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The Impact of Employee Readiness to Digital Transformation on Job Performance and Job Satisfaction: Perceptions during Covid19

By

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To my loving Parents

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The Impact of Employee Readiness to Digital Transformation on Job Satisfaction and Job Performance: Perceptions During Covid-19

Fatima Ibrahim

ABSTRACT

The purpose of this study is to investigate the relationship between digital transformation and employee readiness as well as to job performance and to investigate the role employee readiness and job satisfaction play in the relationship between job performance and digital transformation.

This study will use a quantitative analysis by using a questionnaire distributed to employees working in different sectors in Lebanon asking them about digital transformation, about their readiness, and how might this can affect their performance and satisfaction. An SPSS was used to test the relationships between digital transformation, employee readiness, job satisfaction, and job performance. The findings in this study have supported the hypotheses.

Keywords: Digital Transformation, Employee Readiness, Job Satisfaction, Job Performance

TABLE OF CONTENTS

Chapter One

Introduction

Since the COVID-19 Pandemic amply proves the value of digital transformation, it will have longterm impacts and ramifications for business in general. Big data, artificial intelligence, and data analytics are among the issues that are most frequently discussed in news stories throughout the world. This epidemic also highlights the importance of accelerating digital transformation for all enterprises (DI). The usage of digital technologies (such the Internet of Things, AI, machine learning, AR, and in-memory computing) results in a change in the structure, operations, roles, and business models of an organization. (Matt et al., 2015; Sahu et al., 2018). The phrase "digital transformation" refers to the strategic transformation of every aspect of an organization's activities, creating a new ecosystem where technology creates and distributes value to stakeholders, enabling the company to react more quickly to changing circumstances (Unruh and Kiron, 2017; Newman, 2017; Ross, 2019). However, people, not technology, are the focus of the digital transition (Tabrizi, Lam, Girard, & Irvin 2019). When employees lack the proper mentality to change and when existing organizational procedures are flawed, digital transformation will only make problems worse (Tabrizi et al. 2019). Workers also possess in-depth knowledge of the essential procedures involved in their daily tasks, which they might use to develop novel solutions, according to Tabrizi (2019). Digital readiness is a key factor in an employee's capacity to generate novel ideas (by fusing business and technology competence) and take part in digital transformation efforts. Yoemans (2016) notes that when organizations like libraries evaluate their digital readiness, they often look at three factors: their usage of digital tools, their faith in technology, and their digital abilities.

1.1 Statement of the Problem

Digitalization is concerned with information processing, and because everything can be converted into information, it has an impact on all human activities. It is widespread, affecting practically every area, and is fundamentally changing the economy and modern society (Curran, 2018). Also, an increasing number of businesses are significantly investing in new digital technologies, coming up with new possibilities, and transforming their business models (e.g. Farrington and Alizadeh, 2017; Nambisan et al., 2017; Frishammaret al., 2018). However, still many digital transformation projects are failing where 70% of them fall short of their objectives (Boston Consulting Group,2020) because of different reasons such as lacking the correct mindset, not having the appropriate talents, appropriate culture, and not having a clear goal (Roy,2021). This information requires an assessment of readiness to digital transformation since it has been acknowledged, according to Vakola's (2013) research, employees who are not ready for change become one of the barriers to change. To address the problem, this study yields a deeper understanding of the role employee readiness can play with the digital transformation, and how this might affect job satisfaction and job performance.

1.2 Statement of Purpose

Using the Dynamic Capabilities View of the firm (Teece et al., 1997) the purpose of the study is to examine the dimensions that could be related to employee readiness for digital transformation to take place in the company, the dimensions of the digital transformation, and it also aims at investigating how digital transformation is affecting employee readiness and job performance well as investigating the role of employee readiness and job satisfaction on the relationship between digital transformation and job performance. However, this article can benefit different source of

people such as the researchers in knowing more about the relationship between employee readiness and digital transformation, and its role that can play in the relationship between digital transformation and job satisfaction and job performance. Moreover, they can build their further investigations on it and have new findings. According to the IT Designers, when seeing that digital transformation plays a critical role in increasing the job performance and job satisfaction. This can encourage the IT Designers to implement and design different software and applications that can help increase efficiency, have a faster and easier decision making, greater reach, and increased profits. Moreover, the managers can benefit from this article. They can play a central role in leading, developing strategies linked to digital transformation, support and encouraging the employees for the change, having trainings that can enhance the employees' digital skills, and create a digitized culture in the company. Nevertheless, this study aims to tackle these research questions that help raise recommendations regarding digital transformation.

The main research questions of the study are:

1. What are the dimensions of employee readiness in a company transforming digitally?
2. What are the dimensions of the digital transformation?
3. What is the relationship between digital transformation and job performance?
4. What role does employee readiness play in the relationship between digital transformation and job performance?
5. What role does job satisfaction play in the relationship between digital transformation and job satisfaction?

Study Outline:

Chapter One will tackle an introduction of the study, the research problem, the purpose of the study, and to the development of the research questions.

Chapter Two will tackle the literature Review of every variable in our study which includes the digital transformation, employee readiness, job satisfaction, and job performance.

Chapter Three will tackle two parts which are the theoretical framework that includes the Dynamic Capabilities View, Alignment theory, and Organizational Learning theory and how these theories are related to the study. The second part includes the Conceptual Model that includes the hypotheses development according to previous literatures.

Chapter Four includes the Methodology section that includes the survey method, questionnaire design, measures, sample and data collection, and the analysis methods.

Chapter five will tackle the findings, and the analysis of the data collected from the SPSS tool using different methods.

Chapter Six will tackle the conclusion, recommendations, and the limitations that are considered barriers to the study.

