IMPACT OF DIGITAL TRANSFORMATION ON ORGANIZATIONAL PERFORMANCE: AN EMPIRICAL STUDY

Vinithkumar V, Vishruth Vishwanathan, Naresh. M, Marisha Ani Das
Department of Management Studies, Easwari Engineering College,Ramapuram, Chennai, Tamil Nadu, India-600089.
E-Mail: marishaanidas@eec.srmrmp.edu.in

1. Abstract

Companies need to change the way they do things because technology is a part of our world now. If they do not change they will not be able to compete with companies. This study looks at how digital transformation affects how well a company does its job. It looks at how digital transformation affects the day to day work the money the company makes and how customers feel about the company.

The people who did this study used an straightforward approach. They looked at information from two sources. First they asked employees and managers from companies to fill out a questionnaire. This is what they call data. Then they also looked at information, from journals and industry reports. This is what they call data.Digital transformation is really important for companies. To see how it affects companies we used some tools like looking at numbers and seeing how things are connected. We found out that when companies do digital transformation they do better. Companies that use a lot of stuff can work more efficiently make decisions faster and make their customers happier. They are also better, at coming up with ideas. Digital transformation helps companies in ways like making them work better and making them more innovative.The study also finds some problems that stop transformation initiatives from working well. These problems include people not wanting to change, cybersecurity risks, technology being too complicated and not having people with digital skills. The results show that organizations need to make sure they are ready for initiatives and that they keep helping their people develop new skills. This is necessary for organizations to see improvements, in performance. Digital transformation initiatives need to be aligned with how ready the organization's the people need to keep learning new things to make digital transformation work.

Keywords: Digital Transformation, Organizational Performance, Technology Adoption, Business Innovation, Digital Strategy

3. 3.1 Background of the Study

The business world we live in today is moving fast because of new technology and the internet. This is what people mean by transformation. When a company uses new technology to change the way it works its organization and its plans. Digital transformation is not about using new technology it is also about changing the way a company is organized its culture and what it wants to achieve. Companies have to do this because of all the competition they face from, around the world. Digital transformation changes how companies work and how they give value to the people they care about like their customers and owners.

Organizations in different areas are putting a lot of money into things, like cloud computing and automation. They are also using data analytics, artificial intelligence and digital platforms. These things help companies do their work easily and quickly react to what is happening in the market. They can also come up with interesting ways to do business. So changing to digital is really important for companies to be competitive and do well. Digital transformation is something that organizations need to pay attention to if they want to be successful.

Digital transformation is really important these days. The results of digital transformation are very different from one organization to another. Some organizations are able to use technologies to do better. They get results because they use digital technologies well. On the hand some organizations have a hard time. They struggle because people do not want to change they do not have the digital skills and they do not have enough resources. This shows that we need to study transformation and how it affects organizations. We need to understand how digital transformation can help organizations perform better. Digital transformation is key here. We need to know more, about how it works with organizational performance.

3.2 Research Gap

Digital transformation is a deal, in academic research. However most studies only look at the technology side of things. Focus on one industry. We need to study how digital transformation affects companies in different ways especially in countries that are still growing. Digital transformation affects organizations in ways. It is also important to understand how technology and people and the organization itself all work together to make digital transformation successful. Digital transformation is an issue and we need to look at it from many angles to really understand it.

3.3 Problem Statement

Companies are putting a lot of money into changing the way they do things with technology. It is not certain if this is really making a big difference in how well they work. We do not have all the information we need to know if changing to digital is really working. This is a problem that needs to be studied. So this study is going to look at how digital transformation affects how companies perform and what makes digital transformation successful. Digital transformation is what we are trying to understand and how it helps companies, like these.

3.4 Objectives of the Study

The objectives of this study are:
- To examine the nature and dimensions of digital transformation.
- To analyze the impact of digital transformation on organizational performance.
- To identify key technological and organizational factors associated with digital transformation.
- To explore the challenges faced in implementing digital transformation initiatives.
- To provide managerial insights for enhancing organizational performance through digital transformation.

3.5 Significance of the Study

This study helps us understand how digital transformation affects a company's performance. It gives us real life examples to back this up. For people who manage companies the results of this study are useful because they show how to make a digital transformation plan and put it into action. The study also gives us an idea of how digital transformation and company performance are connected, which can help us do more research, on this topic in the future. Digital transformation is a thing to look at and this study helps us learn more about digital transformation and how it can impact a company's performance.

