Arab American University
Faculty of Graduate Studies
Department of Administrative and Financial Sciences
Ph.D. Program in Strategic Management

The Impact of Digital Transformation on Company Performance; "The Mediating Role of Strategic Human Resource Management."

Evidence from the Palestinian Information and Communication Technology Sector (ICT).

Sand Mohammad Hussain Salhout.

202020379

Dissertation Committee:

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This Dissertation Was Submitted in Partial Fulfilment of the Requirements for the Doctor of Philosophy (Ph.D.) Degree in Strategic Management.

Palestine, April/ 2025

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Dissertation Approval

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Declaration

I declare that, except where explicit references are made to the contribution of others, this dissertation is substantially my work and has not been submitted for any other degree at the Arab American University or any other institution.

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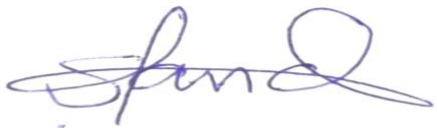

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Dedication

To the Soul of My Father.

To my Husband and My Kids.

To my mother, sisters, brothers, and all my beloved family,

To all My Friends and Colleagues.

Sand Mohammad Hussain Salhout.

Acknowledgments

I want to express my sincere thanks to my main supervisor, Dr. John Lipinski, for his unwavering support and insightful comments that have significantly shaped my work. I also thank the committee members, Dr. Fredrick Slack and Dr. Ayman Armoti, for their invaluable guidance and feedback.

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My thanks also go to my husband for his endless support and patience.

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Abstract

The study's primary purpose was to assess the impact of digital transformation on company performance, particularly investigating the potential mediating influence of strategic human resources management on the association between digital transformation and company performance. The study used digital company culture as a moderator between Digital Transformation and company performance. Since the ICT sector comprises IT and telecommunication companies of different sizes and ages, firm age and size were used as control variables. This study was conducted between September 2023 and November 2024. The study population was senior employees and business owners, with a sample size of 364 respondents. The method used in this research was descriptive and explanatory. The hypotheses were tested using structural equation modeling and SmartPLS4 to test the study hypotheses.

The study's main findings revealed that all the digital transformation dimensions employed in the study significantly impact the performance of ICT companies. Digital Transformation also significantly impacts Strategic HR management, and Strategic HR management impacts company performance. Additionally, it was found that Digital Transformation affects the ICT company's performance through the mediator strategic HR management, and digital corporate culture does not moderate the relationship between DT and company performance.

The study's main recommendations were: Palestinian ICT companies must have a digital strategic vision for digital transformation, and evaluate and improve their vision, mission, objectives, and strategies. ICT companies should invest in technology and digital capabilities to drive digital transformation. The ICT sector must increase customer engagement and workforce training. They should also assess their organizational structure and make necessary adjustments to align it with Digital Transformation strategies. They should emphasize the importance of a digital culture. To cultivate a learning culture, leaders must promote regular upskilling and reskilling of employees to remain abreast of contemporary digital trends.

Keywords: Digital Transformation, Strategic Human Resource Management, Digital Company Culture, Company Performance, ICT Sector.

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List of Definitions of Abbreviations

Abbreviations	Meaning
AI	Artificial Intelligence.
CA	Competitive Advantage.
CP	Company Performance.
DCC	Digital Corporate Culture.
DT	Digital Transformation.
HCT	Human Capital Theory.
HR	Human Resources.
HRP	Human Resource Planning.
ICT	Information and Communication Technology.
IT	Information Technology.
OLT	Organizational Learning Theory.
PCBS	Palestinian Central Bureau of Statistics.
PITA	Palestinian Information Technology Association.
RBV	Resource-based view theory.
SHRM	Strategic Human Resources Management.

Chapter One: Introduction to the Study

1.1 Introduction:

Businesses worldwide feel the effects of digital technology-enabled disruptions and new social, financial, and environmental factors (Kane et al., 2021). Businesses may take advantage of these changes by adapting their strategy to remain competitive (Wessel et al., 2021). New information technologies (IT) such as the Internet of Things, advanced analytics, artificial intelligence, machine learning, and big data are now challenging for organizations (Vial, 2019). A digital business plan should include these, but firms often need to learn how to do so (Bonnet & Westerman,2021).

Reassessing at the organizational level and beyond is essential for a digital workplace transformation. Digital technology is causing significant changes in employee behavior, relationships, communication, and cooperation in the workplace (Colbert et al., 2016). In addition, the global labor market was affected by a shortage of skilled workers and high employee turnover rates (Subel et al., 2022).

Organizations facing intense competition across all sectors are driven to enhance the digital employee experience. This reassesses the value of labor, skills, and competencies (Kane et al., 2017). The issue of HR in the digital age becomes more evident in organizations serving the industrial sector that heavily rely on digital technologies such as robots and the "Internet of Things" for their manufacturing processes. Consequently, HR management has undergone a significant transformation, particularly in training and integrating personnel with computer-based thinking (Elia et al., 2021).

Elrehail et al. (2019) discovered that HR planning contributes significantly to improving competitive advantage by easing the way to organizational sustainability's achievement and maintenance. The study also finds a link between measuring employee performance and gaining an edge in the market. Additionally, the study demonstrates that HR operations, such as recruitment and promotion, directly influence the organization's potential to achieve superiority in the market.

Albrecht et al. (2015) argue that HR management professionals must go beyond administering annual engagement surveys. Instead, it is advisable to include involvement in several HRM policies and practices, including the recruiting and selection process, employee onboarding, performance review, and employee development. The authors

have suggested how HR operations enhance employee engagement. These techniques are expected to provide favorable results, allowing companies to gain market advantage. Rather than focusing on the content of recruiting, training, remuneration, and other HRM processes, as some have argued, studies show that digital HRM instead defines significant transformations in HRM. The role can be described by the operational processes involved. However, the means through which it is implemented evolve along with the state of the art. When looking at how the HR department has changed over time, the term "digital employees" indicates the shift from a strictly mechanical office routine to a more fluid technological one (Parry & Strohmeier, 2014).

For success in the modern information economy, the skills of one's workforce are equally important. Workers must be flexible, try new things, and constantly educate themselves since they are always up against new technology, methods, and market and environmental demands. For example, workers may need to sharpen their communication skills, become more knowledgeable about various jobs in the company, be ethically attuned, and be proficient in using social media, data analytics, and web 4, Delving into the DT development framework. When we talk about these talents, we mean the capacity to carry out procedures to maximize one's performance at work (Kane et al., 2021).

However, the idea has evolved to serve the same purpose, namely to highlight the fact that the needs of older workers are different from those of younger workers due to the former's exposure to simpler work patterns and the latter's greater comfort with digital work patterns (D'Netto & Ahmed, 2012).

Strategic management aims to obtain and sustain a competitive edge, which allows a firm to produce cost-efficiently and with quality excellence. Because of these circumstances, a firm can generate more sales or higher profits than its competitors. Cost minimization, efficient distribution channels, product excellence, and a strong brand are some factors that increase competitive advantage (Twin, 2019).

Moreover, winning and preserving a competitive edge are the definitive aims that the company is attempting to achieve through a DT because it can assist the company in attracting more clients, locking them into its business framework, and successfully closing other rivals. Finally, it enables the organization to establish customer bonds and sustain its business appeal in the long run (Hax & Ii, 2003).

Zhou (2019) stressed that companies should consider their customers as the core of their competitive advantage. Only organizations that accurately predict what customers need and where market trends will go may remodel their business and achieve superiority in the market. Furthermore, technology and incorporating all organizational changes are essential components of DT. Companies must be quick to respond and flexible to cope with potential issues. More so, research by Shehadeh et al. (2023) shows that for service-based businesses to stand out from the competition, DT and entrepreneurial spirit should be their top priorities.

Companies should use technology to assess the quality of electronic services to enhance their offerings and gain market superiority. According to Rashwan and Kassem (2021), continuous assessment of the quality of digital services is necessary. In addition, as shown by Chin et al. (2022), DT-allowed competitive traits boost performance and provide businesses an advantage. In addition, Martínez et al. (2020) argued that digitization business processes may enhance the growth of activities that create value.

However, a digital organizational culture is the only way for firms to tap into this potential fully. Organizational performance may be improved if organizations establish a culture that supports their digital strategy. Furthermore, digital cultural values and the employee experience may play a pivotal role in DT (Morakanyane et al., 2020). Technological advancements impact workers' daily lives and jobs (Baygi et al., 2021), so it is essential to comprehend the digital revolution from workers' viewpoints regarding their aspirations, principles, and worldviews (Nambisan et al., 2017).

The efficacy of DT may be considerably influenced by organizational culture (Kane et al., 2019). As a company grows and learns its patterns and unspoken laws, its digital cultural norms become ingrained in its ethos (Hartl & Hess, 2017;). Digital leadership principles, ethics in data governance, and the need for lifelong learning as part of a digital culture are particularly applicable. One component of a culture that fosters continual learning and development is that companies actively promote employee participation in educational opportunities inside and outside the company.

In addition, the idea of digital leadership is deeply rooted within the framework of technology culture. According to Warner and Wacher (2019), a digital leader is a person who serves as a model due to their enthusiasm for digital technology and their digital orientation. Additionally, a digital leader is related to the DT process inside an

organization. The proper function has been found and has the potential to contribute to DT, as shown by several distinct research streams.

1.2 Problem Statement:

The Fourth Industrial Revolution, as defined by the World Economic Forum, is characterized by the emergence and development of complex systems that mix cyber and physical components (Schwab, 2017). After that, DT has overgrown all entities, including governments, corporations, and nonprofits. Parviainen et al. (2017) said the digital revolution has accelerated modern labor and the workplace. Employees are now expected to learn skills that may become obsolete in a matter of years, and they must be aware that their culture is changing swiftly. Disaggregation, competitiveness, and incentivization push novel management forms (Dunleavy et al., 2006).

Along the way, information technology's function has shifted from solely a managerial technique to leading organizational strategy operations, which aids in achieving business objectives (Morabito, 2016). According to Vial (2019), DT is an "Approach that aims to enhance the performance or capacities of an entity by the implementation of transformative changes in its operations, utilizing technology related to communication, computer systems, information processing, and networking" (pp. 118-144). Accordingly, service firms experiencing DT employ digital technology in all activities, impacting their business (Westerman et al., 2015).

The company's intangible resources provide the foundation for competitive advantage rather than tangible ones in a dynamic, uncertain, competitive corporate world, where ideas are freely disseminated (Emeagwal & Ogbonmwan, 2018). HR is a vital element that may help firms gain a competitive edge. SHRM is used to efficiently and effectively manage staff knowledge, capabilities, and skills, significantly impacting the organization’s strategic goal attainment. McMahan et al. (1999) defined "SHRM practices" as " the framework a firm's HR utilizes to achieve organizational goals" (pp 122-132). DT is widely employed in the service industry since they have led digital industrialization (Kulesz, 2011).

