stability and consistency, according to established methods of doing things (Hannan & Freeman, 1984). A good example of this kind of organization is Reliance Industries limited (RIL), which used limited technology up to the early 2000s and maintained a hierarchical structure.

Traditional Organizational Features

1. A clear hierarchy of bosses and employees (Weber, 1947) ensures that everyone is aware of their responsibilities.
2. Set Jobs and Rules (Taylor, 1911): Everybody has an allocated task and follows to set guidelines.
3. Follow the Same Procedures (Hannan & Freeman, 1984): Standardized procedures are used to cut down on time and effort.
4. Talk Face-to-Face (Giddens, 1984): Humans don't only interact virtually; they also communicate in person.
5. Technology and Basic Tools (Laudon & Laudon, 2016)- Simple technology is used, not complicated or advanced tools.

Advantages of Traditional Organizations

1. Stability and Predictability (Hannan & Freeman, 1984): You always know what to expect, and things remain the same.
2. Clear Leadership and Decision-Making (Weber, 1947)- Everyone understands who is in control and how decisions are made.
3. Well-Established Processes (Taylor, 1911): There are precise processes to follow and everything is done in a consistent manner.
4. Strong company Identity and Tradition (Schein, 2010) - The organization is united by a shared history and purpose.

5. Skilled and Experienced Workers (Becker, 1964): Workers have deep knowledge and experience that they developed through time.

Limitations of Traditional Organizations

1. Stuck in Their Ways (Mintzberg, 1979) - Resistance to change and innovation can hold them back.
2. Slow to react (Hannan & Freeman, 1984) - Decisions take time, and responding to market changes can be delayed.
3. Inflexible and Unadaptable (Giddens, 1984)- Struggling to adjust to new situations and challenges.
4. Poor Communication and Teamwork (Katz & Kahn, 1978)- Inefficient communication and collaboration can lead to mistakes.
5. Talent Attraction and Retention Struggles (Gallup, 2013)- Difficulty attracting and keeping top performers.
6. Limited Growth Potential (Penrose, 1959) - Scaling and growing can be a challenge.
7. Vulnerable to Disruption (Christensen, 1997) - More agile competitors can disrupt their business.

Digitalized organizations

Digitalization is revolutionizing organizations, allowing new business models, and changing how organizations run (Bharadwaj et al., 2013). Technology is used by digitalized organizations to generate value, increase productivity, and improve interactions with clients (Kohli & Grover, 2008).

1. New Business Models (Teece, 2010): Developing new methods for earning profits and providing consumers with value.
2. Digital Platforms and Ecosystems: Creating online communities where individuals may communicate, exchange ideas, and work together (Parker et al., 2016).
3. Data-Driven Decisions (Davenport, 2006): This refers to the process of making sensible decisions based on facts and data rather than intuition.
4. Flexible and Adaptive Structures: These types of structures are able to adapt to changes and shift path as needed (Hamel, 2012).
5. Promoting Invention and Trials (O'Reilly & Tushman, 2013) Adopting a perspective that values taking risks, learning from mistakes and continuously improving.

Advantage of Digitalization organization

1. Get More Done, Faster (Brynjolfsson & McAfee, 2014) - Digitalization helps organizations work smarter, reducing waste and boosting productivity.

2. Delight Your Customers (Verhoef et al., 2010)- Digitalization enables personalized experiences, making customers happier and more loyal.

3. New Ways to Grow and Earn (Teece, 2010)- Digitalization opens up fresh opportunities for businesses to innovate, expand, and increase revenue.

4. Stay Ahead of the Competition (Kohli & Grover, 2008)- Digitalization helps organizations adapt quickly, lead the market, and stay competitive in a fast-changing world.

Challenges of Digitalization organization

1. Navigating Change and Transformation (Kotter, 2012)- Digitalization requires big changes, and handling this shift can be complicated.

2. Finding and Maintaining the Right People (Manyika et al., 2017): As digitalization requires the development of new capabilities, organizations need to attract in, develop, and hold on the proper employees.

3. Securing Information and Privacy (Pagett, 2017) - As more things become digital, there is a greater chance of data breaches and privacy problems, necessitating strong security measures.

Organizations that are now digital aim to use technology to increase productivity, creativity, and competitiveness while tackling the obstacles and limitations related to this process.
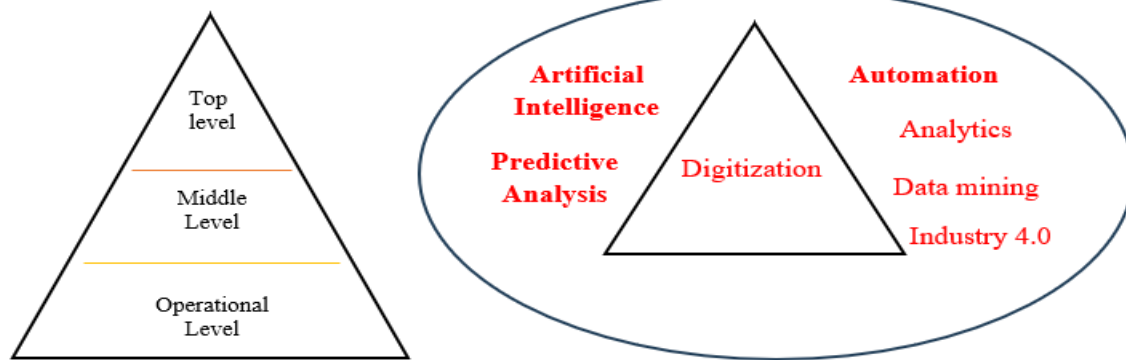
Traditional Organization Work Culture   Organization Work Culture with Digitization

