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THE EFFECT OF DIGITALIZATION SKILLS ON EMPLOYEE PERFORMANCE WITH READINESS TO CHANGE AS AN INTERVENING VARIABLE

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Abstract

The digital revolution has encouraged companies to carry out technological transformation to improve operational efficiency and effectiveness. However, the implementation of digitalization does not always have a direct impact on improving employee performance. This study aims to analyze the effect of digitalization skills on employee performance with readiness to change as a mediating variable at PT Sari Alam Sukabumi. The research method used is quantitative with a sample size of 122 respondents. Data collection was conducted using questionnaires distributed to employees, and data analysis techniques employed Structural Equation Modeling with Partial Least Squares (SEM-PLS). The results showed that digitalization skills have a positive and significant effect on employee performance. In addition, readiness to change has a positive and significant effect on employee performance. Furthermore, the study found that readiness to change successfully mediates the relationship between digitalization skills and employee performance. This indicates that employees who possess strong digital competencies and are ready to adapt to organizational changes are more likely to demonstrate improved performance. These findings highlight the importance of developing digital skills and fostering a culture of change readiness to support successful digital transformation in organizations.

Keywords: digitalization skills, employee performance, readiness to change

INTRODUCTION

The digital revolution has brought significant changes in various aspects of life. The shift towards the use of technology is increasing in this era, where companies are also carrying out massive transformations in the field of digitalization. Digital transformation in a company refers to changes in business services or operations that utilize available technology to help employees complete their work faster and more accurately. In general, human resources (HR) are the most valuable assets in a company and are the main force in achieving company goals. Therefore, companies must pay attention to the quality of employee performance in order to achieve these goals.(Khusna & Pratiwi, 2022).

Optimal performance reflects effectiveness and efficiency in various activities, so that it can encourage the company to develop further and achieve goals sustainably. Companies or organizations strive to optimize the potential of employee performance by creating a conducive work environment and motivating their employees to achieve optimal results. There are various factors that influence the achievement of maximum performance, including external and internal factors, one of which is changes in the field of digitalization(Sihaloho & Siregar, 2020).

Digital transformation due to rapid technological developments has changed the way people do their activities, including in the world of business, work, communication, and consumer behavior. The Ministry of Communication and Informatics through BPSDM Kominfo noted in IMDI 2024 that the level of digital competence of the Indonesian people increased, with a score of 43.34, up 0.16 points from the previous year, reflecting an increase in digital readiness in 514 districts/cities.

PT Sari Alam Sukabumi is a company in the extraction sector that has begun to implement digitalization in various aspects such as HR data management, finance, security, maintenance, and operations and production. Although digitalization has been running, employee performance has not been optimal due to a number of obstacles, as reflected in the company's internal data (2024) from the following interviews:

Table1.1 Employee performance measurement data of PT Sari Alam Sukabumi

Classification	Indicator	Measurement results	Notes
Work Productivity	Average decline in productivity compared to target	-10%	Happened in the last 6 months.
Readiness for Change	1. Percentage of employees who have difficulty using new digital systems	25%	Lack of preparedness to face digital changes.
	2. Level of resistance of employees with more than 10 years of service	Higher than younger employees	Greater resistance to change.
Training Effectiveness	Employee perceptions of training adequacy	35% of employees feel training is inadequate	Need to increase the intensity and quality of training.

Source: HRD PT Sari Alam Sukabumi 2024

Based on the evaluation results conducted by HRD, there was an average decrease in employee productivity of 10% in the last six months compared to the planned target. One of the main factors identified was the low readiness of employees to face changes due to

digitalization. From internal monitoring and analysis, HRD found that around 25% of employees had difficulty using the new digital system, while another 35% considered that the training provided was not enough to help them adapt optimally. In addition, HRD noted that employees with more than 10 years of service tended to show higher resistance to change compared to younger employees. This can be seen from the slower adaptation pattern and the tendency to maintain conventional ways of working. This phenomenon illustrates that readiness to change plays an important role in the success of digitalization implementation.