Service providers should guarantee that workers who stay with the company are a valuable strength in the digital work environment (Meyer et al., 2002). According to Attaran et al. (2019), organizations should explore how workers perceive the DT

framework and how to engage in this internal reorganization. DT impacts HR operations and shifts HR managers' roles from dynamic to strategic.

However, HR managers have several difficulties and possibilities. It is imperative to effectively link digital personnel with digital innovations and the new business model to enhance employee productivity and achieve improved financial outcomes. To effectively mitigate the digital skills gap, it is imperative to implement novel HR techniques. To successfully close this gap, HR managers must first act as strategists who possess a comprehensive understanding of the business environment and are capable of effectively assessing and analyzing external elements that may impact the operations and performance of an organization; they should learn how to apply digital tools; thus, HR professionals must master digital skills (Chytiri, 2019).

Academics have extensively researched corporate digitalization and its impact on enhancing company performance, using many objects as proof, including international firms (Son et al., 2020). When these specialists looked into it, they came up with conflicting conclusions, even when they tested the identical thing. According to several studies, digitalization affects overall business performance (Pradana et al., 2020). Conversely, several studies have shown that digitizing firms does not enhance their performance and that a dynamic approach is necessary to remain competitive and adjust to the ever-changing market (Kanwal et al., 2019).

Thus, the notion of company digitalization warrants measurement and ongoing investigation due to the numerous gaps caused by differing outcomes on performance orientation from various academics (Fakhri et al., 2020). Moreover, current research on DT predominantly emphasizes consumers and overlooks the involvement of staff in the process (Cetindamar & Abedin, 2021). In their study, Dery et al. (2017) discovered that effectively engaging people with technology poses a substantial barrier to digital innovation in companies. The primary topics related to employee engagement revolve around the use of technology, as discussed by Matt et al. (2015) and Uhl & Gollenia (2014).

Organizations must equip their personnel with digital competencies to fulfill their organizational objectives and optimize the returns on their technological expenditures (Cetindamar & Abedin, 2021; Kane, 2019; Rocha et al., 2021).

Therefore, investigating the influence of HR in effectively using digital technologies and implementing them is a crucial feature of this research as a mediating factor. Many academic studies have analyzed the impact of DT on the functioning of organizations. The research discovered a substantial effect of DT on the organization's performance. For instance, Mubarak et al. (2019) have shown that using big data, cyber-physical systems, and interoperability has a noteworthy and positive influence on improving the corporate performance of small and medium-sized enterprises (SMEs). Teng and Yang (2022) found that the three essential components contributing to DT and facilitating improved performance and sustainable development are allocating resources towards digital technology, developing staff proficiency in digital skills, and executing DT strategies.

Tsou and Chen (2023) proposed that digital technology positively affects the development and implementation of DT initiatives and organizational innovation. As previously stated, the company's total success is greatly affected by These aspects. Furthermore, it is essential to acknowledge that adopting an organizational innovation strategy and implementing DT strategies act as comprehensive intermediates in the relationship between digital technology utilization and overall business success. Guerra et al. (2023) highlighted that persons might be essential assets in corporate strategy. Given the belief that DT offers new opportunities for gaining improved competitive advantages, HR departments must take on a proactive leadership role in spearheading this internal transformative effort while recognizing the pivotal role of individuals in this digital revolution.

Furthermore, it has been shown that the most pioneering organizations are implementing novel talent strategies, encompassing enhancements, streamlining work processes, and integrating design thinking and behavioral economics principles. This approach is commonly referred to as the "Digital HR" paradigm.

In response to the coronavirus pandemic, 13% of companies in Palestine began or extended their use of online digital platforms (Palestinian Central Bureau of Statistics, 2021). In comparison, 69% were utilized for marketing, 53% for company management, and 40% for service provision. The IT sector in Palestine has many successful characteristics that have aided the private sector's success, such as: (100% digital telecommunications infrastructure constructed solely by the Palestinian private sector,

500 enterprises specializing in IT and communication (ICT), and its contribution to the GDP approximately 10% (Palestinian Investment Promotion Agency, 2021). The Information and Communication Technology Industry (ICT) employs around 5,000 people across the WB and Gaza. Forty percent of these enterprises export to international markets, and over half do business with companies outside the West Bank and Gaza. (International Trade Administration, 2022). The ICT sector in Palestine includes (IT, Business Process Services, Telecommunication services, and IT equipment Resellers).

Only a few studies have examined the correlation between DT and strategic HR management and its impact on corporate performance. Prior studies have yet to employ a comprehensive approach like the one proposed in this study, which aims to examine the effects of DT on strategic HR management and the subsequent impact on corporate performance. Therefore, it is necessary to investigate this critical topic to aid decision-makers in the ICT sector in assessing the influence of DT on company performance and aligning their HR strategies with DT, considering the digital corporate culture.

1.3 Objectives of the Study:

The main objective of this study is to fill the research gap in testing the relationship between DT and company performance and to explore the mediating role of strategic HR management in the Palestinian ICT sector, with the following sub-goals:

1. To investigate the relationship between DT and company performance.
2. To investigate the relationship between DT and strategic HR management.
3. To investigate the impact of strategic HR management on company performance.
4. To assess the impact of digital corporate culture's moderating role on the relationship between DT and company performance.

1.4 Questions of the Study:

The following is the central inquiry into the research: **Does the DT affect the company's performance through the mediator strategic HR management?**

The following sub-questions are constructed to address the fundamental aim:

1. What is the impact of DT on company performance?
2. What is the impact of DT on strategic HR management?

3. How does strategic HR management impact company performance?
4. How does digital corporate culture moderate the relationship between DT and company performance?

1.5 Significance of the Study:

Rizzo (2018) defined DT as "applying technology to processes, goods, and assets for enhanced efficiency, mitigating risk, enhancing customer value, and exploring new business opportunities" (pp. 47–59). Due to disruption from new and inventive competitors, incumbent firms in retail, Telecom banking, and others are being forced to change more than ever. Thus, going digital is one way to deal with such change (Geisinger et al., 2020). Digitalization is gradually affecting people's daily lives as technology advances.

Similarly, DT has altered organizational architecture, the hiring process, and HR. With significant automation and artificial intelligence improvements, anything may now be purchased worldwide via smartphone. Due to progressive economic gains and accelerating technology, banking has substantially transformed in this digital age (Parimalarani & Meena, 2020). DT is a critical driver of long-term change in our environment. It can significantly improve and widen societal good while creating new options for profit generation and capture for businesses. For instance, the telecom sector is at the vanguard of this movement, undergoing large-scale changes in market circumstances and serving as a primary driver of worldwide digitization (Alsafadi, 2018).

Employers must guarantee that their employees are sufficiently trained and that they are investing in the right people due to DT. AI tools will Displace some present jobs due to formation, while others will be created. As a result, IT specialists may have an edge and a golden future (Hie, 2019). The service industry must also upgrade its employees' abilities; they may need to reskill them in response to new digitalization trends. For example, service industry workers must have essential skills like cognitive ability, social skills, content knowledge, analytical skills, and interpersonal skills. Individuals with these skills can engage in data-driven decisions that will be more crucial in various jobs.

Working with AI and new technology necessitates human characteristics such as data interpretation, critical thinking, active listening, and social perception (Parimalarani

& Meena, 2020). According to the World Bank (2021), accelerating DT and establishing a wholly connected Palestinian economy requires three critical initiatives: developing digital infrastructure, renewing the legislative and regulatory structure, and guaranteeing institutional assortment and resource utilization. The study by Guzmán-Ortiz et al. (2020) suggested a favorable association between the quality of customer service, the skills of Collaborators, and the adoption of DT procedures with employees' performance and contextual performance inside insurance firms. In addition, Li et al. (2022) highlighted the influence of DT on productivity, which serves as a metric for assessing a company's success. The results suggested that adopting DT positively impacts companies' overall efficiency.

Furthermore, the beneficial impact is enhanced when corporate technical cooperation fosters the connection between DT and overall productivity. Chen et al. (2016) found that the dimension of service-oriented portal function, which includes portal maintenance service, B2B function, and cloud computing, substantially impacts organizations' performance. Vaska et al. (2021) found that DT is an evolving subject that has attracted increasing numbers of scholars since 2014.

The findings highlight the need to conduct studies in underdeveloped nations and foster closer partnerships between academics and professionals. This review shows that disruptive innovations, typical ecosystems and platforms, and new enabling technologies contribute to the field's fragmentation. They concluded that DT has affected nearly every sector's production, distribution, and value collection. Some new business models, such as the circular economy and frugal innovation, have emerged due to these repercussions. Similarly, Li (2020) contends that studying new emerging trends presents a methodological problem due to their early phases of development and little empirical evidence.

This research examines the influence of DT on firm performance, specifically focusing on the function of strategic HR management as a mediator. The study used a large-scale empirical investigation to explore this relationship. This research aims to improve our understanding of the best techniques for DT and how they impact the performance of organizations in the information and communication technology (ICT) sector, considering the current need for knowledge in this area. Previous research on the topic in the Palestinian context is limited in its range. This research is the first effort to

explore the impact of DT on organizational performance in the Palestinian environment; taking strategic HR management as a mediator, it also investigates the influence of digital corporate culture on the relationship between DT and firm performance.

1.5.1 Theoretical and Scientific Significance:

Although DT is a major topic of study, it has yet to receive much attention in the Palestinian context. Hence, this study will likely contribute to the theory by expanding current research and literature. It would benefit researchers and academicians working on the subject of DT. This research attempts to broaden the present understanding of DT as prioritized by the ICT sector, examine the impact of DT on strategic HR management and company performance, and determine how to reflect DT on HR strategies. It will develop a solid ground on how to reshape the future of HR in the digital area. This research's scientific contribution will involve analyzing crucial elements of DT, such as: (Strategic Vision, Know-how, Innovation, Customer involvement, Digital capabilities, Organizing, and Technology assets).

Moreover, advising firms on how to adopt DT to increase operational efficiency, simplify processes, and boost decision-making. This research investigates the correlation between the level of technology integration and the resulting enhancements in corporate performance. Additionally, it will facilitate comprehension of the consequences of organizational transformation and its impact on employee responsibilities, processes, and general corporate culture. This study examines how prosperous firms negotiate these upheavals by finding optimal strategies for managing worker transitions and cultivating a culture of adaptation. Furthermore, it will enhance our comprehension of how the alignment of DT activities with overall business strategy plays a crucial role in determining success. It will examine how firms strategically use DT to achieve their objectives.