Chapter Two

Literature Review

2.1 Digital Transformation:

Through significantly altering an entity's characteristics, digital transformation aims to improve it. It does this by combining information, computing, communication, and networking technologies (Vial, 2019, p. 118). The COVID-19 outbreak has accelerated digital progress, and the future is arriving more quickly than expected (Qureshi,2022). 85 percent of respondents in a McKinsey global assessment of CEOs in 2020 claimed that their organizations have expedited the implementation of digital technology after the COVID-19 virus broke out (Dua et al., 2021). Additionally, according to IDC, worldwide spending on digital transformation is anticipated to surpass $6.8 trillion by 2023. (Robuck,2020). According to Berghaus and Back (2016) and Kane et al. (2017), digital transformation is the process of adjusting to a rapidly changing digital world in order to meet the digital expectations of customers, employees, and partners. It is also a progressive process that uses digital capabilities and technology to help business models, operational processes, and customer experiences produce value. Another concept called digital maturity is established to describe how well an organization is doing in these areas (Chanias and Hess, 2016). A deliberate approach to a company's digital transition is known as "digital maturity" (Kane et al., 2017). The term "digital maturity" therefore describes the stage of a company's digital transition (Chanias and Hess, 2016). However, the "Digital Intensity" and "Technological Management Intensity" are two separate but linked characteristics that together make up "Digital

Maturity," according to MIT Center for Digital Business and Capgemini Consulting (2017). According to Nwankpa and Datta (2017), "Digital Intensity is a statistic measuring how much a firm invests strategically in emerging and creative digital technologies to revolutionize how the organization conducts customer interactions, internal processes, and even business models" (Westermanetal.,2012,

p.2). The second is Computerized Management According to Westerman et al. (2012), intensity refers to the leadership qualities needed to lead digital transformation within the organization. These qualities include intangibles like structure, strategy, leadership, and culture (Geschke,2016). Kane et al. (2015) further contend that building digital capabilities, strategies, cultures, people, and skills is necessary in addition to depending just on digital technology to achieve digital transformation.

2.2 Employee Readiness:

When it comes to digital change, "it's about people, not technology." Chamorro-Premuzic and Frankiewicz (2020). The level of staff readiness for a company to transition to digital procedures made possible by software and technology is known as "digital readiness." Every company's fundamental building component is its workforce. The transition must begin with the company's employees as it attempts to refocus its objectives and fortify its infrastructure with technology. The smoother the path to digital transformation will be the quicker the personnel can adopt these emerging technologies (Ogbevoen,2020). Additionally, being digitally prepared involves more than just having the necessary technology, which the majority of countries already have. It also entails having data standards, interoperable systems, clear roles and responsibilities for digital skills, and (most importantly) the skills of the workforce (Bolton,2022). Researchers assert that an organization's ability to execute change successfully depends on the willingness and openness of its workforce (Hanpachern et al., 1998; Eby et al., 2000; Jansen, 2000; Madsen et al., 2005; Rafferty

and Simon, 2006). In addition to physical maturity, readiness is a group of emotional and cognitive processes that control learning environments and lead to mastery of new skills (Beller,1972; Dennis, 1972; Gesell, 1928). However, technology, job, and structure are the three aspects of workforce preparation for digital transformation, according to O'Hara et al. (1999). Prior to the implementation of digital transformation, new technologies must be introduced. Employeetechnology readiness (TR) is required in this situation. Additionally, changes in organizational structure and work completion methods are always brought about by technology innovation. Business processes need to be reengineered as a result of digital transformation (Earl, 2000; Kalakota and Robinson, 2001; Laudon and Laudon, 2004; Lumpkin and Dess, 2004). Employees' attitudes toward embracing digital transformation will be impacted by their skills, knowledge, and perceptions of their job security in light of the new role and organizational structure. Therefore, it is possible to group employees into a spectrum of hypothetical ideas, with a strongly negative attitude on one end and a considerably positive attitude on the other. Employees' positions on this spectrum are thought to be connected to how well-prepared they are for new jobs (employee-task readiness) and organizational structure (employee-structure readiness) (Dewett and Jones, 2001).

2.3 Job Satisfaction:

According to Hoppock, a person might really say they are satisfied with their employment if a number of psychological, physiological, and environmental aspects come together (Hoppock, 1935). According to Locke (1976), job satisfaction is "a joyful or positive emotional state deriving from the assessment of one's job or job experiences" (p. 1304). According to this viewpoint, work satisfaction is still an internal problem that has to do with how the individual feels, even though many external

circumstances have an influence on it. Job satisfaction is a term used to describe a worker's sense of success and achievement at work. It is frequently held that it has a close connection to both productivity and general wellbeing. Additionally, it involves doing work that one enjoys, doing it well, and getting paid for it. As it relates to a person's passion and delight for their line of work, and as a key component in attaining recognition, pay, promotion, and other objectives that enhance a sense of satisfaction (Kaliski,2007). Lin and Hsieh's (2007) research demonstrates that satisfaction is significantly impacted by digital preparedness. When responding to change, employees' job satisfaction can range from high levels of satisfaction to severe levels of dissatisfaction (George et al., 2008). (Galpin, 1996, in Rafferty et al., 2013). However, multiple studies have demonstrated a positive correlation between attitudes toward change and work satisfaction (Cordery et al., 1993; Iverson, 1996). Ginting et al. (2020) assert that digital technology has a significant impact on happiness. Depending on one's attitude toward digital technology, employment satisfaction, which is a happy or positive emotional state resulting from the appraisal of one's job and work experiences, may be connected to happiness (Tang et al., 2019). Importantly, research has shown that employees who participated in the decision-making process for technology advancements reacted to the changes more favorably than those who did not (Schraeder et al., 2006). According to Meske and Junglas (2020), there is a correlation between greater support for digital transformation and employees' aspirations of autonomy, competence, and connection in the digital workplace. As businesses convert to digital platforms, employers will need to pay more attention to employee wellbeing, with work satisfaction being one of the signs. 2018 (Kaasinen). Nevertheless, more than half of respondents in the Caribbean Digital Readiness

Survey (2021) claim that it has increased employee satisfaction. Additionally, when Adigwe and Oriola (2015) looked at the relationship between organizational change and work satisfaction, they

found that while organizational change affects job satisfaction, employee satisfaction levels rely on how well the change is implemented.