However, in the study(Sarinten, 2023)revealed that the relationship between digitalization and employee performance is not simple, it was found that digitalization indirectly has a positive and significant effect on employee performance, with readiness to change as an intermediary. This shows that the effectiveness of digitalization in improving performance depends on readiness to change at the individual and organizational levels. Armenakis et al.,(Meria & Tamzil, 2021)Employees who are mentally ready to face change will learn new things and improve their performance to achieve the expected change. This shows that readiness to change, as a measure of an individual or organization's readiness to accept and adapt to change, can affect employee performance.

When employees are ready for change, they tend to be more engaged in their work, more proactive in facing new challenges, and better able to adapt to a dynamic work environment. Research conducted by(Dewanti et al., 2023)Employees who are ready to change are more prepared to face the implementation of change and can improve their performance. This level of readiness reflects the desire and ability of employees to face change with a positive attitude and high flexibility.

There are several gaps or research gaps between previous research and previous research(Hayati et al., 2024)revealed that digitalization has a positive and significant impact on employee performance, while according to(Farrel Shidqi et al., 2023)states that digitalization does not have a positive effect on employee performance. From the results of the study above, there is a gap in the results of previous studies between the relationship between digitalization and employee performance. Research conducted by(Khusna & Pratiwi, 2022)states that digitalization has a positive and significant influence on readiness to change, research conducted by(Meria & Tamzil, 2021)states that readiness to change has a positive effect on employee performance. Digitalization has a significant effect on readiness to change and readiness to change has a significant effect on employee performance. Based on the research gap, the researcher places readiness to change as a mediating variable.

ISSN XXXX-XXXX

Based on the background and research gaps, this study was conducted to analyze the effect of digitalization skills on employee performance with readiness to change as an intervening variable at PT Sari Alam Sukabumi. Based on the research framework and previous research above, the author proposes the following hypothesis:

First hypothesis: There is an influence of digitalization on employee performance.

Second hypothesis: There is an influence of readiness to change on employee performance.

Third hypothesis: Readiness to Change mediates digitalization on employee performance.

RESEARCH METHOD

This study uses a quantitative approach with a causal associative design, which aims to obtain numerical data and test the causal relationship between variables through statistical analysis techniques (Gani & Nasution, 2020). The research model is built based on the results of the theoretical study that has been explained previously and is described in the form of relationships between variables, namely the effect of digitalization (X) on employee performance (Y) with readiness to change (M) as an intervening variable. The operationalization of variables in this study includes three main constructs, namely digitalization as an independent variable, employee performance as a dependent variable, and readiness to change as an intervening variable. All of these constructs are described in measurable indicators developed from relevant theories. The population in this study were all employees of PT Sari Alam Sukabumi, totaling 22 people. The sample selection used a saturated sampling technique, which is a technique in which the entire population is used as a research sample because the number is relatively small and can be reached comprehensively (Andi et al., 2015). Data collection techniques used in this study include primary data and secondary data. Primary data were obtained through observation, questionnaires, and interviews. Observations were carried out to directly observe conditions in the field related to digitalization, readiness for change, and employee performance (Ardiansyah et al., 2023). The questionnaire was compiled in the form of a Likert scale with five answer categories from strongly agree to strongly disagree, and distributed via Google Form (Ardiansyah et al., 2023). Interviews were conducted directly with the HRD of PT Sari Alam Sukabumi to dig deeper into the background of the phenomenon being studied (Rizky Fadilla & Ayu Wulandari, 2023). Meanwhile, secondary data were obtained through a literature study that included literature in the form of books, journal articles, theses, and previous dissertations that were relevant to the research topic (David Tan, 2021). Data analysis was carried out

using the Structural Equation Modeling (SEM) method based on Partial Least Square (PLS). This technique is used because it has the advantage of analyzing complex models with a relatively small number of samples and does not require the assumption of normal data distribution (Budiarsi, 2020). Model evaluation in PLS-SEM is carried out in two stages, namely evaluation of the measurement model (outer model) and evaluation of the structural model (inner model).