Additionally, it will elucidate the significance of strategy coherence in optimizing the influence of DT on firm performance. This study aims to measure the impact of DT on corporate performance, namely in areas such as marketing and finance. It will also examine how strategic HR management acts as a mediator in this relationship. Conclusively, this study will investigate the use of technology, changes within

organizations, alignment with strategic goals, performance measurements, and obstacles. These results are expected to broaden the existing literature on the variables that drive the impact of DT on company performance.

1.5.2: Practical Significance of the Study:

By analyzing several factors in this research, it is anticipated that the study will assist the ICT industry in the following ways: The study will evaluate the performance of various ICT firms regarding their DT, DT implementation techniques, and performance outcomes. This research will provide tailored suggestions and pragmatic observations for different categories of ICT firms, considering elements such as strategic vision, organizational framework, innovation, technological resources, and customer involvement. These tips, designed to help companies develop customized strategies and action plans to accelerate their DT initiatives and enhance performance, will make the audience feel guided and supported in their digital transformation journey. It will help evaluate strategic HR management methods that exhibit an excellent association with improved firm performance obtained via DT.

This may help companies build a clear link between their investment in HR and the company's outcomes. This research uses advanced statistical methodologies to examine the causal relationship between DT and several performance indicators, including financial and marketing achievements. It will also investigate the impact of digital corporate culture. Hence, companies can prioritize investing in initiatives that foster a favorable culture and allocate resources more effectively. In conclusion, ICT companies may benefit significantly from the information, recommendations, and methods that this study offers as they face the difficulties of digital disruption, work to improve their performance, and grab opportunities for growth and innovation.

1.6 Research Hypotheses:

H1: Digital Transformation positively impacts Company Performance.

H1a: Strategic vision positively impacts company performance.

H1b: Organizing positively impacts company performance.

H1c: Customer involvement positively impacts company performance.

H1d: Technology assets positively impact company performance.

H1e: Innovation positively impacts company performance.

H1f: Digital Capabilities positively impact company performance.

H1g: Know-how and Intellectual property positively impact company performance.

H2: Digital Transformation positively impacts Strategic Human Resource Management.

H2a: Strategic Vision positively impacts Strategic HR Management.

H2b: Organizing positively impacts Strategic HR Management.

H2c: Customer involvement positively impacts Strategic HR Management.

H2d: Technology assets positively impact Strategic HR Management.

H2e: Innovation positively impacts Strategic HR Management.

H2f: Digital Capabilities Positively Impact Strategic HR Management.

H2g: Know-how and Intellectual Property positively impact Strategic HR Management.

H3: Strategic HR management positively impacts company performance.

H4: Digital Transformation impacts company performance through the mediator Strategic Human Resources Management.

H4a: Strategic vision positively impacts company performance through the mediator Strategic Human Resources Management.

H4b: Organizing positively impacts company performance through the mediator Strategic Human Resources Management.

H4c: Customer involvement positively impacts company performance through the mediator Strategic Human Resources Management.

H4d: Technology assets positively impact company performance through the mediator Strategic Human Resources Management.

H4e: Innovation positively impacts company performance through the mediator Strategic Human Resources Management.

H4f: Digital Capabilities positively impact company performance through the mediator Strategic Human Resources Management.

H4g: Know-how and Intellectual property positively impact company performance through the mediator Strategic Human Resources Management.

H5: Digital Corporate Culture positively moderates DT's impact on company performance

1.7 Study Dimensions:

The study dimensions were digital transformation, company performance, SHRM, and digital corporate culture. Data were collected between May 5, 2024, and August 2024. It covers the ICT companies operating in the West Bank. The study was supposed to have the following limitations: The survey was the only source of information about DT, strategic HR management, and company performance. Participation in the survey was voluntary, and the research study excluded enterprises in the Gaza Strip and Jerusalem.

The research was explanatory and carried out in two distinct stages: (1) an initial phase of exploration and Model Development and (2) an empirical phase, with a specific emphasis on the latter stage, using a questionnaire. The study population was the Palestinian ICT Sector. The sample for this research was a stratified random sample from the senior and HR managers, employees, and business owners working in this sector. The study utilized the structural equation modeling (SEM) technique using Smart PLS4.

1.8 Conceptual and Operational Definitions

1.8.1 Digital Transformation (The Independent Variable):

DT is how organizations integrate technologies into their operations to create fundamental change. Their objective is to enhance productivity, enhance the flexibility of the business, and provide additional benefits for workers, customers, and shareholders. Several Authors have defined DT as described in the study's theoretical background, including: (Veldhoven & Vanthienen, 2019) (Martin, 2008; White, 2012; Kane et al., 2015; Wade, 2015; Hinings et al., 2018.; Bloomberg, 2018; Hess et al., 2016; Udovita, 2020). Wade (2017) stated that four critical areas must be addressed throughout a DT: go-to-market, engagement, organizational processes, and Digital Orchestra.

At the same time, Hess et al. (2016) recognized four other factors: technological advancements, shifts in how value is created, organizational shifts, and the impact on finances. However, Carver et al. (2013) emphasized two dimensions: digitizing activities and products and services offered by the company. Matt et al. (2015) argue that transformations in value production, organizational shifts, and economic challenges are examples of how digital strategies use technology in their grander schemes. Several authors have investigated the prosperity aspects of DT, emphasizing that initiating digital technology has reinterpreted firm value production and organizational identity.

According to Bonnet et al. (2015), the primary success elements for DT are "(1) a digital-first mentality, (2) digitized procedures, (3) empowered personnel, and (4) Tools for data access and collaboration". To begin, a digital-first mindset involves being receptive to digital opportunities and giving digital solutions more priority than traditional ones, implementing digital practices and operations, such as process automation, evidence-based deliberation, and empowering personnel, including digital development. Finally, sharing information and working together on solutions involve using live consumer data, operational data, and collaboration platforms that have been validated. These four characteristics offer a comprehensive strategy for rethinking commercial value generation and organizational identity through technology.

Another critical success factor is a set of talents that generates value for a business, fosters its growth, and enables the methodical planning and carrying out of one's activities to get a competitive edge (e.g., through successful DT). Customer sincerity capability is one of the dynamic capabilities: Frambach et al. (2016) found no evidence of high-performance configurations without customer orientation, and highly performing enterprises design themselves around their client orientation in three ways. The findings are significant for market orientation theory and general configurational and (marketing) strategy research.

Moreover, Ivančić et al. (2019) stressed that to achieve successful DT, firms should consider utilizing the following resources: Strategy, People, organization, customer, ecosystem, technology, and innovation. Gurbaxani and Dunkle (2019) have delineated six DT elements that firms may adopt to gain a competitive edge.

The key factors that contribute to a company's success in DT include its strategic goal, the alignment of this vision with its investments in digital technologies, the

appropriateness of its culture for fostering innovation, the ownership of valuable intellectual property assets and know-how, the strength of its digital capabilities in terms of talent, and its effective use of digital technologies. However, Ravichandran (2017) discovered that organizational agility is positively related to a firm's innovation capacity, and businesses with more robust innovation capacity may better leverage their digital platforms to increase agility.

According to the data, organizational innovations have a considerable beneficial influence on firm success. Cross-functional capability is another component in the DT journey; the positive impact of interdisciplinary teamwork on the success of innovative products is attenuated when competition intensity is high. However, this effect may be tempered by using knowledge integration strategies (Tsai & Hsu, 2014). It is also critical for the company to build and sustain an essential network with its stakeholders.

The findings (Human & Naudé, 2009) suggested that if a corporation wishes to increase its capacity to manage complex networks, network capabilities should be the focus of management Efforts. Improved network performance is unavoidable. Any business's ultimate objective is to increase profits and return on investment.

Based on the discussion above, the DT dimensions employed in this study are strategic vision, organizing, customer involvement, technology assets, innovation, digital capabilities, know-how, and intellectual property.

1.8.2 Strategic HR Management (SHRM) (The Mediator Variable):

This concept involves establishing and implementing proactive HR policies and practices to ensure that an organization's employees, who are considered its most precious resource, contribute to achieving its objectives (Wan et al., 2002). SHRM is a "planned HR structure organization employed to achieve goals and the capacity of a corporation to influence its results through HR management and link it with other processes". Hence, the foundation of their strategic philosophy is creating. A system is used at the strategic HRM level rather than a single organization (Saha & Gregar, 2012, pp.1-5).

Organizations have changed as the traditional people management role has developed into strategic HR management, strategic collaboration, and an entire organization's strategic planning process (Al-Omari et al.,2019). Thus, aligning SHRM with the company’s vision, mission, goals, and strategies is essential to achieve a strategic

balance. Researchers have determined that achieving corporate goals requires a highly engaged workforce (Dunn, 2014). Moreover, HR is widely recognized as a critical asset inside contemporary organizations, constituting a significant component of their overall resource base (Lance, 1994).

To gain and keep an edge over the competition, firms must thoroughly assess their company mission and realign their strategic goals to correspond with the dynamic corporate ecosystem. Firms implement several strategic initiatives to enhance corporate performance, delving into the efficacious performance management strategies employed by prosperous firms to compete effectively in an ever-evolving global economy (Boxall & Purcell, 2003).

The significance attributed to HR management in the contemporary economy and business landscape surpasses that of other organizational resources. This is due to the pivotal role played by individuals in determining an organization's capacity to effectively utilize these resources, foster competitiveness, and achieve its objectives. Fulfilling employees' expectations is crucial for fostering the desired behavior among organizational members (Guest, 1987).

Researchers have used numerous metrics in the scholarly literature to assess HRM. HR techniques, including high-engagement, high-performance workplaces focusing on HR, a healthy work-life balance, and attention to each employee's needs, are all examples examined in the academic literature. Using HR practices such as HR planning, HR acquisition, HR development, performance management, and reward management as independent variables, Aryanto and Afiff (2015) investigated the link between SHRM and innovation capabilities and performance, finding a positive correlation. In the study conducted by Atan (2019), the author examined the impact of strategic HR management on the sustainability of competitive advantage by analyzing employee selection, training, career path, and performance assessment; he found that SHRM directly affects company performance.

Emeagwal and Ogbonmwan (2018) investigated the impact of strategic HR management (HRM) on sustainable competitive advantage. They paid particular attention to two areas: developing human capital and encouraging the kind of conduct that shows up as dedication for employees. The study's authors set out to establish whether or not

strategic HRM practices correlate with long-term competitive advantage, and they did so successfully.

In their research, Saha and Gregar (2012) utilized several strategies such as developmental assignment, teaming (socialization), training, managing social contracts, managing turnover, and managing diffusion to underscore the significance of HR in attaining competitive advantage in globalization. Çalişkan (2010) employed a set of metrics to assess several aspects of organizational performance. These measurements included attracting, developing, and keeping high-quality individuals, talent management strategies, establishing a conducive working environment based on core values, effective leadership practices, promoting work-life balance, managing diversity within the workforce, ensuring stable employment, and optimizing job and work design.