Figure # 2

AI-Based Organizations

1. AI-Powered business (Teece, 2018): AI is being used to generate new and innovative business opportunities.

2. Data-Driven Decisions (Davenport, 2017): Choosing to base decisions on facts and data rather than to intuition.

3. Flexible and Adaptable (Hamel, 2018): Having the capacity to rapidly adapt to changing conditions and adapt to changes.

4. Continuous Innovation and Learning (O'Reilly & Tushman, 2018): Constantly gaining knowledge, developing, and coming up with fresh approaches to stay ahead of the market.

Advantage of AI

1. Get More Done, Faster (Brynjolfsson & McAfee, 2017) - AI helps organizations work smarter, reducing waste and boosting productivity.

2. Happy Customers (Verhoef et al., 2019)- AI enables personalized experiences, making customers happier and more loyal.

3. New Ways to Grow and Earn (Teece, 2018)- AI opens up fresh opportunities for businesses to innovate, expand, and increase revenue.

4. Stay Ahead of the Competition (Kohli & Grover, 2018) - AI helps organizations adapt quickly, lead the market, and stay competitive in a fast-changing world.

Challenges of AI-Based Organizations

1. Navigating AI-Driven Change (Kotter, 2018) - Managing the significant transformations and changes brought by AI.

2. Finding the Right Talent (Manyika et al., 2018)- Attracting, training, and keeping skilled people to work with AI.

3. Keeping AI Safe and Ethical (Pagett, 2018) - Ensuring AI is used responsibly, securely, and in ways that benefit society.

Overview of AI in the Workplace
AI has been touted as a game-changer in the workplace, with the potential to revolutionize productivity, innovation, and competitiveness (Brynjolfsson & McAfee, 2014). From chatbots to predictive analytics, AI is transforming the way we work (Daugherty & Wilson, 2018).

Current Research on AI Adoption and Impact in the Workplace
Exciting studies are delving into how AI is being adopted and its impact in various areas, including:

- AI-driven innovation: Researchers like Wang et al. (2019) have highlighted how AI is sparking new ideas and transforming industries.
- AI-enabled productivity gains: Studies by Brynjolfsson et al. (2017) have shown that AI is boosting productivity, making workplaces more efficient and effective.
- AI-facilitated employee skills development: Gartner (2020) has explored how AI is helping employees develop new skills, preparing them for the future of work.

Gaps in Existing Research
While significant progress has been made, there are still exciting opportunities to further our understanding of AI in the workplace. Notably:

- Comparative AI adoption across organizational structures: Ross et al. (2019) point out that more research is needed to compare how different types of organizations adopt AI, offering a chance to uncover diverse strategies and outcomes.
- AI's impact on organizational culture and employee experience: Leonardi & Haas (2010) highlight a gap in understanding how AI affects the workplace environment and employee well-being, an area ripe for exploration.
- Understanding of AI's role in the future of work: Daugherty & Wilson (2018) emphasize the need to observe deeper into how AI is shaping the future, paving the way for innovative ideas and solutions.

Comparison of Traditional, Digitalized, and AI-Based Organizations
The following table highlights the key differences between Traditional, Digitalized, and AI-Based Organizations:

Characteristics	Traditional	Digitalized	AI-Based
Structure	Hierarchical, top-down, and departmentally siloed.	Flat, agile, collaborative	Adaptive, autonomous, self-organizing
Processes	Manual, paper-based, inefficient	Technology-enabled, automated, streamlined	AI-driven, automated, optimized
Decision Making	Human judgment, intuition	Data-informed, analytics-driven	AI-driven insights, predictive analytics
Customer Experience	Personal, human, transactional	Digital, self-service, personalized	Personalized, AI-driven, proactive
Innovation	Incremental, occasional	Continuous, iterative	Transformative, disruptive, exponential
Efficiency	Low, manual, error-prone	Medium, automated, optimized	Medium, automated, optimized
Scalability	Limited, localized	Medium, regional, national	High, global, exponential
Ethical Concerns	Low, minimal	Medium, data privacy	High, AI bias, accountability
Job Displacement	Low, minimal	Medium, automation	High, AI-driven, augmentation
Skills	Basic, technical	Digital, data analysis	Advanced, AI development, data science
Culture	Traditional, risk-averse	Digital, agile, innovative	AI-driven, adaptive, entrepreneurial
Metrics	Financial, operational	Digital, customer-centric	AI-driven, predictive, outcomes-based

Understanding the differences between Traditional, Digitalized, and AI-Based Organizations helps businesses know what they need to do to stay competitive. Organizations should create AI strategies that match their level of digital development.
Case Study: Microsoft's Transformation from Traditional to AI-Based Organization

Background:
When Microsoft was established in 1975, it was a traditional organization having a major focus on software development and sales. With the rise of digitalization (using digital tools and platforms) and AI (artificial intelligence), Microsoft made big changes to stay competitive.