Outer model evaluation includes validity and reliability tests. Convergent validity is tested by looking at the loading factor and average variance extracted (AVE) values, where the ideal loading factor value is above 0.7 and AVE> 0.5 (Sulistiawan et al., 2020). Discriminant validity is tested through the cross-loading value between constructs and the comparison of the square root of AVE with the correlation between constructs (Joseph et al., 2022). Meanwhile, construct reliability is tested by looking at the Composite Reliability (CR) value, with the provision that the CR value> 0.7 and AVE> 0.5 are considered reliable (Sulistiawan et al., 2020). Inner model evaluation aims to test the relationship between latent variables. The assessment is carried out through the R-square value, which measures the contribution of exogenous variables to endogenous variables. The R-square value with categories of 0.75 (strong), 0.50 (moderate), and 0.25 (weak) is used as a reference in assessing the strength of the relationship (Rahadi, 2023). In addition, an effect size (f-square) test was also carried out to see the relative influence of each exogenous variable on the endogenous, with values of 0.02 (small), 0.15 (moderate), and 0.35 (large) (Rahadi, 2023).

Hypothesis testing is done using the p-value. If the p-value ≤ 0.05, then the alternative hypothesis (H_a) is accepted and the null hypothesis (H_0) is rejected, which means there is a significant influence between the variables being tested. Conversely, if the p-value > 0.05, then the alternative hypothesis is rejected and the null hypothesis is accepted (Rahadi, 2023).

RESULTS AND DISCUSSION

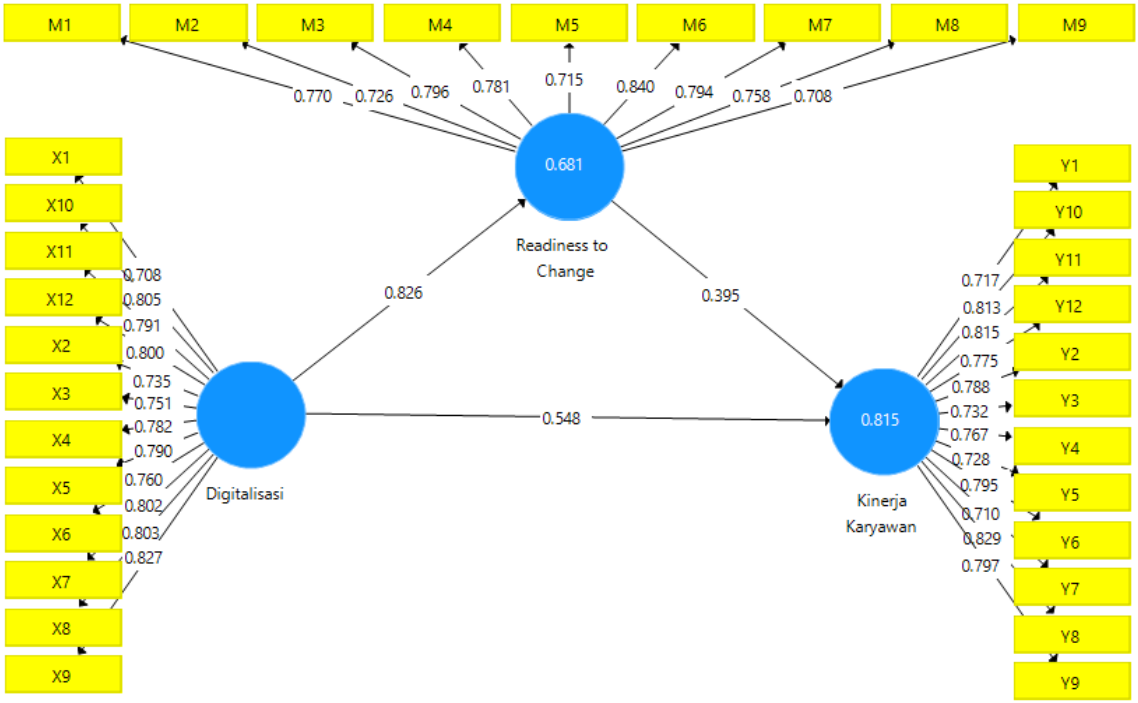
Table1 Respondent Characteristics

Characteristics	Amount	Percentage (%)
Gender		
Man	103	84.43%
Woman	19	15.57%
Age		
20-25 years	22	18.03%
26-30 years	44	36.07%
>30 years	56	45.90%