The areas of focus included in this discussion are learning and development, knowledge and intellectual capital management, motivation enhancement, commitment reinforcement, role engagement augmentation, and reward management. The study conducted by Al-Qudah (2020) focuses on using HR planning to examine the influence of strategic HR planning on the performance of public shareholding firms in Jordan. Fong et al. (2011) used five HR management practices in their research: recruitment and selection, compensation and reward, performance appraisal, training, and development and teamwork.

Consequently, and based on the discussion above, operationalizing the SHRM construct will encompass the assessment of HR planning, recruitment and selection, compensation and reward, performance appraisal, training, and development.

1.8.3 Digital Corporate Culture (DCC) (The Moderating Variable):

Organizational culture may be characterized as learned hidden rules and patterns created and endorsed by organizational groupings (Schein, 1990). Several scholars have studied the influence of company culture on DT. According to Al Faraj (2011), the business's culture comprises the guiding principles, beliefs, and ideas held in common by the organization's senior leadership and long-term workers. In other words, it includes widely held principles that facilitate the establishment of harmony among the organization's many components. Hartl and Hess (2017) identified 12 crucial cultural values for DT.

These are classified into three types of cultural directions: (1) outwardly focused culture, (2) adaptability and flexibility, and (3) inwardly directed culture. Culture is a broad concept that is hard to measure; it is perceptual and shared among employees, and it reflects the company's identity and the way of behavior toward different stakeholders (Kroeber & Kluckhohn, 1952), found 164 definitions of culture. Organizational culture has been shown to impact DT substantially (Vial, 2019; Leidner & Kayworth, 2006; Kane et al., 2017).

Companies must examine recent, digitally relevant cultural components and adapt their business models, attitudes, and behavior throughout DT (Schein, 1990; Vial, 2019; Kane et al., 2017). They must adjust their strategies to infuse the company with digital leaders, cutting-edge learning tools, a forward-thinking digital mentality, and ethical work (Kane et al., 2017; Vial, 2019). CEOs are beginning to emphasize the need to address the role of corporate culture as a barrier to DT.

According to many studies, internal organizational norms are the most significant barrier to digital innovation. Thus, adapting the company culture will always take longer and be more complex than adapting to the technologies that drive the need for it (Goran et al., 2016). Moreover, adaptability is another essential component of a digital culture, along with a willingness to learn from mistakes and take risks.

The cultural dimension of the models also typically features discussions of "open communication," "customer centricity," and "ideating new. This emphasizes the value of cultural leadership from the top down. Leaders can only accomplish the necessary speed and agility if their organizations have cultures promoting collaboration across departments and units, embrace risk, and persistently focus on customers' digitalized working methods (Buvat et al., 2017).

Therefore, a cultural shift is necessary and, if not accommodated, might slow down digital development. The imperative for organizational culture to undergo continuous adaptation and evolution arises from aligning with the dynamic requirements of a swiftly evolving market and fostering innovation (Sörensen, 2002). According to this perspective, culture constantly evolves and adapts to its surroundings, which is what we mean by "adaptive organizational culture." As a result, it may be claimed that culturally adaptable features aid in the success of digital transformation initiatives (Kotter & Heskett, 1992).

1.8.4 Company Performance (CP) (The Dependent Variable):

According to Oh et al. (2015), market performance may be defined as the extent to which businesses outperform their competitors regarding customer satisfaction, new customer acquisition, loyalty, and so on. Barber et al. (2017) stressed that assessing a company's market performance is crucial for its success. It all boils down to one fundamental question: Can the company effectively capture market share, drive market share growth, and ultimately achieve revenue growth? These factors are the lifeblood of any business, and understanding how well a company performs in these areas is essential for making informed decisions and driving future success. Unleashing the Power of Innovation: Exploring the link between capability, type, and performance.

Rajapathirana and Hui (2018) employed market share, customer satisfaction, and total sales as indicators of market success. However, the authors used Return on Investment (ROI), return on sales, and profitability to assess financial performance. Using a digitalization index, Gao et al. (2023) evaluated DT's impact on business success. The findings showed that digitalization significantly improves businesses' overall performance. These processes are linked to a decrease in external transaction costs and an increase in internal control expenses. Homburg et al. (2007) defined a firm's market performance as its market penetration rate, the frequency with which it introduces new goods and services, the rate of success with those products and services, and the percentage of the market the company controls relative to its rivals.

There are several ways in which they could help a company's bottom line. An example of how expanding into new markets may boost a company's bottom line is increasing product margins and bringing in more money. Similarly, Szymanski and Henard (2001) said that a new product has the potential to boost sales, which leads to satisfied consumers recommending the product to their friends and family and ultimately increases the seller's bottom line. Abbas et al. (2019) examined the correlation between entrepreneurial business networks and sustainable success, explicitly focusing on finances. The study's findings confirmed that organizations with a robust entrepreneurial orientation were biased toward establishing a business network to attain sustainable success. The survey results also indicated that companies that effectively utilize business networks and dynamic skills could achieve sustained performance.

Ukko et al. (2019) investigate the impact of a sustainability strategy on the relationship between a digital organization's financial and operational outcomes using controlled trials. This study presents a classification system for two central management and operational skills necessary to effectively implement a digital company strategy. The results indicate that the relationship between management expertise and economic prosperity is enhanced when a sustainability plan is implemented. However, it is essential to address this issue since it hinders the connection between production and financial outcomes.

The findings indicate that the association between effective management and financial success is enhanced when a sustainability strategy is implemented. Nevertheless, there needs to be more connection between operational capacity and economic outcomes.

Tippins and Sohi (2003) examined the impact of technology investment on marketing and financial success. This research posits that organizational learning substantially influences the results of information technology (IT) initiatives, wherein a discernible relationship exists between technology investment and financial and marketing performance. Thus, according to the literature review, the most common firm performance measures are return on asset, market share, return on investment, net profit, and growth in net profit. More studies are needed to investigate the impact of DT on marketing performance.

Nevertheless, conducting a thorough investigation and empirical examinations is essential to assess the influence of DT performance indicators on company performance. Accordingly, this study will utilize two firm performance (FP) types as measurement metrics: financial and market performance.

1.8.5 Company Age and Size (The Control Variables):

Many studies have shown a substantial connection between the size of a firm, its age, and its success. Some examples of this association include but are not limited to the following: According to research (Omondi & Muturi, 2013), the size of a firm and its age both significantly impact financial success. According to Almajali et al. (2012), a company's economic success may be affected by size. The scale may harm big organizations for several reasons, including bureaucracy (Li, 2007). Research in finance

has shown that the size of a firm is a good indicator of its stock price (Simerly & Li, 2000). One example is the finding that more prominent companies tend to perform better in research by Hvide and These (2007).

Moreover, according to Flamini et al. (2009), larger firms have an advantage over their smaller counterparts when using transaction economies of scale. In both theory and practice, it would be beneficial to investigate the relationship between the age of a company and its financial performance. It may be possible to explain why other companies ultimately acquire the majority of companies if performance decreases as companies become older (Loderer et al., 2009). Companies might get more efficient with age. On the other hand, according to Agarwal and Gort (2002), old age may also cause knowledge, talents, and skills to become outdated and thus lead to the deterioration of an organization.

The findings of Liargovas and Skandalis (2008) indicate that older companies have a higher level of expertise because they have experienced the advantages of learning and are less susceptible to the disadvantages of being new. As a result, they perform better. Loderer et al. (2009) discovered that there is a correlation that is both positive and substantial between the tenure of a firm and its level of profitability.

Similarly, Coad et al. (2018) presented the observed concentration of good performance in the early years and the need for vast and comprehensive datasets developed with suitable coverage of new enterprises. On a more general level, it is evident that policies that support the performance of businesses in a universally applicable manner are likely to be less beneficial. When formulating industrial strategies, it is crucial to consider the life cycles of both companies and products and the sectors of activity, ownership structures, and the performance indicators targeted.

Given the preceding discussion and to minimize the influence of spurious variables, the company's age and size will be used as control variables to guarantee that they will not impact the research findings.

Chapter Two: Theoretical Background and Literature Review

This chapter is vital in providing a comprehensive understanding of the theoretical academic research conducted on digital transformation, strategic human resource management, digital company culture, and organizational performance. It further elucidates the history of DT, definitions of DT, dimensions of DT, background on the ICT sector in Palestine, and the advantages and obstacles of DT. The chapter examines various strategic management theories and their correlation with digital transformation, strategic human resource management, and overall corporate success. It provides a concise overview of the current empirical research on DT in many fields and assesses these studies to pinpoint the research gaps. Additionally, it provides the study's conceptual framework and the measurement justification for building hypotheses.

2.1 Digital Transformation (DT):

Many distinct types of digitalization techniques, actions, and processes are characterized by the term "digital transformation," although no consensus has been reached on a single meaning of the term. Al Selma (2015) argued that "digital transformation" refers to the trend toward automating formerly human-intensive tasks, particularly in education and training. This shift causes fundamental shifts in organizational structure and how HR is defined, which raises the profile of intangible intellectual assets as critical components of modern companies' investment strategies and, ultimately, their market worth. DT has been a big subject recently; it was the case in developing and implementing incorporated numerous automated operations.

Incorporating software and hardware into computers marked the beginning of DT's history in the 1950s (Gibbe & Kalling, 2019). The initial mainframes were unveiled a decade later. Several studies have investigated the impact of digitalization and investments in information technology on companies since the 1960s (Brynjolfsson & Hitt, 1998). Due to the rise of information technology and digital communication in the 1980s, DT processes in various communities and businesses became more visible to the general public (Gibbe & Kalling, 2019).

According to Brynjolfsson and McAfee (2014), the 'Second Machine Age' or 'Artificial Intelligence' (AI) is a new era of creation that enables the employment of more intelligent machines. Furthermore, as Vogelsang (2010) emphasizes, the information era,

also known as the fifth wave, was defined by the pioneering work of several key figures in IT innovation and the digital environment. Their contributions have shaped the landscape of digital technology we see today.

Technology departments were forced to manage the most recent social and web platforms as firms' digital ambitions grew. This prompted businesses to employ DT to create one-of-a-kind organizational events and experiences. Companies now know they operate in networks with consumers, sellers, and other participants. Examples of DT, but not limited to, are Automation, Artificial intelligence, business intelligence, cloud computing, and cybersecurity (Fernández et al., 2021).

Dr. Claude Shannon, an American Mathematician and Engineer, is credited with developing DT in 1948 with the publication of a Mathematical Theory of Communication (Shannon, 1984). People call him "the father of modern digital communications and information theory." When the microchip and semiconductor transistor were introduced in the late 1950s, they allowed for the transition from analog to digital computing.