2. 4 Job Performance:

Job Performance is defined as the Individual behavior that provides value for the company that may be characterized as anything that individuals do and can be observed (Campbell, McCloy, Oppler, & Sager, 1993) and helps the company achieve its objectives (Campbell & Wiernik, 2015). Koopmans (2015) identified three main dimensions of job performance: task performance, contextual performance, and counterproductive behavior. To start with task performance, they are actions that aid in the creation of a product or the delivery of a service (Rotundo & Sackett, 2002). According to the contextual component encompasses all actions that contribute to the organization's environment, as well as the social and psychological characteristics that employees exhibit when doing their duties (Koopmans et al. 2016). As the counterproductive behavior is an intentional action that is detrimental to the organization's well-being (Rotundo & Sackett, 2002). Managers should try to improve job performance by focusing more on people rather than tasks and creating a supportive and collaborative work environment (Randall, Cropanzano, Bormann, & Birjulin, 1999). Nonetheless, digital transformation enables businesses to enhance company operations, procedures, and performance efficiency (Melville et al., 2004; Stoel & Muhanna, 2009; Chen et al., 2014). For instance, in a corporate environment that is becoming more competitive, digital transformation helps companies to carve out market niches and distinguish their product offers (Tan & Teo, 2000).

2.5 Theoretical Framework and Conceptual Model:

2.5.1 Dynamic Capabilities View:

The concept of dynamic capabilities was first described by Teece et al (1997). Dynamic capabilities concentrate on the steps businesses take to modify their resources in order to continuously adapt to changing conditions and create a competitive edge (Teece et al., 1997). Dynamic, according to Teece, Pisano, and Shuen (1997, p. 515), is the "ability to update capabilities so as to accomplish consistency with the changing business environment." For instance, when technology development is rapid, managers must be creative in how they approach contemporary problems and do it in a quick and timely manner. The term capabilities "focuses on the critical role of strategic management in correctly adapting, integrating, and reconfiguring internal and external organizational skills, resources, and functional competencies to match the requirements of a changing environment," explain Teece, Pisano, and Shuen (1997, p. 515). However, this study makes the assumption that businesses must establish dynamic capabilities expressly for digital transformation in order to build an organization that can manage it. For example, when a company's current skills and resources are at risk of becoming obsolete due to digital disruption, they need to turn their attention to their ability to change. Dynamic capabilities have been used frequently in the strategic management literature to examine how organizations can react to changes in technology (Eisenhardt and Martin, 2000; Teece, 2007; Warner and Wager, 2019). Given the significant impact that digital technologies have had and will continue to have on corporate performance, dynamic capabilities offer a consistent framework for evaluating digital transformation (Warner and Wager, 2019).

2.5.2 Organizational Learning Theory:

The development and use of knowledge inside an organization are the main foci of organizational learning theory. Organizational learning, according to McGill and Slocum (1994), is the act of adapting to new knowledge by changing the "programming" used to interpret and assess it (p. 27)

since it is by its very nature a process of developing new views (H. Cheng, Niu, & Niu, 2014; Chiva et al., 2014). For example, according to Deloitte survey (2016) showed that 84 percent of executives considered learning to be vital or extremely important for the firm. Moreover, according to Chiva, Ghauri, and Alegre (2014), p. 689, Organizational Learning is "the process via which organizations alter or adjust their mental models, rules, processes, or knowledge, sustaining or increasing their performance." Organizational Learning is essential for businesses functioning in unstable situations to react to unforeseen events faster than their rivals (Garvin et al., 2008). However, due to the complexity and rapid changes of corporate environments, this skill is continuously rising in relevance (Loermans, 2002). The requirement for improved learning processes as firms' transition from relatively stable to relatively turbulent environmental conditions

in our worldwide economy is one of the key drivers of organizational learning becoming a necessity for today's enterprises. Companies must revitalize and reinvent themselves to ensure long-term survival and success as market circumstances, competition, consumer needs, technology, and other external factors alter. For instance, according to McKinsey's study (2018), the abilities required in the workforce by 2030 will be vastly different from those recognized now. A shift of this magnitude requires adequate training and learning methodologies. As a result, enterprises should be concerned about the digital revolution of learning even more.

2.6. Conceptual Model

Relationship between digital transformation and employee readiness:
Employees in organizations with a high level of change readiness are frequently very committed to the change endeavor (Abdel-Ghany, 2014). The incapacity of businesses to foster ready for change, where employees' preparedness has to be addressed prior to the implementation, is a contributing

factor to failed change initiatives (Jones et al., 2005) so , prior to digital implementation, employee readiness must be addressed (Abdel-Ghany, 2014).To emphasize more, according to Lokuge et al. (2019), asserts that a lack of organizational preparation is the primary reason why the majority of new thoughts fail to materialize as new goods or services .Employee support for organizational transformation initiatives is significantly influenced by readiness (Holt et al., 2007) in which the most important variables for success and competitiveness in the digital transformation process, according to De Sousa Jabbour et al (2018), is organizational change preparedness. Also, it has been acknowledged that firms' preparation for AI is crucial in the continuing digital transformation (Li et al., 2017; Pan, 2016). However, according to Tabrizi et al. (2019), creating an organizational preparedness for success is more important than using technology and because it establishes an organization's general propensity to accept innovations, it is anticipated to be crucial for digital transition (Ferreira et al., 2014).

H1: There is a positive relationship between Digital Transformation and Employee Readiness.

Relationship between Digital transformation and Job Performance

Digital transformation, according to Schallmo, Williams, and Boardman (2020) and Verhoef et al. (2021), uses digital technology to analyze and compile the gathered data into usable information for evaluation, decision-making, and the development of new digital business models in which enhances the quality of enterprise goods and services, makes use of big data to analyze users' individualized needs, reshapes the traditional business model's stakeholder value creation mechanism, and increases the comprehensiveness of enterprise users by bringing in new participants (Kraus, Schiavone, Pluzhnikova & Invernizzi, 2021) this can help enterprises create value while enhancing performance and influence. According to certain academics, the organization’s production efficiency increases with the quality of its digital transformation

(Andriushchenko, Buriachenko, & Rozhko, 2020; Ribeiro-Navarrete, Botella-Carrubi, PalaciosMarqués, & Orero-Blat, 2021). Also, enterprise performance benefits from digital transformation in the workplace where they showed that companies with higher digital maturity have better business performance. According to Caribbean Digital Readiness Survey (2021), Almost threequarters of those polled felt that digital technology and behaviors have increased worker productivity.