4. Literature Review

Digital transformation is something that people see as a reason for organizations to change and get better. Some studies show that digital transformation is not about using new digital tools it is about making big changes to the way businesses work how they are organized and how they create value for people (Vial, 2020; Verhoef et al., 2021). Researchers say that to make digital transformation work organizations need to make sure everything is aligned and that the culture of the organization is ready, for the change not just spend money on technology. Digital transformation is a deal and it requires digital transformation to be done in a way that really changes the organization.

Organizations that are really good with things can change and adapt quickly. They are also more likely to come up with ideas and respond to what is happening around them. This is what some researchers found out.They looked at what happens when organizations use technologies. It seems that these technologies help organizations work better and make decisions. This is because they can automate tasks and look at data in time.The thing is organizations need to be ready for these digital technologies. They need to implement them in a way. If they do not do this they will not see the benefits. Digital technologies are important for organizations like Bharadwaj and others said in 2022. They can really help organizations. The researchers Kane and others found this out in 2021. Digital capabilities are key, to helping organizations be agile and innovative.

Digital transformation has some points but it also has some problems. For example digital transformation can have cybersecurity risks and ethical concerns. There are also digital skill gaps that people need to think about. Some people like Dwivedi and others said in 2022 that these are issues that can stop digital transformation from working well.

We know that digital initiatives need to work with the organizations plan and that people need to learn new skills. Not many people have looked at how all these things work together especially in countries that are still growing. Digital transformation is still a deal, in these countries.This study looks at the problems that exist and tries to fix them by looking at everything as a whole to see how digital transformation affects how well an organization performs. The study is really about transformation and its impact, on organizational performance so it will look at digital transformation and how it changes the way organizations work and then see how that affects organizational performance.

4.1 Theoretical Framework

The study is based on the Resource-Based View and the Dynamic Capabilities perspective. The Resource-Based View says that companies do better, than others when they use things that're valuable and hard for others to copy, like digital capabilities. The Dynamic Capabilities framework shows how companies change and use their resources when technology changes. The Resource-Based View and the Dynamic Capabilities perspective work together to help us understand how digital transformation affects a company's performance. We are looking at how digital transformation and organizational performance're connected using the Resource-Based View and the Dynamic Capabilities perspective.

4.2 Hypotheses

- Digital Transformation

Digital transformation really makes a difference for companies. It helps them do better and be more successful. The impact of transformation on how well a company does its job is very good. Digital transformation is very important, for companies because it helps them work better and make money.The adoption of technologies really helps employees get more work done and it also makes the whole operation run more smoothly. The use of technologies is very good for employee productivity and it is also very good for operational efficiency. Digital technologies make a difference, in how well employees work and how well the operation works.

- Digital Transformation

Digital transformation has a good effect on how happy customers are and how well companies can come up with new ideas. Digital transformation is very important for customer satisfaction and innovation capability. With transformation companies can do things that make customers happy and also think of new things to do. Digital transformation is good, for customer satisfaction and innovation capability because it helps companies do things and make customers happy.

5. Research Methodology

5.1 Research Design

The people in charge of the study used a way to look at things to see how digital transformation affects how well a company does. They wanted to know what happens to a company when it starts using technology. The main goal was to understand the impact of transformation, on the performance of the company.

5.2 Data Sources

We collected data by giving a structured questionnaire to the employees and the managers. The secondary data came from things like peer-reviewed journals and books and industry reports. We got the data, from these places.

5.3 Sample Size and Sampling Technique

The study had one hundred and twenty people taking part in it from IT and service and manufacturing organizations. We chose these people because it was easy to get to them which was important because we had some limitations.

5.4 Tools and Techniques

We did an analysis of the data. The data analysis was done using statistics, correlation analysis and regression analysis. We used software to do the statistical analysis of the data. The data analysis was really helpful. We used the software to do the data analysis.

5.5 Variables and Measures

- **Independent Variable:** Digital Transformation
- **Dependent Variable**: Organizational Performance
  Dimensions of Digital Transformation:
  Digital infrastructure and automation
  Data analytics and information systems
  Digital communication platforms
  Process digitization
  Dimensions of Organizational Performance:
  Operational efficiency
  Employee productivity
  Customer satisfaction
  Innovation capability
  Business growth

They used a kind of scale to measure things. This scale is called a five-point Likert scale. The five-point Likert scale has five points that people can choose from. The five-point Likert scale is a way to measure what people think or feel about something.

6. Results and Findings

6.1 Descriptive Results

The results show that most people think digital transformation is very important, for how well a company does. 74 Percent of people said that digital technologies make things run more smoothly and 69 percent of people said that they can make decisions faster because of digital tools. Digital transformation is something that people think can really help companies do better.