The global digital era is growing, and digital technology is quickly evolving. Newly developed information technology has permeated all components of classical industrial chains and product life cycles—information usage. Technology to adapt traditional industries' goods and processes has become prevalent in society, resulting in remarkable successes. Thus, Yoo et al. (2010) defined digital innovation as "re-combining digital technology and physical components to create distinct digital goods" (pp.724–735).

Li (2020) claimed that the recent endeavor to survive the impendence of digital disruption is known as DT. Veldhoven and Vanthienen (2019) summarized seventeen concepts of DT owing to the necessity for universal meaning. According to Martin (2008), DT is defined as "an individual's technical capability to use the advent of digital tools and their presumed capability to understand when to employ it" (pp. 151–176). White (2012) defined DT as a "business-style transformation utilizing modern digital technology as an idea that evolves spontaneously as individuals, businesses, and society change" (pp. 205–214).

Kane et al. (2015) argued that DT fosters technology adaptation by governments, businesses, society, and individuals, as well as the collective social transformation caused by digitalization. Meanwhile, Wade (2015) defines digitalization as "eliminating paper and implementing digital characteristics to all societal factors" (pp. 1–15). Furthermore, Hinings et al. (2018) defined DT as "the cumulative impact of multiple digital advances

that result in new structures, models, behaviors, actors, and systems, that change the current situation which needs adaptation strategies" (pp. 52–61).

However, according to Bloomberg (2018), this most significant phase refers to a customer-oriented strategy that leads to substantial organizational change and digital technology use. The core of DT is improving company outcomes and competencies through core changes that include product or service transformation utilizing digital technology (Hess et al., 2016). Furthermore, businesses and organizations must modify their products and business strategies to remain relevant and competitive in the market and strategy to remodel their digital logic (Yoo et al., 2010).

Bharadwaj et al. (2013) emphasized that the synchronization of IT and business is also reflected in digital technologies for organizations. According to the research, there are three forms of DT. The first type is technological. According to Nambisan et al. (2017), technology can improve business results. Pagani and Pardo (2017) state that there may be substantial monetary gains from newly created digital technologies, including better customer habits, more efficient operations, and fresh business ideas. According to Horlacher et al. (2016) and Henriette and Boughzala (2015), the second category includes changes in technology and organizational structure.

Finally, according to Rogers (2016), DT is about something other than technology. Still, about strategy, top executives have to design strategies to profit from new inventions that optimize client expectations and practices. According to Udovita (2020), digitalization is defined by two distinct terms: "digitization" and "digitalization." "Digitization" converts analog technology, information, and goods to digital formats, whereas "digitalization" produces a new financial stream and delivers societal or corporate benefits through digital prospects for altering firm structures or operations. Thus, she defined DT as the " Chronology of human and societal transformation brought about by digitalization" (pp. 520-529).

Based on the literature, there are three DT drivers: the rise of economic challenges, including global and digital competition, which push companies to move more quickly toward their change (Westerman et al., 2011; Kohli & Johnson, 2011). The second driver is competition from direct and indirect competitors in the same industry; companies should evaluate their competitors' strategies and objectives to identify uncontested opportunities (Westerman et al., 2014; Fitzgerald et al., 2014). The third driver is the

requirement for business operations; companies must understand customers' needs and wants and sense and respond to their needs agilely. Thus, to guarantee the highest possible level of client pleasure and loyalty, they should modify and improve their function to follow the market's requirements (Andriole, 2017; Hess et al., 2016).

2.2 Digital Transformation Dimensions:

2.2.1 Strategic Vision:

Studies have shown that the scope of a company's operations and approach to entering new markets may impact its overall success. The corporate scope, which specifies the breadth of goods, is the most essential aspect of strategic management (Berger & Ofek, 1995; Lang & Stulz, 1994; Wade & Hulland, 2004). - discovered that the progress of DT is guided by strategy rather than technology. Strategic vision is an essential component when it comes to the DT process that businesses go through. A plan to steer a DT process toward success includes a vision, scope, objectives outline, and a roadmap for implementation.

Bharadwaj et al. (2013) argued that a digital business strategy is an organizational plan created and executed by employing digital resources to provide distinct value. The process entails carefully examining four crucial factors: scope, magnitude, velocity, and the origin of corporate value generation/acquisition. Nevertheless, it has been observed that more than just having a digital business plan is required, and organizations often need a distinct strategic vision to aid management in directing the change process (Hess et al., 2016).

Tekic and Koroteev (2019) underlined the need to use digital technology and develop a business model for digital operations as two critical components in identifying unique DT strategies. We end up with a classification of four main DT strategies that vary in the following ways: principal driver and goal of transformation; leadership style; significance of employee abilities like innovation and entrepreneurial spirit; difficulties encountered; repercussions of possible failure; and tactics for enhancement.

Further, as Khan and Khan (2019) found, the secret to DT success for businesses is the proper integration of people, processes, and technology inside an organization to ensure the smooth running of transformation initiatives. Implementing and maintaining

transformation programs inside firms heavily relied on strategic knowledge management measures.

Furthermore, the driving forces behind DT include value generation, operational effectiveness, competitive edge, consumer connections, and novel business frameworks. Additionally, according to Wamba et al. (2015), big data analytics might make it easier to categorize populations and define market strategies using data. According to Côrtereal et al. (2017) and Davenport (2014), organizations might benefit from increased organizational agility via big data analytics. This would enable them to identify market possibilities better, grasp potential chances, and adapt their goods and services to the technological environment. Finally, managers often lack information or are unsure of the future when deciding how an organization interacts with its external environment.

As a result, they are responsible for ensuring that the organization can adapt to these changes. If you want your program, strategy, or significant change to succeed, one of the first things you must do is build a long-term strategic plan. In light of this, senior leadership is keen to lay the groundwork for DT by carrying out a series of steps, such as creating a strategic vision and an appropriate organizational structure, allocating enough funds, and recruiting qualified personnel (Al Mutref, 2020).

2.2.2 Organizing:

Sánchez and Zuntini (2018) found that companies should ensure their readiness for DT; they have addressed the need to develop innovative business models, redefine inter-company connections, explore new avenues for innovation, utilize social technologies to interact with consumers, and cultivate forward-thinking executives. Regarding providing competitive products and services, Cennamo et al. (2020) also discovered that DT is anticipated to influence firm operations, procedures, and organizational structures significantly.

One way to measure strategic revitalization is to examine how much a company experiments with and uses new digital technologies. Furthermore, it is noteworthy to add that, as stated by Kretschmer and Khashabi (2020), DT significantly impacts several elements of organizational structure. The advancement of digital apps amplifies the advantages for those who adopt them. Hence, each alteration in one company department triggers a cascade of modifications in other departments, thereby amplifying its influence.

As time passes, organizations are anticipated to enhance their usage of digital infrastructure.

Given the substantial advantages of DT for firms, managers should promptly act to avoid lagging behind competitors in certain domains while intentionally choosing to emulate them in other areas. Digitization is causing businesses to redirect their attention towards intangible resources, such as data. In addition, according to Schein (2010), organizational structures are essential components of artifacts. Establishing a company culture in the digital age depends on creative methods of internal and external collaboration, according to studies done by Duerr et al. (2018). Methods like dual structures, physical and virtual collaboration, and cross-functional teams are all part of these techniques. The authors say startups, platforms with partners and competitors, and customer integration are all examples of external collaboration.

2.2.3 Customer Involvement:

A human element is necessary for DT to comprehend and completely satisfy the demands of modern consumers; technology alone is insufficient. Businesses must change to stay competitive, but customer satisfaction is the end goal. DT also allows companies to tailor their products and services to the preferences of various customers; it makes it easier to design and sell unique goods and services ideally suited to each client (Yoo et al., 2012).

Customers are essential in any company; they are the backbone of the business and the primary source of revenue and growth. They are the central element in the company's success and contribute to its survival. Therefore, companies should meet customers' needs and build strong, sustainable relationships. Moreover, the role of customers in the business digitization process is vital. When traditional business processes are digitized, the customer needs to be at the center of attention. They enhance digital operations, give feedback, use digital tools, and cut costs by reducing the cost of front desk employees (Mansano & Valpuesta, 2013); (Kuo et al., 2017).

DT in Industry 4.0 is a deliberate business transformation incorporating contemporary information and communication technologies to enhance agility, customer focus, and product customization as key strengths (Fatorachian & Kazemi, 2018). According to (Libert et al., 2016), each technology has inherent value. Still, when firms

integrate digital technology into their business models, the primary method they use to provide value to consumers, their overall company value increases significantly. Customer experience in the DT journey is critical; a customer-centric DT allows companies to use digital technology, get customer insights, and coordinate business activities to enhance each customer's experience (Immonen & Sintonen, 2015). In a similar vein, it is essential for success to involve clients in the process of developing digitalized services (Saunila et al., 2019).

According to Mariia et al. (2020), the evolution of the enterprise's logistics operations is intimately linked to the advancement of the digital economy. Complete customer focus is attained by organizing information, gathering, structuring, and sharing. In the digital economy, a high degree of competitiveness can only be accomplished with a customer-centric approach to logistics. Services. Customer relationship management is an essential component of company digitalization. In the current digital landscape, the significance of enhancing the quality of logistics services through a customer-centric strategy is increasing.

This strategy involves structuring all company operations based on customer requirements, aiming to provide customer value by leveraging digital technology to improve the customer journey. Accordingly, a new marketing structure for businesses is emerging, with experts in consumer preferences and data processing and the need to ensure multichannel marketing communications. Other significant trends in the customer-centric digital transformation of customer service logistics include using digital technologies to personalize products, experiences, and communication, moving to more flexible management methods, and forming a new marketing structure.

Customer engagement is essential in the DT process and lately has garnered much attention. According to (Lemon & Verhoef,2016), customers' experiences are considered a journey with a company that spans time and includes several touchpoints during the buying cycle. Meanwhile, customer engagement is all about those specific instances along the customer journey where the consumer is actively involved. Bowden (2009) stated that customer engagement is seen as a psychological process model that can be used to manage the processes of attracting new consumers and keeping existing customers loyal to a service brand.

So, it is up to management to keep in mind the distinctions between the two types of customers so they can better manage their customer base and create segmented marketing strategies to deal with every kind of customer and keep them climbing the "loyalty ladder." Thus, managers who want to go beyond just delighting consumers and create stronger emotional connections between their service brands and customers should consider engagement and how to quantify it a top priority. Moreover, many companies are reevaluating their customer service strategies in light of new opportunities in digital technologies.

These strategies aid businesses in enhancing their value proposition, strengthening customer connections, and boosting engagement (Maslowska et al.,2016). Digital technologies also make it easier to build communities, strengthening the bond between brands and their customers (Wirtz et al., 2013). For example, many businesses have begun to invest in online communities to forge closer links with their clients, and this trend has been the subject of many brand-related studies (Baldus et al., 2015).