H2: There is a positive relationship between digital transformation and job performance

Relationship between Employee Readiness and Job Performance

Managers should try to improve job performance by focusing more on people rather than tasks and creating a supportive and collaborative work environment (Randall, Cropanzano, Bormann, & Birjulin, 1999. According to related research, organizational and individual flexibility and readiness to adapt have a favorable impact on financial and organizational outcomes (Ebben and Johnson, 2005; Hittet al., 1998; Lee and Lee, 2018; Thoumrungrole and Tansuhaj, 2007; Zhang, 2006).

H3: There is a positive relationship between employee readiness and job performance

The role employee readiness plays in the relationship between digital transformation to Job Performance / The role job satisfaction plays in the relationship between digital transformation to job performance

Management should analyze employee readiness to adopt digital transformation since the changes necessary in digital transformation implementation can result in substantial resistance to change, potentially leading to digital transformation failure (Beckhard and Harris, 1987). However,

according to Westermann, Bonnet, and McAfee (2014), organizations with strong digital readiness generate much more revenue and profitability than companies with a lower degree of digital readiness. Moreover, a company's success – or even existence – is highly dependent on its workers' willingness to change and adaptive qualities in order to attain a long-term competitive edge (Pan and Sun, 2018). Employee change preparedness is a critical factor that can affect company performance (e.g. Katsaros et al., 2014; Matthysen and Harris, 2018). Nevertheless, Employees who are digitally ready are more likely to support the digital transformation process and work effectively with new technologies (Kwahk and Lee 2008) in which leads to positive behavioral reactions, spanning from effective use of digital technology, enhanced performance, peer support, and other extra-role (organizational citizenship) behaviors, are common. Also, change readiness has been a significant component in the success of transitions (Armenakis, et al 1993) where the employees' positive behavior might be cultivated by increasing their readiness for change, allowing the modifications to achieve the intended results. However, employees' attitudes about digital transformation are likely to affect their participation in, or disengagement from, their company's digital transformation activities, and, in turn, behavioral results (Solberg et al. 2020). Improved happiness is implicitly linked to digital technology, and happier people perform better at work (Ginting et al., 2020).

H4: Employee Readiness mediates the relationship between digital transformation and job performance

H5: Job Satisfaction mediates the relationship between digital transformation and Job Performance

Model

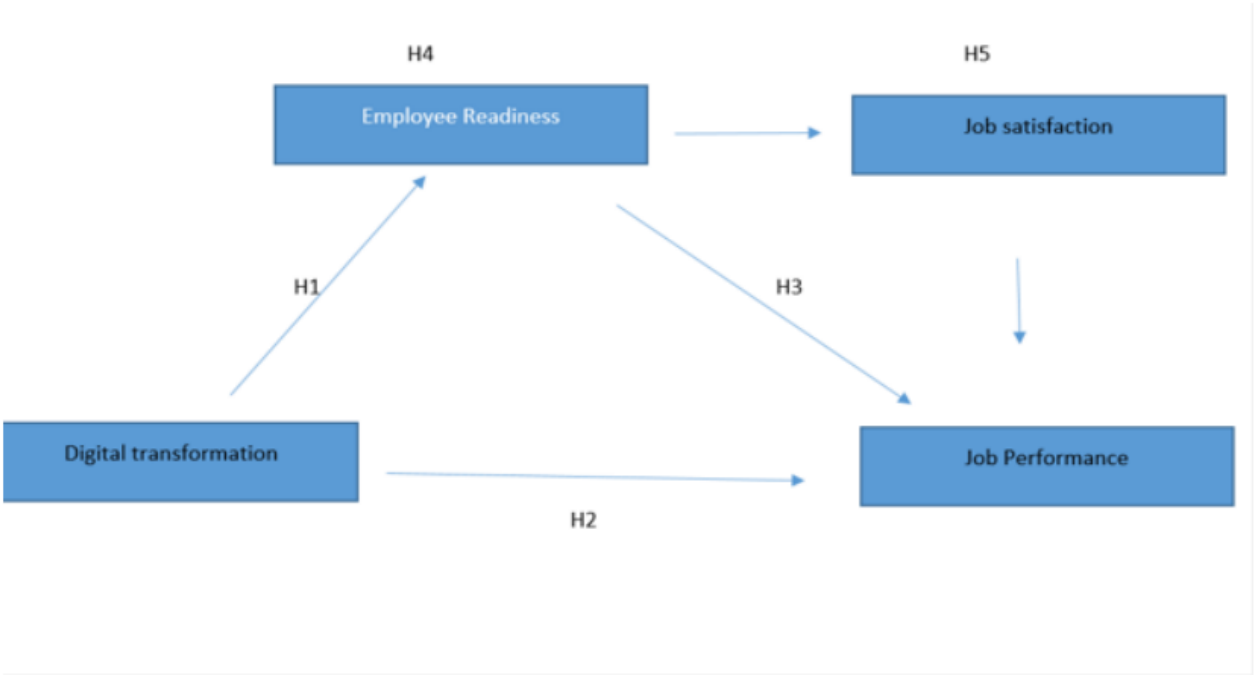

Fig.1- Conceptual Model

Chapter Three

Methodology

In this chapter, the researcher sent out a questionnaire to collect information on employee readiness, digital transformation, job satisfaction, and job performance within the organizations and demographics.

Survey Method:
In this study, a quantitative method is adopted using an e-questionnaire. This questionnaire was created using Google Forms and consists of closed questions instead of open questions that give a room of replies that are both vague and wide. It was shared with participants through emails, WhatsApp, LinkedIn, and other social media platforms.

3.1 Questionnaire Design:

The questionnaire consists of three sections. The first section consists of the consent form in which the participants can agree or disagree to continue fill out the survey. The second section consists of the demographics such as the gender, age, level of education, occupation, years of employment with current employee, work type, level of expertise in computer usage, and to the size of the company. Also, there is the third section that consists of the questions that measure each of the research variables in which are the scale created by Koopmans (2014) is used to assess job performance. To assess employee readiness, 18 item scale was constructed by Lai, Jung-Yu &
Ong, Chorng-Shyong (2010). Furthermore, the questionnaire used from Andrew and Whitney (1976) contained 5 items are utilized as a measure of job satisfaction. In addition, digital transformation is assessed using (Westerman et al., 2012) scale, which consists of 20 items.