How Long Does It Take To Work		
1-5 years	48	39.34%
>5 years	74	60.66%

From the table data above, it shows that based on gender, the majority of respondents are male, which is 103 people or 84.43%, while female respondents number 19 people or 15.57%. In terms of age, the largest number of respondents is in the age group above 30 years, which is 56 people (45.90%), followed by the age group 26-30 years as many as 44 people (36.07%), and the age group 20-25 years as many as 22 people (18.03%). Meanwhile, based on length of service, most respondents have worked for more than 5 years in the company, which is 74 people or 60.66%, while those who have worked for 1-5 years are 48 people (39.34%). These data show that most respondents are experienced employees who have worked for a long time and have studied the work culture in the company.

A variable dimension is considered valid if all of its external load values are more than 0.5 and a load factor of 0.5-0.7 is considered sufficient (Abdullah, 2015).



Picture1 Path diagram model pls

The results of the convergent validity test using SmartPLS Software can be seen in the following loading factor values:

Table2Loading Factor Value Results

Latent variables	Indicator	Loading factor
Digitalization	(X1) Ease of understanding and operating the system.	0.708

	(X2) System display as needed.	0.735
	(X3) System speed.	0.751
	(X4) Effective system.	0.782
	(X5) System features according to job demands.	0.790
	(X6) Easy access to information.	0.760
	(X7) Positive perception of the benefits of digital systems.	0.802
	(X8) Feeling comfortable using digital systems.	0.803
	(X9) Motivation to continue utilizing digital systems.	0.827
	(X10) Readiness to adopt digital systems.	0.805
	(X11) The system is aligned with organizational culture and expectations.	0.791
	(X12) Willingness to accept change.	0.800
Readiness to change	(M1) Understand the goals and benefits of change.	0.720
	(M2) Believe change is important to performance.	0.726
	(M3) Be aware of the challenges of change.	0.796
	(M4) Optimistic about the positive impact of change.	0.781
	(M5) Be calm in the face of uncertainty.	0.715
	(M6) Enthusiastic about opportunities for change.	0.840
	(M7) Commitment to supporting change.	0.794
	(M8) Willingness to change irrelevant habits.	0.758
	(M9) Want to play an active role in change.	0.708
Employee performance	(Y1) Complete tasks according to targets.	0.717
	(Y2) Utilization of appropriate resources.	0.813
	(Y3)Alignment of tasks with results.	0.815
	(Y4) Accuracy in completing tasks.	0.775
	(Y5) Compliance with work standards.	0.788
	(Y6) Consistency of quality output.	0.732
	(Y7) Completion of tasks despite interruptions.	0.767
	(Y8) Effectiveness of setting priorities.	0.728
	(Y9) Adaptability to change.	0.795
	(Y10) Number of tasks according to target.	0.710
	(Y11) Productivity despite limitations.	0.829
	(Y12) Consistency of task completion.	0.797

The loading factor value is known that all loading factor values are >0.5. This result indicates that each question indicator in the research questionnaire has met the convergent validity criteria. A good discriminant validate value is >0.50 (Musyaffi et al., 2022). The following is a table of AVE values that have been explained in this study:

Table3AVE analysis results

Variables	*Average variance extracted* (AVE)
Digitalization	0.609
Readiness to Change	0.587
Employee performance	0.598

Each indicator shows an AVE value >0.50 so it can be concluded that all variables in this study meet the convergent validity criteria. The indicator is declared reliable if the Cronbach alpha value reaches or >0.7. (Musyaffi et al., 2022).

ISSN XXXX-XXXX

Table 4 Table of Reliability Test Results

Variables	*Composite reliability*	*Cronbach's alpha*
Digitalization	0.949	0.941
Readiness to Change	0.947	0.912
Employee performance	0.927	0.939

It can be seen that Composite Reliability and Cronbach's alpha have values >0.7. Based on these values, it can be concluded that all indicators in the variables have good reliability and the questionnaire used in this study shows consistency, so the data in this study can be said to be reliable.