Customers are best positioned to know what items are on the market, including their exact costs and features. They also have the power to influence innovations that eventually make it into the business sector (Lucas et al., 2013). Moreover, Piccinini et al. (2015) found that consumer-centricity, digital interconnection, and digital density are significant factors influencing the evolution of the producer-consumer dynamic. Sonono and Ortstad (2017) found that digitization has impacted organizations' consumer relationships. Integrating the digital strategy with the business plan and CRM enables organizations to quickly observe changes in consumer behavior, making digital strategy the primary driver of DT.

This allows organizations to respond to changes promptly and meet changing client preferences and expectations more quickly. Businesses could meet changing client preferences and needs in response to shifts in customer behavior. This enhances the company’s ability to fulfill consumers, promptly impacting the relationship. Thus, the digitization process benefits only those who are digitally inclined.

2.2.4 Technology Assets:

Emerging disruptive technologies can profoundly transform markets, restructure whole sectors, and exert an impact on the stakeholders involved (Bharadwaj et al., 2013).

The reason for this is the implementation of novel alternatives that modify the arrangement, approach, circumstances, and utilization (Nagy et al., 2016, p. 3). In the 21st century, the purpose and structure of digital strategy have shifted from a decentralized hierarchical system to a worldwide network structure facilitated by information technology (Bharadwaj et al., 2013).

According to Martínez et al. (2020), industry 4.0 is inextricably linked to successfully implementing DT in manufacturing and other industries. Its primary objective is to improve the processes responsible for generating value. Systems characterized by higher connectedness, more information, and greater flexibility are necessary. These systems will enable businesses to have a better picture of their operations, which will ultimately lead to improvements in their performance outcomes. Moreover, Márquez et al. (2020a) stressed that DT involves enhancing procedures to improve efficiency and establishing durable and lucrative client connections by more effectively addressing their demands.

Digitalization is providing new options for asset management with the development of Cyber-Physical Systems (CPS). From this viewpoint, organizations may use digital twins to determine the performance of their tangible assets and oversee, assess, and enhance any asset or process. Developing new skills necessary to manage and examine data and information is closely linked to the increasing importance of intelligent asset management systems.

The growth of the innovative asset management (IAM) platform market is fueled by the presence of industrial Internet of Things (IoT) systems and advanced technologies like predictive maintenance analytics combined with Big Data and digital twin simulations (Márquez et al., 2020b). DT necessitates substantial capital expenditure on assets, which refer to the resources used by a company to generate revenue and provide value to shareholders. Consequently, companies must effectively oversee their resources to ensure uninterrupted functioning, reduce periods of inactivity, and maximize output.

Unique technological assets may provide a competitive edge by distinguishing the company's goods and services from others. In addition, the act of diversifying assets aids in mitigating risks. As a result, businesses aim to get the most out of their assets by making smart investments in asset management that boost ROI (Lima et al., 2021). Companies

must align their strategic objectives with asset management to promptly provide high-quality goods while ensuring cost efficiency.

Therefore, it is crucial to develop a comprehensive asset management strategy and plan to get value from assets and achieve organizational goals (Chattopadhyay, 2021). An effective strategy and plan for managing assets are required to achieve business goals and create value from assets. According to Malettič et al. (2018), companies might potentially enhance their sustainability performance with the help of an asset management system.

DT uses technology to optimize operations and enhance efficiency and innovation. One of the roles played by the Operations Department in this context is Operations Analysis. Operations management analyzes a company's current operations to understand how the business functions and identify areas that can be improved using digital technology, such as cost reduction (Hess, 2016; Fitzgerald et al., 2014). Designing new processes: Operations management plans and develops new methods that effectively use digital technology.

This may include implementing cloud-based operations management systems, mobile applications, AI, and machine learning techniques to establish operations. Implementing changes: DT represents a substantial structural and organizational shift in the corporation. Thus, operations management significantly impacts implementing these changes by guiding and training employees in using and adopting new Technology (Westerman et al. (2012); Westerman et al. (2014). Performance measurement: Operations management is concerned with measuring the performance of new operations after implementing DT.

For a company's digital strategy and asset management plan to be effectively put into action, it must be founded on its strategic goals (Trindade & Almeida, 2018). They must assess their capacity for quick adaptation and response to changes to align with their strategic objectives. A digital strategy is essential for asset management to be data-driven, for asset management to be successful, and for the asset management system to function well.

There must be a strategy for digital asset management to be able to manage assets; multiple challenges to DT in asset management are highlighted by Maletič (2023), such as inadequate knowledge and skills among employees, a lack of awareness of digital trends, an entrenched mindset and culture, an unclear plan or vision, and an inadequate

system for managing assets are all examples of these problems. The DT of asset management is the subject of this study, which lays forth twelve key ideas. Among the many advantages are the following: the ability to monitor the performance of assets, improved asset management, more incredible structure, less risk, and, of course, the possibility of savings.

2.2.5 Innovation:

According to Teece (2018), business models are frameworks that make creating, distributing, and acquiring value easier. These structures include revenue-generating components, organizational value chains, propositions, and target markets. The way companies think about and implement their business models has changed recently. According to Teece (2010), they have evolved from being a minor component of business strategies to being the driving force behind providing value to consumers and establishing a long-term plan for making money and keeping expenses in check.

In addition, new studies have shown that companies actively seek out innovative people via external venture options like accelerators and startup programs. In today's digital ecosystem, businesses must adapt to the platform economy by collecting, combining, and using data via digital technologies and platforms (Petrakaki et al., 2018). Furthermore, new business models arise due to strategic changes in business models closely tied to digital technology (Sebastian et al., 2017; Hess et al., 2016). According to Henfridsson and Yoo (2014), digitization is seen as a process that promotes entrepreneurship.

Furthermore, research has shown that firms who have adopted digital technology highly value data streams and consider them essential for their efforts to undergo digital transformation. In the digital world, business models (BMs) are currently being used as a novel approach to investigate the influence of digital technologies on how firms generate and deliver value via business model innovation (BMI) (Zott et al., 2011). Vaska et al. (2021) discovered that the business model's value-generating component delineates the specific items and services offered to clients.

The literature study shows that DT enables companies to create new value via several methods. Consequently, it allows organizations to generate more value by reassessing and broadening their existing portfolio of goods and services (Øiestad & Bugge, 2014). Furthermore, digital technology enables organizations to understand

customer expectations better and provide novel value propositions customized to their preferences. A particular value proposition provides customers with high customization (Bogers et al., 2016).

Additionally, DT facilitates cost reduction for businesses through decreased investment in costly assets; for instance, adopting digital technologies has transformed logistics companies into technology firms. Currently, the organization provides transportation and logistics solutions without requiring significant capital investments (Alberti et al., 2019). The literature also notes that DT impacts value delivery, which describes how an organization accomplishes its objectives to satisfy consumers. The literature demonstrates how digitally empowered business models deliver value has evolved substantially.

The implementation of DT has put an organization's fundamental capabilities, processes, and obligations to the test (Teece, 2018). Organizations must evaluate their core competencies before transitioning to digital formats and servitization (Iestad & Bugge, 2014). An in-depth familiarity with digital technology is necessary for optimizing the use of digital channels and managing customer interactions successfully (Li, 2020). Alberti et al. (2019) state that businesses need to be receptive to new disruptive technologies if they want to reinvent their operations continuously.

Prior research conducted by Quinn (2011) showed that firms with a culture emphasizing stability and control face more challenges in innovation than organizations with a culture emphasizing flexibility and discretion. Regarding digital innovation, Yoo et al. (2010) contend that less control over innovation networks might result in more variety, which fosters more inventive behavior. Companies should also be agile, adaptable, and flexible to respond to changes; thus, rapid changes in the evolving business ecosystem need new skills and a greater focus on enhancing current capabilities.

Enhanced capacities are required to address value chain and ecosystem business environment shifts. Capturing ecosystem value and maximizing assets are made more accessible for organizations with integrative skills (Helfat & Raubitschek, 2018).

According to the research, DT generates new business opportunities to reduce expenses and increase revenue. Businesses are capable of extracting value through the utilization of innovative technologies. Big data enables organizations to reduce uncertainty in decision-making, optimize processes, and enhance the quality and efficacy

of their products and services, according to Urbinati et al. (2018) (Loebbecke & Picot, 2015).

Additionally, big data empowers organizations to enhance both productivity and quality. These attributes enable the detection of supplementary value streams in alternative markets and diminish the expenses linked to the gradual implementation of BMs. Furthermore, Gomber et al. (2018) state that DT empowers organizations to enhance their capacity to capture platform value and foster greater customer intimacy by utilizing novel technologies.

Through the provision of customized manufacturing, the execution of servitization strategies, the diversification of their product and service offerings, the creation of value through digital platforms, and the engagement in sustainability initiatives, frugal innovation, and the circular economy, DT has had an impact on the processes of value creation, delivery, and capture in nearly all industries. Through the use of DT, companies can work together with their consumers to provide value. It is necessary to adjust the processes and operations to handle this transformation. In making decisions, firms may lessen the amount of uncertainty that exists by using new technologies. Additionally, these organizations can reap the advantages of improved customer involvement and better service (Vaska et al., 2021).

2.2.6 Digital Capabilities:

To accomplish organizational objectives, a company's IT capabilities use tangible and immaterial information technology assets, including software, expertise, procedures, connections, managerial abilities, experience in business processes, and human resources (Sandberg et al., 2014). DT "describes a company's plan to utilize digital technology to change its business model, which might lead to new products, different institutional frameworks, or even the automation of specific processes" (Hess et al. 2016, P: 124).

The information, computer, communication, and connection technologies that make up digital technologies are going through a significant revolution affecting many companies. The vital links between companies in extended business networks and their strategies, processes, competencies, goods, and services are all part of this (Bharadwaj et al., 2013, p. 471). DT stresses the need for companies to use their current expertise while

developing new digital capacities compatible with their previous reliance (Svahn et al., 2017).

Organizations still need support for the DT of business models, structures, and processes, even when top leadership teams are internally motivated (Hess et al., 2017). The core competencies of DT include adapting to new environments, redesigning internal processes, and advancing digital maturity. The key objectives of DT capabilities are to resolve problems by restructuring the governance structure, reorganizing internal and external cooperation to be more responsive and controlled, and improving the digital competence of promoted personnel. Dynamic Technology (DT) continuously incorporates new digital technologies into a company's operations. DT stresses the significance of nimbleness in reviving a company's model, methods of collaboration, and culture as a whole (Warner & Wäger, 2019).