Participants were asked to score each of these questions on a five-point Likert scale (1 = strongly disagree, 5 = strongly agree). Please refer to Appendix 1 to see a copy of the questionnaire.

3.2 Measures:

To measure digital transformation, a 20 - item by Westerman et al (2012) scale is used. The scale was chosen because it is the most cost-effective and can be used in a variety of situations. It consists of 20 statements organized around two themes which are digital intensity and transformation management intensity. The respondents rated each statement on a 5 point Likert scale ranging from "1= strongly disagree to 5 = strongly agree. This scale shows a high reliability coefficient alpha of 0.924 within the digital intensity theme and 0.955 within the transformation management intensity theme. Hence, this shows that our scale has a good level of internal consistency with this particular sample. However, this study used another scale to measure the employee readiness variable using 18 item that were purified using the exploratory factor analysis (Churchill, 1979; Doll and Torkzadeh, 1988; Ives et al., 1983; Palvia, 1996; Straub, 1989). This scale consists of 18 statements and draws on the three aspects of employee readiness: task, technology, and structure, where a 5 point Likert scale is used ranging from "1 = strongly disagree to 5= strongly agree", as the purified 18-item instrument had a reliability of 0.90 which shows a good level of internal consistency with this particular sample. In addition, the Individual Work Performance Questionnaire was used to assess job performance. This scale had 18 items and was divided into three themes which are task performance, contextual performance, and counterproductive work behavior (Koopmans,2014). To eliminate order effects, items were given to participants in randomized order within each scale. All items had a 3-month recall period and a 5-point Likert scale. Also, a job satisfaction scale is used by Andrew and Withey (1976) that consists of five item scale, were a five Likert scale is used

ranging from 1= strongly dissatisfied to 5= strongly satisfied. It has an alpha of 0.81 which indicates a reasonable level of internal consistency reliability.

3.3 Sample and Data Collection:

The target population in this study are LAU Masters students who work and employees from different sectors in Lebanon and in other countries. The survey was sent via emails, LinkedIn, and other social media platforms. Also, this study relies on snowball sampling. The goal to have a significant number of respondents working in companies and know their readiness regarding digital transformation drove the choice to adopt snowball sampling since snowball sampling is employed when "members of the population of interest are difficult to identify," according to Marpsat and Razafindratsima (2010). Respondents were also asked to send the questionnaire link to their peers, colleagues, and friends. This participation is voluntary where the respondents can read the consent form and choose Yes if they want to continue with the survey or NO button that automatically end the survey form. This is done according to the IRB guidelines.

Data collection took place between March and April 2022, with a total of 259 responses, then 19 responses has been removed because of missing data to be a total of 240. Among the total 67.3% were males, and 31.5% were females. 25.2% were between the age 18-24, 42.9% were between the age 25-34, 31.9% were 35 and older. 54.3% held a master's degree, 20.1% held a high school degree, whereas 13.4% held a bachelor's degree and the remaining held a PhD degree or other. According to the occupation, 57.1% are employees, 11.8% are top level management, 14.6% are idle management, and the remaining respondents between supervisory and custodians. 72.4% have an experience of 10 years, and 27.5% have an experience more than 10 years. Moreover, 57.5% works in an office, 31.9% hybrid and the remaining are online. According to the level of expertise in the

computer usage, 49.2% are good, 18.9% are outstanding, and the remaining respondents between average, fair, and poor.

3.4 Data Analysis:

Data Analysis was done using SPSS and Preacher and Hayes' SPSS Macro for multiple mediation assessment. First, Factor Analysis and Reliability measurements were made. Then, a simple regression analysis was made to test several relationships between digital transformation, employee readiness, job satisfaction, and job performance. However, mediation assessment was done following Baron and Kenny's (1986) steps which starts by assessing the relationship between the independent variable X and the dependent variable Y, assessing the relationship between the independent variable X and the Mediator M, then showing the relationship between the mediator M and the dependent variable Y to be finalized by knowing if there is a partial or complete mediation. All the results are shown in the tables below. Nevertheless, these regression models were made to test the hypotheses available in this study.

1. To assess the relationship between digital transformation and job performance
2. To assess the relationship between digital transformation and employee readiness
3. To assess the relationship between employee readiness and job performance
4. To assess the role employee readiness, play in the relationship between digital transformation and job performance
5. To assess the role job satisfaction, play in the relationship between digital transformation and job performance.

Chapter Four

Findings

4.1 Descriptive Findings

In this study the sample consists of 171 (61.3%) males, 80 (31.5%) females, and 3 (1.2%) prefer not to say. According to the age consists of 64 (25.2%) aged between 18-24, 109 (42.9%) aged between 25-34, 34 (13.4%) aged between 35-44, 35 (13.8%) aged between 45-54, and 12 (4.7%) between the age of 55 and above. Concerning the level of education, 34 (13.4%) are undergraduate, 138 (54.3%) are graduate, 20 (7.9%) are PhD, 50 (20.1%) are high school, and 11 (4.3%) for other. For the occupation, 30 (11.8%) are top level management, 37 (14.6%) are middle management, 33 (13%) are supervisory, 145 (57.1%) are employees, and 9 (3.5%) are custodians. However, 184 (72.4%) have 0-10 years of employment with current employer, 38 (15%) have 10-20 years of employment, 24 (9.4%) have 20-30 years, and 8 (3.1%) have 30 years and above.

Regarding the work type, 146 (57.5%) are in office, 27 (10.6%) are online, and 81 (31.9%) are hybrid. According to the level of expertise in computer usage, 48(18.9%) are outstanding, 125 (49.2%) are good, 63 (24.8%) are average, 13 (5.1%) are fair, and 5 (2%) are poor.