The R-square (R^2) value is used to measure how much influence a particular independent latent variable has on the dependent variable. The categories for this R^2 value are 0.75 (high), 0.5 (moderate), and 0.25 (low) (Hair et al., 2019)

Table 5 r-square table

Variables	R-squeeze	Information
Employee Y's performance	0.815	Strong
*Readiness to Change*M	0.681	Strong

Based on the table above, the r-square value (coefficient of determination) of readiness to Change (m) is 0.681, which means the perceived value of digitalization is in the strong category. The r^2 value for the employee performance variable (y) is 0.815, which shows that the perceived value of digitalization and readiness to Change together can affect employee performance in the strong category.

Effect size shows the influence of exogenous variables on endogenous variables by analyzing changes in R-Square values. The F-Square value categories are 0.02 (small), 0.15 (medium), and 0.35 (large)(Hamid 2019).

Table 6 Effect size results

Variables	X	M	Y
Digitalization X		2.139	0.516
*Readiness to Change*M			0.269
Employee Y's performance			

In the table above, there are the results of the effect size calculation which shows that the influence of digitalization (x) on employee performance (y) with a value of 0.516 is categorized as large. While the influence of readiness to change (m) on employee

performance (y) shows a figure of 0.269 which is categorized as a medium influence and the influence of digitalization (x) on readiness to change (m) of 2.139 can be categorized as large.

Table 7 Summary Matrix of Influence

Latent Variables	T statistic Path Coefficient	P-Value	Direct Influence	Indirect Influence	Total Influence
X → M	12,297	0.000	0.826	0.000	0.826
M→ Y	4.936	0.000	0.395	0.000	0.395
X → Y	6,489	0.000	0.548	0.000	0.548
X → M → Y	4.294	0.000	0.000	0.326	0.326

The influence between the variables of digitalization, employee performance and readiness to change has a significant value. To find out the significance of the influence, it can be seen in the table that displays the p value, with the following results:

a. Hypothesis 1

Partially, the value of the results of the influence of the digitalization variable (X) on employee performance (Y) The results of the F-square test conducted showed that the influence given by digitalization on employee performance was said to be large with a value of 6.489, so statistically Ho was rejected and Ha was accepted, so it can be concluded that the digitalization variable has a positive and significant influence on readiness to change in PT Sari Alam Sukabumi employees significantly.

b. Hypothesis 2

Based on the test results, it can be seen that readiness to change (M) on employee performance (Y) with a t-statistic value of 4.936 and a p-value of 0.000, then statistically Ho is rejected and Ha is accepted. Because the t-statistic value is greater than 1.96 and the p-value is less than 0.05. So it can be concluded that the readiness to change variable has a positive influence on employee performance at PT Sari Alam Sukabumi employees significantly.Hypothesis 3

Based on Table 4.9, the results of the Indirect Effect test can be seen that digitalization (X) on employee performance (Y) through readiness to change (M) is tested significant because it has a t-statistic value of 4.294> 1.96 and a p-value of 0.000 <0.05. Thus, readiness to change (M) is able to mediate and is more

effectively used in the relationship between digitalization and employee performance.

This research was conducted using the Human Resource Management approach. The research was conducted using three types of variables, namely independent variables, mediating variables, and dependent variables. For this reason, the variables in this study are Digitalization (X), Readiness to Change (M), and employee performance (Y). This research was conducted on all employees of PT Sari Alam Sukabumi.

1. The Impact of Digitalization on Readiness to Change

The results of the study indicate that the Digitalization variable (X) has a positive and significant influence on the Readiness to Change variable (M). This is indicated by the P value of 0.000, which is far below the significance threshold of 0.05. Thus, the first hypothesis (H1) in this study can be accepted. In addition, the results of the F-square test show a value of 0.516, which according to Cohen's criteria is included in the strong influence category. This finding confirms that digitalization makes a major contribution to employee readiness to face change. Digitalization in the context of an organization refers to the process of integrating digital technology into various aspects of a company's operations, including management information systems, work processes, internal communications, and decision making. The application of this digital technology creates a dynamic, fast, and adaptive work environment to change. Therefore, employee readiness to face change will also be encouraged if the company is able to provide digital-based work facilities and systems that are functional, relevant, and easily accessible.