The term "technology affordances" describes the features and capabilities of digital technologies. It includes everything businesses do to create and keep up processes that interact with a particular set of digital technologies via the utilization of HR and intellectual assets. A company's capacity to adapt and evolve is the bedrock of its success in the marketplace. The company's technological competence is one example of these attributes (Saputra et al., 2022). DT needs to acquire basic skills in several fields. Sector and company requirements may dictate the required skills (Saputra et al., 2022). According to studies, digital capabilities influence DT and positively affect digital innovation (MacKenzie et al., 2011).

Digital capabilities, emphasizing better service delivery and customer integration, may increase the worth of services and goods, which in turn may contribute to long-term profitability, according to studies (Daub & Wiesinger, 2015; Laidroo, 2021). Developing digital competencies is crucial for companies to enable and accelerate DT. The adaptability of an organization's digital competence determines its ability to innovate and adapt to changing market circumstances. Yoo et al. (2012) found that digital technology (DT) helps businesses use digital technologies, which are essential for improving the efficiency of their operations and procedures (Osmonbekov, 2002).

Also, being tech-savvy allows companies to offer value by incorporating environmental data and technological advancements (Gobble, 2018). The goal is to make the most of available digital tools by developing protocols for interacting with them using

HR and knowledge assets. According to Lyytinen et al. (2016), these abilities pertain to digital systems' capacity to produce new outcomes and structures without human intervention or intentional design. Accordingly, to effectively use DT, businesses must acknowledge the need for technical adjustments (Kim, 2015).

Some DT enterprises need assistance establishing their IT departments, creating essential tools, and cultivating the necessary knowledge to handle digital information, provide online services, and automate operations. These businesses should make it a top priority to identify any internal resources that might be useful to DT. Although it could take companies a long time to build their skills, hiring digital talents from outside can boost their innovation and online competitiveness (Akpan et al., 2022).

2.2.7 Know-how and Intellectual Property:

The literature revealed a need for a comprehensive empirical study on the know-how, knowledge, and skills managers need to lead DT (Hofmann & Ogonek, 2018). Tacit knowledge, known as know-how, allows businesses to utilize resources and skills innovatively and effectively (Montazemi, 2012). It might manifest as fresh perspectives, specialized knowledge, and leadership abilities. (McKinsey, 2018).

Understanding the importance of expertise in DT is crucial due to its significant impact on organizational choices and strategies (Elnaghi et al., 2019). Managers need particular know-how to effectively lead the installation and execution of integrated business systems to enable DT (Vial, 2021). Additionally, know-how empowers decision-makers to analyze and efficiently act on the information precisely (Oborn et al., 2011).

The progress of IT knowledge is now being accelerated by the lack of sufficient legal restrictions to protect this type of intellectual property. Expertise is often protected as a trade secret or copyrighted material. Current protection measures may only partially cover some of its features. Hence, it is recommended to consider creating know-how as a separate entity inside intellectual property rights, with specific protective measures in the event of copyright infringement (Gramatskyy, 2020). The increasing impact of developing countries on the global economy results in varied global demand trends, emphasizing the need for statistics on rising nations' demand. Digitalization streamlines data conversion into intangible assets and decreases the resources required to utilize this data for design and manufacture (Mayer, 2018).

2.3 Digital Transformation in the Service Sector:

DT in the service sector refers to using cloud computing, AI, and other technologies to enhance and alter service operations (Tabrizi et al. (2019). Besides digitization and digitalization, there is a newly emerging term which is digital servitization; Sjödin et al. (2020) defined it as " The gradual change of processes, capacities, and services inside industrial enterprises and their related surrounding to create, deliver, and grab higher service value as a because of a diverse set of supporting digital technologies" (pp. 5330-5335).

Kamalaldin et al. (2020) stressed that servitization is critical for improving brand loyalty, customer satisfaction, and quality of service. Moreover, there are two organizational viewpoints on digital servitization: front-end and back-end. Kryvinska et al. (2020). Front-end servitization allows for more direct engagement with customers. Meanwhile, back-end servitization increases the business's cost efficiency (Coreynen et al. (2017). Environmental changes affect a firm's capability to gather and assess data, which is critical for establishing a competitive edge (Paiola & Gebauer, 2021).

Coreynen et al. (2020) also advocated differentiating activities aimed at exploitation and digital servitization from those aimed towards exploration. The study found that combining the two phases makes an inquiry more successful, even if exploitation and exploration improve digital servitization. DT enables firms to create value through collaboration with stakeholders to develop new ideas and increase customer satisfaction.

Moreover, the advent of digital technology has facilitated the transformation of product-oriented organizations into service-oriented entities, leading to a shift in their strategic focus towards digital servitization (Rha & Lee, 2020). DT development in the service also includes digital experimentation, convergence, transformation, and convergence. Again, business core service concepts, contemporary technology, and the legal/social/cultural contexts were significant forces in the development of DT in the service sector (Chin et al., 2023).

2.4 ICT Sector in Palestine:

The information and communication technology sector (ICT) is a crucial driver of economic advancement in industrialized countries. ICT's role in fostering economic growth is significant, as it facilitates the development of commercial transactions, the implementation of new forms of creativity, and the enhancement of efficiency. As Morrar et al. (2019) point out, the ICT industry is poised to play a significant role in Palestine's economic recovery, offering relevant solutions to the ongoing global financial crisis. Palestine's information and communication technology (ICT) industries provide diverse goods and services, including telecommunications services such as landline and mobile phone connections and internet services.

In addition, they offer services in computer development, equipment manufacturing and reselling, storage solutions, audio-visual systems, and software production. These software programs include project and sales management, finance and accounting, education-related solutions, and children's education and entertainment. In addition, they provide web-based services such as web development, e-commerce solutions, web portal construction, and ICT consulting (Morrar et al., 2019).

A dramatic and sustained increase in the use of ICT by Palestinian businesses has been seen throughout the last decade. This is especially true when using networks, laptops, cellular subscriptions, and Wi-Fi. Most of the credit for this goes to the explosive growth of Palestine's IT sector over that time. Service businesses that use ICT are expected to increase productivity compared to industries that rely less on this technology (Morrar & Gallouj, 2016). Research has shown that e-commerce, or the Internet for business transactions, is a powerful tool for increasing efficiency in service agencies.

Businesses providing services see lower productivity when they use fewer forms of information and communication technology (ICT). In addition, service industry workers are far more productive when using their mobile phones for tasks other than making and receiving calls. Conversely, there is no correlation between the use of a website and increased staff productivity (Morrar et al., 2019). Palestine's (ICT) sector is growing in terms of the quantity and variety of the work it supports.

ICT firms started collaborating on software development-related initiatives twenty years ago. Some companies have been quite successful locally, state, and even federally. Regarding the national innovation system, software development companies play a

crucial role. In a knowledge-based economy, these companies provide goods, services, and resources for creating and applying new knowledge (Khatib,2013).

Additionally, Nuseibeh et al. (2019) provided a list of suggested actions with a high level of control and influence on developing the ICT sector in Palestine. Establishing a culture of innovation will enable the expansion of operations throughout the whole supply chain and provide more opportunities for funding for entrepreneurs in the ICT industry. Legislation should be implemented to strengthen corporate regulations about forming companies and safeguarding intellectual property. Facilitate the establishment of cooperative partnerships between Palestinian institutions and international universities to promote students' academic accomplishments.

Furthermore, fostering connections between Palestinian academic institutions and the commercial ICT sector is crucial to enhancing students' readiness, communicating the curriculum effectively, and setting explicit standards. Revise the (ICT) curriculum in higher education to align it more closely with the needs of the local and global ICT sector and use modern teaching methodologies. Develop a comprehensive plan for the whole country. Promoting enhanced information and communication technology integration in government, education, and business sectors is advisable for development efforts.

2.5 Impact of the ICT Sector on the Palestinian Economy:

According to the Palestine Information Technology Association (PITA), in 2018, the Information and Communication Technology (ICT) business was more competitive and crucial to the Palestinian economy. The PITA organization projects that it will soon represent 10% of the Gross Domestic Product (GDP) and provide $530 million annually to the economy. Information and communication technology (ICT) professionals exhibit significantly higher efficiency levels than those in other industries.

Nevertheless, the Palestinian ICT industry has several impediments. The Israeli authorities have assumed full authority over the information and communications technology (ICT) infrastructure and industry in both the West Bank and Gaza, hindering development and impeding the establishment of an autonomous network (AbuShanab, 2018). Furthermore, Telecommunications operators, Internet Service Providers, and information and communications technology businesses still need help building telecom networks in Area C, obtaining the required frequencies for current wireless networks, and

importing the necessary equipment. The obstacles arise due to the constraints and regulations imposed by the Israeli government (PITA, 2018).

2.6 Digital Transformation in Telecom Service Providers and ICT Sectors:

Like other industries, information and communications technology (ICT) and telecommunications businesses are confronted with urgent challenges connected to DT. Both industries are experiencing significant difficulties due to DT, and new players are leading them. These new companies exert much effort to adapt their business style to get the most possible value from DT (Vantara, 2019).

2.6.1 Telecom Service Providers Sector:

The advent of DT has significantly impacted conventional communication services, such as SMS and voice calls. This has compelled service providers to adopt more advanced technologies like 4G-LTE and popular messaging platforms like WhatsApp, Facebook, and Skype. Additionally, the rise of DT has led to the emergence of streaming services like Netflix and video-on-demand (Westerman et al., 2011).

Several causes and factors encourage telecom service providers to include DT in their strategies: Technological advancements have enabled the connection of many devices to the internet, including cars, which rely on a solid network infrastructure provided by service providers. New businesses like Google, Apple, Facebook, and Microsoft are introducing new digital services and products. These companies are moving their services to the cloud, compelling telecom service providers to establish direct communication with them to deliver a satisfactory experience for end consumers.

Customers' expectations have shifted due to their increasing reliance on the internet to access digital services, which have become an integral part of their social lives (Mitroulis, 2023).

2.6.2 ICT and Software Developing Sectors:

Essentially, ICT and software systems are regarded as the primary foundation for the DT. They continue to encounter technological and organizational obstacles due to DT. These issues, outlined below, must be considered to acquire the capability to compete with other rivals and remain viable in the market (Gebhart & Abeck, 2016).

Integration with legacy IT systems**:** Current information technology systems are becoming obsolete faster due to the constant release of new devices and technologies. Modernizing IT infrastructure quickly is impossible, especially in more established settings like more significant, famous firms. Information and communication technology companies need to be prepared to integrate and deploy new, sophisticated systems with their current legacy IT infrastructure, and they need to look closely at the site where the solutions will be implemented.

Due to the issues outlined earlier, ICT and software development organizations need to adjust to the changes brought about by DT at all company levels. This includes modifying their strategy and organizational structure, implementing technology, and introducing new goods and services (Ochs, 2014).