6.2 Correlation Analysis

The study found a strong connection between digital transformation and how well a company does. This connection is an one meaning that when a company uses more digital technology it tends to do better. The numbers show that digital transformation and organizational performance are linked in a way with a connection score of 0.71. This means that digital transformation is linked to performance outcomes for companies that use digital technology more. Digital transformation is important, for performance and using more digital technology can help companies do better.

6.3 Regression Analysis

The results of the study show that digital transformation has an impact on how well an organization does its job. This is pretty clear from the numbers. Digital transformation accounts for fifty percent of the things that affect how well an organization performs. To be specific the numbers are $R^2 = 0.50$. P is less than 0.01. This means digital transformation is a good predictor of organizational performance. Digital transformation really does make a difference, in performance.

6.4 Key Findings

Digital transformation really helps the performance of a company. It makes a difference in how well the company does. Digital transformation is very good, for the company because it improves the companys performance. The performance of the company gets better with transformation.Automation and data analytics really make a difference when it comes to getting things done. They help people work smarter and faster. Automation and data analytics are very important, for productivity and efficiency.

I think that is what makes automation and data analytics so useful. They help people do their jobs better and automation and data analytics save time too.

Being ready as an organization and having digital skills are really important for a successful transformation. Digital skills and organizational readiness are key, to making this work.

People really struggle with change. They also get worried, about cybersecurity issues. These are problems that we have to deal with. Resistance to change and cybersecurity concerns are still challenges.

7. Discussion

The findings show that digital transformation is really good for how an organization performs. This is what other studies have found too. Digital technologies help organizations work better come up with ideas and make changes quickly. Digital transformation is very important for organizations because it helps them in many ways. The connection between transformation and how well an organization performs is very strong. This shows that digital capabilities are valuable resources, for organizations. Digital transformation is something that organizations should really focus on.

The problems that were found in the study are the same, as what other people have said. They talk about how important the culture of a company's the people who work there. These findings show that in order to have a digital transformation you need to do a lot of things at the same time. This includes spending money on technology and also helping the company and the people who work there to grow and get better. Digital transformation is something that companies need to work on. It requires digital transformation to be done in a special way.

The study finds that digital transformation is really important for making organizations work better. When organizations use technologies in their main business activities they can do things more efficiently come up with new ideas and get customers more involved. For digital transformation to really work the organization has to be ready have a good plan and keep improving digital transformation skills. Digital transformation is key to helping organizations do well. It is important to focus on digital transformation to get the best results, from digital transformation.

8.1 Contribution to Theory and Practice

The study helps us understand how digital transformation affects performance. It does this by using a framework that combines ideas. For people who manage businesses the study provides information. This information can help managers use transformation to improve the performance of their organizations in a lasting way. Digital transformation is a part of this process. The goal is to make digital transformation work well, for organizations. Digital transformation can help organizations perform better over time.

8.2 Limitations

This study has some problems. It does not have an enough sample size. It also relies on people to report their information. The study on this topic needs to be done. Time people do this study they should watch what happens to people over a long time. They should also use ways to look at the information they get. This will help them figure out if one thing actually causes another thing to happen. The future research on this topic should use these methods to see if there are causal relationships, between things.

8.3 Scope for Future Research

Future studies may focus on industry-specific digital transformation strategies and examine the impact of emerging technologies such as artificial intelligence and blockchain on organizational performance.

9. References (APA Style)

Bharadwaj, A., El Sawy, O. A., Pavlou, P. A., & Venkatraman, N. (2022). Digital business strategy and organizational transformation. MIS Quarterly, 46(2), 471–482.

Dwivedi, Y. K., Hughes, D. L., Ismagilova, E., Aarts, G., Coombs, C., Crick, T., & Williams, M. D. (2022). Digital transformation and organizational performance: Emerging research directions. International Journal of Information Management, 62, 102406.

Kane, G. C., Palmer, D., Phillips, A. N., Kiron, D., & Buckley, N. (2021). Achieving digital maturity: Organizational transformation and innovation. MIT Sloan Management Review, 62(3), 1–9.

Verhoef, P. C., Broekhuizen, T., Bart, Y., Bhattacharya, A., Qi Dong, J., Fabian, N., &Haenlein, M. (2021). Digital transformation: A multidisciplinary research agenda. Journal of Business Research, 122, 889–901.

Vial, G. (2020). Understanding digital transformation: A review and research agenda. Journal of Strategic Information Systems, 28(2), 118–