This study is in line with the findings of (Qiao & Li, 2024) which state that digitalization can have a direct positive influence on readiness to change and employee performance. Employees who are accustomed to using digital technology in their daily lives will be more receptive to change and develop a mindset that is open to innovation. This shows that the digital skills possessed by employees are not only technical tools, but also form a psychological attitude that is more responsive to organizational transformation. The implication is that companies must ensure that the implementation of digitalization is not only structural or administrative, but also touches on the cognitive and affective aspects of employees. Training, guidance, and managerial support are needed that encourage digital literacy while building employee confidence in facing change. The better the quality of digitalization implemented, the higher the readiness of employees to accept and implement changes in the workplace.

2. The Influence of Readiness to Change on Employee Performance

This study also found that Readiness to Change (M) has a positive and significant effect on Employee Performance (Y), as evidenced by a p-value of 0.000 (<0.05). This means that the second hypothesis (H2) which states that readiness to change has a significant effect on employee performance is accepted. This finding is reinforced by research by Hariadi & Muafi (2022) which states that individual readiness for change is closely related to increased performance. Employees who are ready to face change will tend to adapt more quickly, be able to manage challenges, and show better work productivity. Thus, readiness to change is a crucial psychological and behavioral factor in shaping work performance. Organizations need to create a work environment that supports the adaptation process, provide relevant training, and build open communication so that employees feel safe and motivated to welcome change with a positive attitude.

3. Readiness to Change Mediates Digitalization on Employee Performance

The results of the subsequent analysis show that Readiness to Change (M) significantly mediates the relationship between Digitalization (X) and Employee Performance (Y). This is indicated by the p-value of 0.000 (<0.05) for the indirect influence path. Thus, the third hypothesis (H3) which states that readiness to change mediates the effect of digitalization on employee performance can be accepted. This finding illustrates that digitalization alone is not enough to directly improve employee performance. Internal employee readiness is needed to accept, understand, and adapt to these technological changes so that their impact on performance can be felt optimally. The mediator readiness to change acts as a bridge between new technology and the expected performance response.

This study supports the findings (Sarinten, 2023) which states that digital competence will have a significant impact on performance if mediated by readiness for change. This means that readiness for change is an important catalyst that ensures that the technology adopted is not only a work tool, but also part of a productive work culture transformation. Therefore, the success of a digitalization strategy in improving employee performance is highly dependent on how the company fosters the mental, emotional, and adaptive skills readiness of its employees. PT Sari Alam Sukabumi can consider an HR development program that not only focuses on digital technical training but also on strengthening positive attitudes towards change.

CONCLUSION AND RECOMMENDATION

Based on the results of the study conducted on "The Effect of Digitalization Skills on Employee Performance with Readiness to Change as an Intervening Variable", it can be concluded that digitalization has a positive and significant influence on improving employee performance. This shows that the higher the level of understanding and digital skills possessed and applied in the work environment, the greater the contribution to the effectiveness and efficiency of task implementation, thus having a direct impact on individual productivity. Digitalization makes it easier for employees to access information, speed up work processes, and reduce the potential for operational errors.

In addition, readiness to change or individual readiness to face change has also been shown to have a positive and significant influence on performance. Employees who are ready to accept and adapt to change, especially in the context of implementing digital technology, tend to be more flexible, adaptive, and have the spirit to develop. This open attitude to change makes them faster in mastering new systems, facing challenges, and being able to maintain consistency and improve work results. Another equally important finding is that readiness to change acts as a mediating variable in the relationship between digitalization and employee performance. This means that the implementation of digitalization not only has a direct impact on improving performance, but also has an indirect influence through increasing employee readiness to change. When a company succeeds in building a work culture that encourages readiness to change, the digitalization process carried out will be more effective and the results on performance will be more optimal. Thus, readiness to change is a key factor that strengthens the relationship between digitalization skills and improving employee performance.

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