Category	Characteristics	Key Changes	Financial Affect	Challenges	Examples
Traditional (1975-2000)	Hierarchical structure	…………...?..	Concentrate on software development and licensing	Limited technology use	Microsoft Windows 95, Microsoft Office 97, Microsoft Encarta
Digitalization (2000-2010)	Adoption of cloud computing, Digital tools for organizational processes, establishing new markets	Shift to cloud computing, Adoption of digital tools	Increased revenue from cloud computing	Managing cultural change	Microsoft Office 365, Microsoft Azure, Microsoft Skype
AI-Based (2010-present)	AI and machine learning integration, AI-powered internal process tools, and a focus on new technologies	Integration of AI and machine learning, Development of AI-powered tools	Improved operational efficiency, Enhanced innovation and competitiveness	Balancing innovation with existing business, Ensuring ethical AI development	Microsoft GitHub, Microsoft Teams

VI. IMPACT ON ORGANIZATIONS

Strategies for Traditional Organizations:

1. Start Small with AI: Begin using AI in simple projects to get comfortable with the technology.
2. Focus on Automation and Efficiency: Use AI to make processes faster and more efficient, setting the stage for more digital changes.
3. Plan for Digital Transformation: Make a clear plan for how to gradually add digital technologies to your business.
4. Invest in Employee Training: Help employees learn new skills to succeed in a more digital work environment.
5. Build a Data-Driven Culture: Encourage a culture that values using data and analytics to make better decisions.

Best Practices for Digitalized Organizations:
Impact on work processes:
1. Faster and Smarter: Digitalized organizations can work quicker and more efficiently, like a high-speed train. They can get more done in less time.
2. Better Teamwork: Digitalized organizations can collaborate and communicate more effectively, like a well-rehearsed orchestra. Everyone works together in harmony.
3. Fewer Mistakes: Digitalized organizations can reduce errors and improve accuracy, like a precision machine. They can get things right the first time.
4. Work from Anywhere: Digitalized organizations can offer flexible work arrangements, like a remote control. Employees can work from anywhere, at any time.
5. Learn and Grow: Digitalized organizations can provide continuous learning and skill development, like a never-ending education. Employees can always improve and grow.

Impact on structures:

1. Breaking down Walls: Digitalized organizations knock down departmental silos, like removing walls in a house. This helps people work together more easily.
2. Teamwork Gets Stronger: Digitalized organizations create more cross-functional teams, like assembling a puzzle. People with different skills work together to achieve a common goal.
3. Flexible and Adaptable: Digitalized organizations have a flexible and adaptable structure, like a rubber band. They can stretch and adjust to changing circumstances.
4. Leadership over Management: Digitalized organizations shift from traditional management to leadership and coaching, like a mentor guiding a student. Leaders empower and guide their teams.
5. Encouraging New Ideas: Digitalized organizations emphasize innovation and experimentation, like a playground for creativity. They encourage trying new things and learning from failures

Future Directions for AI-Based Organizations:
Prospects for AI-Powered Companies in the Future:
1. Adopt Autonomous Decision-Making: By giving AI the freedom to decide for itself, you may maximize its potential and promote creativity and efficiency.
2. Develop AI-Driven Business Models: Develop new business models that highlight the advantages and capabilities of artificial intelligence.
3. Focus on Human-AI Collaboration: Encourage collaboration between people and AI by utilizing each other's advantages.
4. Prioritize AI Ethics and Transparency: Make a commitment to moral AI usage and be transparent about its application.
5. Stay Updated with Evolving AI Technologies: To keep your organization ahead of the curve, remain informed about and flexible with the most recent developments in AI.

CONCLUSION

This paper has highlighted the unique traits of Traditional, Digitalized, and AI-Based Organizations, showing how AI adoption impacts their structures, processes, and cultures. The main takeaway is that Traditional Organizations need to start using AI to stay competitive. Digitalized Organizations can use AI to improve customer experiences and boost innovation, while AI-Based Organizations should focus on ethical AI use, transparency, and teamwork between humans and AI. For organizations to succeed in a world driven by AI, they need a clear AI strategy that matches their level of digital transformation. This means investing in training employees to close the skills gap, encouraging a culture of innovation, and making sure AI use is ethical and transparent. By following these strategies, organizations can fully use AI's potential to grow and innovate in a complex and competitive market. The future of organizations relies on their ability to adapt to the changes brought by AI. By understanding the differences between Traditional, Digitalized, and AI-Based Organizations, businesses can successfully navigate their digital transformation. As AI continues to reshape the business world, organizations that focus on AI adoption, ethics, and collaboration between humans and AI will lead in their industries.

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