Concerning the size of the company, 152 (59.8%) have 50-100 number of employees in the company, 39 (15.4%) between 100-300, 28 (11%) between 300-1000, 17 (6.7%) between 10003000, 9 (3.5%) between 3000-10000, and 9 (3.5%) have 10000 and above.

4.2 Reliability Measure

The measurement process started with checking the reliability of each variable and its sub dimension which includes the task-employee readiness, structure-employee readiness, technology employee readiness, digital intensity, technological management intensity, job satisfaction, and job performance. SPSS was used to measure the Cronbach Alpha value for these items. Table 1 illustrates the results that showed a high reliability indication above 0.7 of these variables since 0.7 is the recommended threshold of the Cronbach Alpha (Hair et al, 2019).

Table 1: Reliability Analysis

Construct	Dimensions	Cronbach Alpha	Scale items
Job Performance		0.841	5
Job Satisfaction		0.826	5
Digital Transformation	Digital Intensity	0.906	9
	Transformational Management Intensity	0.894	8
Employee Readiness	Task Employee Readiness	0.756	3
	Structure Employee Readiness	0.829	4
	Technology Employee Readiness	0.786	4

2. Factor Analysis:

When item loadings are larger than 0.70, according to Hair et al. (2010), each item is required to be deemed acceptable. In our research we kept the items that shows a value more than 0.7 as a satisfactory factor loading as illustrated in the Component Matrix tables below.

Table 2: Factor Analysis Items

Items	Factor Loadings
ER2	0.841
ER3	0.828
ER5	0.794
ER7	0.774
ER8	0.856
ER9	0.771
ER10	0.849
ER4	0.756
ER16	0.818
ER17	0.817
ER19	0.739
DT1	0.741
DT2	0.770
DT3	0.758
DT4	0.788
DT5	0.729
DT6	0.717
DT7	0.717
DT8	0.799
DT9	0.783

DT10	0.765
DT11	0.727
DT12	0.749
DT13	0.793
DT14	0.781
DT15	0.758
DT16	0.758
DT17	0.730

JS1	0.823
JS2	0.714
JS3	0.789
JS4	0.713

JS5	0.797

JP3	0.743
JP7	0.798
JP8	0.821
JP9	0.744
JP10	0.804

4.3 Regression Analysis

A simple regression analysis was used to test the effect of digital transformation on Job performance. The ANOVA table showed that R2 is 0.171, F=49.325 with a significance less than 0.001, and the

coefficient Beta of digital transformation is 0.414 with t statistic of 7.023 and a significance less than 0.001. The effect of digital transformation on employee readiness was tested and similar analysis is made in which the R2 is 0.257, F=83.472 and with a significance less than

0.001. the coefficient Beta of digital transformation is 0.510 with t statistic of 9.136 and a significance less than 0.001. Moreover, an effect of employee readiness to Job performance is made in which the R2 is 0.321, F=115.088 and a significance less than 0.001. the coefficient Beta of job performance is 0.569 with t statistic of 10.728 and a significance less than 0.001.

According to the results shown in the below tables, they support the hypotheses H1, H2, and H3.

Table 3: Regression Analysis findings

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.414[a]	.171	.168	.63888

a. Predictors: (Constant), DTavg

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	20.132	1	20.132	49.325	<.001[b]
	Residual	97.551	239	.408		
	Total	117.683	240			

a. Dependent Variable: JPavg

b. Predictors: (Constant), DTavg

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	2.724	.201		13.554	<.001
	DTavg	.375	.053	.414	7.023	<.001

a. Dependent Variable: JPavg

Table 4: Regression Analysis Findings

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.510[a]	.260	.257	.60457

a. Predictors: (Constant), DTavg

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	30.510	1	30.510	83.472	<.001[b]
	Residual	86.990	238	.366		
	Total	117.500	239			

a. Dependent Variable: ERavg

b. Predictors: (Constant), DTavg

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	2.133	.191		11.164	<.001
	DTavg	.465	.051	.510	9.136	<.001

a. Dependent Variable: ERavg

Table 5: Regression Analysis Findings

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.569[a]	.324	.321	.57567

a. Predictors: (Constant), JPavg

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	38.140	1	38.140	115.088	<.001[b]
	Residual	79.535	240	.331		
	Total	117.675	241			

a. Dependent Variable: ERavg

b. Predictors: (Constant), JPavg

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	1.504	.221		6.806	<.001
	JPavg	.569	.053	.569	10.728	<.001

a. Dependent Variable: ERavg

4.4 Simple mediation effect and measurement:

A mediation analysis was made showing if employee readiness plays a role as a mediator in the relationship between digital transformation and job performance. The first condition was met in which digital transformation significantly related to job performance where the p-value is less than 0.001 (p-value < 0.05). Also, the second condition is met in which digital transformation is significantly related to employee readiness where the p-value is less than 0.001 (p-value<0.05). Similarly, to the third condition in which employee readiness is significantly related to job performance where the p-value is 0.001 (p-value<0.05). Then, employee readiness was put as a mediator in the relationship between digital transformation and job performance. According to the

results the p-value for digital transformation is 0.0064 (p-value <0.05) and the p-value for the mediator is 0.0000. Hence, both digital transformation (independent variable) and the employee readiness (mediator) plays a significant role to job performance (dependent variable). As a result, employee readiness has a partial mediation. Nevertheless, job satisfaction has put as a second mediator in the relationship between digital transformation and job performance in which the pvalue of the digital transformation (independent variable) is 0.4058 (p-value >0.05), and the pvalue of job satisfaction (mediator) 0.0000. Hence, digital transformation is not significant while the mediator is significant to the dependent variable job performance. So, job satisfaction plays as a full mediation. As a conclusion, employee readiness played a partial mediation in relationship between digital transformation and job performance, when job satisfaction has put as a second mediator a full mediation has occurred. The results in tables below

Table 6: Mediation Analysis Findings

```
Model: 4
    Y: JPavg
    X: DTavg
    M: ERavg

Sample
Size:  240

**************************************************************************
OUTCOME VARIABLE:
 ERavg

Model Summary
          R       R-sq        MSE          F        df1        df2          p
      .5096      .2597      .3655    83.4725     1.0000   238.0000      .0000

Model
             coeff         se          t          p       LLCI       ULCI
constant    2.1327      .1910    11.1637      .0000     1.7564     2.5090
DTavg        .4647      .0509     9.1363      .0000      .3645      .5649

**************************************************************************
OUTCOME VARIABLE:
 JPavg

Model Summary
          R       R-sq        MSE          F        df1        df2          p
      .5887      .3466      .3244    62.8626     2.0000   237.0000      .0000

Model
             coeff         se          t          p       LLCI       ULCI
constant    1.6764      .2222     7.5461      .0000     1.2388     2.1141
DTavg        .1533      .0557     2.7532      .0064      .0436      .2630
ERavg        .4855      .0611     7.9495      .0000      .3652      .6058

****************** DIRECT AND INDIRECT EFFECTS OF X ON Y *****************

Direct effect of X on Y
     Effect         se          t          p       LLCI       ULCI
      .1533      .0557     2.7532      .0064      .0436      .2630

Indirect effect(s) of X on Y:
        Effect     BootSE   BootLLCI   BootULCI
ERavg    .2256      .0470      .1360      .3190

************************** ANALYSIS NOTES AND ERRORS ************************
```

Table 7: Mediation Analysis Findings

```
Model  : 4
    Y  : JPavg
    X  : DTavg
   M1  : EBavg
   M2  : JSavg

Sample
Size:  240

**************************************************************************
OUTCOME VARIABLE:
 EBavg

Model Summary
          R       R-sq        MSE          F        df1        df2          p
      .5096      .2597      .3655    83.4725     1.0000   238.0000      .0000

Model
             coeff         se          t          p       LLCI       ULCI
constant    2.1327      .1910    11.1637      .0000     1.7564     2.5090
DTavg        .4647      .0509     9.1363      .0000      .3645      .5649

**************************************************************************
OUTCOME VARIABLE:
 JSavg

Model Summary
          R       R-sq        MSE          F        df1        df2          p
      .5614      .3152      .4121   109.5487     1.0000   238.0000      .0000

Model
             coeff         se          t          p       LLCI       ULCI
constant    1.7050      .2028     8.4057      .0000     1.3054     2.1046
DTavg        .5653      .0540    10.4666      .0000      .4589      .6716

**************************************************************************
OUTCOME VARIABLE:
 JPavg

Model Summary
          R       R-sq        MSE          F        df1        df2          p
      .7021      .4929      .2528    76.4739     3.0000   236.0000      .0000

Model
             coeff         se          t          p       LLCI       ULCI
constant    1.1440      .2065     5.5408      .0000      .7372     1.5507
DTavg       -.0456      .0548     -.8328      .4058     -.1535      .0623
EBavg        .3930      .0551     7.1367      .0000      .2845      .5015
JSavg        .4280      .0519     8.2523      .0000      .3258      .5301

***************** DIRECT AND INDIRECT EFFECTS OF X ON Y *****************

Direct effect of X on Y
     Effect         se          t          p       LLCI       ULCI
     -.0456      .0548     -.8328      .4058     -.1535      .0623

Indirect effect(s) of X on Y:
        Effect     BootSE   BootLLCI   BootULCI
TOTAL     .4245      .0620      .3011      .5425
EBavg     .1826      .0392      .1102      .2623
JSavg     .2419      .0448      .1577      .3335
```

Chapter Five

Discussion

In this study, hypothesis 1 has been proven in which digital transformation has a positive and a significant effect on job performance. Many other findings have support the existing finding in this study including a study conducted by Hu (2020) that showed a positive relationship between the enterprise digital transformation and the enterprise performance. Moreover, according to Hai (2021), the business outcomes of SMEs are positively impacted by digital transformation. According to Gurumurthy and Schatskey 2019, organizations that have adopted digital transformation more thoroughly, more digitally mature are considerably outperforming comparable companies in their industry in terms of financial performance. These findings are logic and acceptable since digital transformation can help increase the businesses' efficiency, reduce costs, ease of organization's processes, make the decision making process faster, and enhance innovation. All these factors can help in increasing the business performance.

Also, Hypothesis 2 has been proven in which digital transformation has a positive and a significant relationship with employee readiness. Other literatures were compatible with our hypothesis including that the cornerstone to the company's organizational transformation efforts is the workforce's preparedness (Abdurrohman & Kadiyono, 2018). This relationship is reasonable since employee readiness has different factors that help in preparedness toward change such as giving trainings and workshops that help in enhancing the workforce digital skills, communicate the change process to the employees which can help them enhance their understanding toward change, and a

support from the top management by giving daily information about the change process and its importance. Hence, these factors help the employees to be ready for the change and embrace it rather than resisting it. As of the third hypothesis that show a positive and significant relationship between employee readiness and job performance, different studies have talked about this relationship including a related research that shows organizational and individual flexibility and readiness to adapt have a favorable impact on financial and organizational outcomes (Ebben and Johnson, 2005; Hittet al., 1998; Lee and Lee, 2018; Thoumrungrole and Tansuhaj, 2007; Zhang, 2006), and according to Katsaros et al., 2014; Matthysen and Harris, 2018 believe that employee change preparedness is a critical factor that can affect company performance. When the employee is prepared, he is equipped with the necessary skills that can contribute for any challenges, for any new opportunities that can occur and this can help in learning and in the development process. Hence, this can affect the employee performance positively. According to the role of employee readiness play on digital transformation and job performance is important since several studies has shown that employees who are digitally ready are more likely to support the process of digital transformation and work efficiently with new technologies. This results in positive behavioral reactions such as efficient use of technology, improved performance, peer support, and other extrarole (organizational citizenship) behaviors (Kwahk and Lee 2008). For instance, to affect the performance positively, the organization must be ready for digitization taking into account the culture through having digital beliefs, knowledge, and practices which can enhance a digital environment in the company through embracing, experimenting with, putting into practice, and employing new technology to handle daily tasks in an effective and efficient manner. Hence, this can assist in the investment in new digital skills among the employees. Business processes must be redefined when transforming digitally taking into account the resources, training, support, and the costs. Furthermore, knowing what technology must be used to be aligned with the businesses processes. All these components help

reach the digital maturity and organizational readiness in which will help increase the productivity. For focused employees, stressful situations brought on by misfits are less likely to happen. The behavioral and psychological effects of reduced stress will work in concert to improve team and individual performance. So, employee readiness must be added with the digital transformation to have a good performance. However, employee readiness has a partial mediation among the relationship. Second variable has been added as a mediator which is the job satisfaction among the relationship between digital transformation and job performance. As mentioned earlier, Digital technology is implicitly related to increased happiness, and happier individuals work much harder (Ginting et al., 2020). Hence, this has gone from a partial to a full mediation. This can be due to when the employees are trained and gain digital skills, new information and knowledge, communicated, and being supported by the top management they will be ready and at the same time satisfied and happy to do their tasks effectively and efficiently. As a result, these two variables can play an important role and have a strong effect on the relationship between digital transformation and job performance.

5.1 Conclusion

The purpose of this study is to show the relationship between digital transformation and employee readiness, the relationship between digital transformation and job performance, and the role employee readiness can play in the relationship between digital transformation and job performance as well as the role job satisfaction can play in the relationship between digital transformation and job performance. Nevertheless, this study has shown that digital transformation has a positive relationship with job performance, and showed that employee readiness plays a role as a mediator, which helped in the relationship between digital transformation and job performance as well as

adding job satisfaction as a second mediator which showed a successful relationship between it and digital transformation and job performance.

5.2 Limitations

According to the limitations, the questionnaire was too long that some respondents did not answer the whole questionnaire which led to remove them from the data analysis. The questionnaire was answered by anyone who works it was a snowballing sampling while it can be directed to a sample which are professional in this topic which is digital transformation. Also, there was a time constraint since this study is meant for a thesis project, it must be finished during a specific period of time with a deadline.

5.3 Recommendations

Future studies can show the relationship between the dimensions of digital transformation which are digital intensity and transformational management intensity on job performance and on job satisfaction as well as show the relationship between the dimensions of employee readiness which are task, structure, and technology on job performance and job satisfaction rather than taking employee readiness and digital transformation as a whole. Moreover, future studies can put innovation, training, top management support, leadership, engagement, trust, self-efficacy, culture, motivation, and commitment to show the role they can play in the relationship between employee readiness and digital transformation or the relationship between digital transformation and job satisfaction as well as to job performance. Furthermore, future studies can put different dimensions of digital transformation and employee readiness and show the relationship between them and job satisfaction as well as to job performance.

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Appendix

Gender

Male

Female

Prefer not to say

Age

18-24

25-34

35-44

45-54

55 and above

Level of Education

Undergraduate

Graduate

PhD

High School

other

Occupation

Top level management

Middle Management

Supervisory

Employee Custodian

Years of employment with current employer

0-10

10 to 20

20-30

30 and above

Work type

Office

Online

Hybrid

Level of expertise in computer usage

Outstanding

Good

Average

Fair

Poor

Number of employees (size of company)

50-100

100-300

300-1000

1000-3000

10000 and above

Employee readiness:

Digital Transformation will improve productivity for me

Digital Transformation will enhance efficiency of my job.

Digital Transformation will be helpful to my job.

I always utilize functions provided by Digital Transformation

Digital transformation enables me to be more competitive in my job

I do not worry that Digital Transformation will make me lose my job.

I do not worry that Digital Transformation will result in a job change for me.

I do not worry that Digital Transformation will affect my influence in the work environment.

I do not worry that Digital Transformation will affect my power in the work environment. I am glad to discuss with co-workers through e-mail or digital technologies (e.g., video conference or chat).

I am glad to share knowledge about Digital Transformation with coworkers. I am glad to work with co-workers on a team from anywhere in which everyone can access and give input to a common product or document that is available online.

I am glad to provide advice and help to fellow employees on how to use Digital Transformation.

I understand clearly the purposes of Digital Transformation.

I understand clearly the functions of Digital Transformation.

I am glad to cooperate with activities regarding Digital Transformation. I believe that my company will implement Digital Transformation successfully.

Digital Transformation is honorable.

Digital Transformation:

We are using digital technologies (such as analytics, social media, mobile and embedded devices) to understand our customers better

We use digital channels (such as online, social media and mobile) to market and distribute products and services

We sell our products and services through digital channels

We use digital channels to provide customer service

Technology is allowing us to support customers and to improve operational processes in new ways

Our core processes are automated

We have an integrated system to support key operational and customer information

We use digital technologies to increase the performance or added-value of our existing products and services

We have launched new business models based on digital technologies

Senior executives have a transformative vision of the digital future of our company

Senior executives and middle managers share a common vision of digital transformation

There are possibilities for everyone in the company to take part in the conversation around digital transformation

The company is promoting the necessary culture changes for digital transformation

The company is investing in the necessary digital skills

Digital initiatives are coordinated across silos such as functions or regions

Roles and responsibilities for governing digital initiatives are clearly defined

Digital initiatives are assessed through a common set of key performance indicators

IT and business leaders work together as partners

The IT unit's performance meets the needs of the company

Job Satisfaction

How do you feel about your job?

How do you feel about the people you work with? your co-workers How do you feel about the work you do on your job? -the work itself what is it like where you work - the physical surroundings, the hours, the amount of work you are asked to do?

how do you feel about what you have available for doing your job- I mean equipment, information, good supervision, and so on?

Job Performance:

I managed to plan my work so that it was done on time.

My planning was optimal

I kept in mind the results that I had to achieve in my work

I was able to separate main issues from side issues at work.

I was able to perform my work well with minimal time and effort.

I took on extra responsibilities.

I started new tasks myself, when my old ones were finished. I took on challenging work tasks, when available I worked at keeping my job knowledge up-to-date. I worked at keeping my job skills up-to-date.

I came up with creative solutions to new problems I kept looking for new challenges in my job I actively participated in work meetings.

I complained about unimportant matters at work

I made problems greater than they were at work.

I focused on the negative aspects of a work situation, instead of on the positive aspects.

I spoke with colleagues about the negative aspects of my work

I spoke with people from outside the organization about the negative aspects of my work