Decreased Time-To-Market: Customers have high expectations for the prompt availability of new technologies, goods, and features for current items. As a result, improving the product launch timeline is critical. In addition, ICT organizations must improve and adjust their internal processes to enable the continual deployment of new capabilities (Hanna,2016). Emerging Fields, Tools, and Technology: One may create competitive commodities using challenging topics like Big Data, the Internet of Things (IoT), Industry 4.0, and machine learning. In addition, modern consumers rely on smartphones, VR goggles, smartwatches, and many smart home products. To capitalize on new prospects and maintain market competitiveness, ICT enterprises were pushed to understand and use these ideas and products (Ochs, 2014).

An Emphasis on the Customer: In Berman's view, the capacity to enhance goods and services leads to a better customer experience (Berman, 2012). Also, creating solutions with the customer in mind is crucial. Moreover, according to (Leimeister et al., 2014), information and communication technology businesses need to shift their focus from basic infrastructure to products directly benefiting consumers. Software development companies encounter the challenges mentioned earlier since DT affects all facets of a business, including strategy, organizational structure, applied technologies, and new products and services.

2.7 Challenges of Digital Transformation:

The number of companies taking part in DT is on the rise. Regrettably, while a few companies have undergone a successful transformation, many have experienced

failure (Barlindhaug, 2007). The shortcomings may be attributed to a flawed comprehension of digital transformation. DT is a protracted endeavor, fraught with several obstacles: Lack of vision and strategy: To begin, long-term management vision and design must be enhanced. Business departments oppose the second (Matt et al., 2014). For instance, IT departments may emphasize cost efficiency, the simplicity of system updates, data protection, and other challenges.

Lack of coordination and integration**:** DT depends on organizational structure, systems, and instructions integration. Some companies and institutions may need help integrating and communicating information between the organization's departments, which hinders the implementation of DT. DT is a company transformation that necessitates ICT technical assistance. As a result, departmental communication and effective external collaboration are required (Von Leipzig et al., 2017).

Lack of financial, technical, and human resources: DT requires investing in economics and HR. Institutions and companies may need more economic and HR; therefore, they must build financial and HR strategies appropriate to their circumstances and goals (Matt et al., 2015; Hess et al., 2016). Absence of performance evaluation: Strategic management ends with the controlling phase. Moreover, evaluating performance is critical for corrective actions in the event of deviations; many businesses use key performance indicators (KPIs). During the change process, companies should create new KPIs (Kaufman & Horton, 2015).

Developing a new key performance indicator (KPI) can assist in the primary problem, which is fulfilling the present core performance evaluation while also accelerating the change—challenges of ambiguous phases. Taking the lead in the market is challenging for many organizations because they do not know where they are in their DT.

DT has five distinct phases: Experiments with a single point of failure, partial promotion, replication with extensions, optimization, and new ideas (Sun, 2020). Brunetti et al. (2020) found that DT is a widespread difficulty within regional inventive systems that necessitates a diverse range of strategic initiatives, which may be categorized into three primary pillars. The first pillar, "culture and skills," is heavily focused on three main areas: digital education, talent development, and establishing a digital culture. "Infrastructures and technologies," the second pillar, stresses the importance of

information, interaction, and AI. "Ecosystems," the third pillar, emphasized investing in long-term plans, forming collaborative partnerships, and improving people's livability.

Similarly, Hauer et al. (2021) discovered that generational differences in the workplace might lead to misunderstandings and arguments. DT influences the company's overall success by controlling sales and marketing integration. According to Marks et al. (2021), proper data structure and processing, competency in DT, and a lack of complete vision are the most critical impediments to DT.

2.8 Benefits of Digital Transformation:

Tien et al. (2023) analyzed 38 different publications. They concluded that the advantages of DT at the business level are varied and may change based on each company's particular industry, objectives, and strategies. In all, they discovered three benefits. Enhancement of both productivity and efficiency: Among DT's many advantages is its capacity to boost operational efficiency and output. Modern automation and cutting-edge tech help firms streamline processes, reduce human labor, and maximize resources. Integrating cloud computing with data analytics allows critical information to be accessed in real-time, allowing faster and more accurate decision-making. Collaboration and communication systems help create a nimbler workplace by enhancing teamwork and knowledge sharing.

In addition, digital solutions enable workers to concentrate on more essential duties, increasing total productivity. Artificial intelligence and machine learning further enhances operational efficiency. These allow for forecasting trends, optimizing processes, and identifying prospective areas for development. Consequently, businesses that adopt DT experience enhanced operational performance and competitiveness in today's continuously changing business world (Tien et al., 2023).

Data-Driven Decision Making: Information technology gives businesses access to large volumes of data from various sources. They can make judgments based on data, recognize patterns, forecast future outcomes, and discover valuable insights that can be used to shape corporate plans with advanced analytics technologies. Today's enterprises can access large volumes of information in real-time thanks to the development of powerful analytics and data processing technologies. Using this data-driven method, it is possible to get a more precise comprehension of market tendencies, client behavior, and

operational performance. Businesses may make informed choices quickly, which allows for optimizing processes and allocating resources (Tien et al., 2023).

Furthermore, predictive analytics and machine learning models make proactive planning and risk management possible. Firms can obtain a competitive advantage by discovering new possibilities and potential issues ahead of their competition when they have access to complete information across their business. Embracing DT allows firms to leverage the power of data, which eventually results in more flexible and strategic decision-making, ultimately driving success and growth in the data-driven corporate environment of today (Tien et al., 2023).

Experience enhancement for the customer: DT allows businesses to provide customized and seamless experiences. With data-driven insights, businesses can better understand their customers' preferences, behaviors, and touch points. This will enable them to offer personalized products and services, boosting client happiness and loyalty. Utilizing cutting-edge technology allows companies to provide customers with tailored and seamless experiences across various touchpoints with the company.

Customer relationship management systems make it possible to get a deeper comprehension of individual preferences, ultimately creating individualized goods and services. The provision of quick help via self-service portals and chatbots contributes to an increase in client satisfaction. Social media and other online platforms enable real-time interaction and feedback, which in turn allows businesses to react to the requirements of their customers swiftly. In addition, data analytics and insights generated by artificial intelligence assist in predicting client preferences, ensuring proactive service delivery is provided. By embracing DT, businesses are given the ability to create experiences that are both memorable and customer-centric, therefore fostering loyalty and long-term partnerships (Tien et al. (2023).

Moreover, (Racano, 2020) found that DT enhances resilience: The two primary drivers driving DT are the enhancement of both resilience and agility. After COVID-19, contemporary businesses investigated their present operations' inadequacies and how they might use digital technologies to boost their flexibility and agility. Moreover, (Awan et al., 2021) found that DT also enhances sustainability by obtaining the tools necessary for sustainable operations, analyzing complicated data sets in a variety of disciplines and domains via the use of intelligent technology, and evaluating raw materials based on these insights are all possible for businesses that have undergone DT. With the help of artificial intelligence and contemporary business systems, companies can develop robust and

predictive supply chains and business models that possess complete control over all information and grow over time.

2.9 Strategic HR Management:

Over the last three decades, strategic HR management has increased in popularity; there has been a gradual trend toward a more strategic approach in which employees are viewed as "assets" instead of costs." These HR were reinterpreted as an essential root of competitive edge. As a result, these assets had to be regarded carefully: they had to be carefully selected, trained, developed, and, most crucially, persuaded to give promises (Huselid, 2018). According to Stone (2009), HR management is about making the most of people to accomplish the company's long-term goals.

According to Storey (1995), HR management encompasses both "soft" and "hard" aspects. Some individuals see HR management as just "people management" without particular bias. There are, however, those who emphasize the "hard" component and are more prone to take a practical view of HR management, seeking to optimize productivity at the individual and organizational levels by means such as dedicated and competent staff.

McMahan et al. (1999). SHRM is " the series of scheduled HR operations and deployments created to assist a firm in achieving its goals" (pp. 122–132). According to them, this requires vertically integrating the strategic management process into HRM practices and establishing horizontal coordination and communication.

HR is a vital driver of DT; personnel digital literacy will substantially influence the transformation process and become a crucial competitive advantage for firms (Westerman et al., 2014; Webb, 2013). Furthermore, staff empowerment should include professionals from the enterprise's surroundings and workers. The information technology employees will play critical roles in the enterprise's digital transformation (Dhar & Sundararajan, 2007; Rau, 2007). The corporate architectural structure extends across all layers, from workforce planning to critical infrastructure, and each organization should be connected with DT to meet specific goals.

The alignment of HR components has been referred to as "internal fit." In contrast, HR integration with business strategy and the larger business environment has been

referred to as "external fit." Strategic HR should pursue both sorts of fit. According to Schuler and Jackson (1999), integrating HR resource management involves aligning HR with strategic vision. Organizational goals may be defined and achieved via the integration of HR management with the strategic needs of the business. Aligning HR with corporate objectives and implementing business strategy requires HR managers to actively participate in strategic decision-making with other senior managers. Buyens and De Vos (1999) state that HR managers would significantly impact the company's structure if they were part of the senior management teams.

As a result, HRM may have an early say in shaping company strategy by voicing its concerns. Helping a company reach its objectives is the main aim of HR deployments and operations. (Gerhart et al., 2000). According to this definition, SHRM is distinguished from traditional HR management in two critical areas. This idea establishes a relationship between HR practices and the company's strategic management process in both a vertical and horizontal fashion. It brings attention to the integration of HR practices and the mutual assistance they provide. One of the newest subfields of study within the discipline of HR management is strategic HR management. The forerunner of HR management was Personnel Management/Human Management, which was established to be controllable from the beginning.

This terminology describes all managerial operations associated with people or HR in a corporation. Throughout the historical development of HR theory, significant shifts have occurred from the conventional approach to people management to the more modern approach of strategic HR management. HR management is an extension and development of traditional personnel management. Its purpose is to ensure that personnel functions are consistent with the objectives of each individual and organization, and it also creates a dynamic interaction between project goals (Troger, 2021).

An integral part of HR management is finding, developing, motivating, and retaining top employees (Zhao & Canales, 2021). This could be achieved by strategic vision. According to the strategic perspective, the company's resources are reviewed in light of internal and external trends and situations. HR is used to its maximum potential, and resources are guaranteed to contribute to the organization. Lastly, HR is transformed into distinctive assets. Those vital aspects of the business provide it an edge over competitors and are hard to replicate or replace (Anastasiu et al., 2020).

Staffing, development and training, performance evaluation, and remuneration are some HR management methods that have been shown to effectively encourage knowledge-sharing behavior (Cabrera & Cabrera, 2005) focused on five HR management strategies. They are as follows: (1) hiring and selection; (2) pay and benefits; (3) evaluation of performance; (4) collaboration; and (5) professional growth and training for staff.

The staffing function of HR management is gathering the appropriate number of workers for a company via processes like recruiting and selection. In most cases, when hiring a new employee, a company will look for candidates whose knowledge, skills, and attitudes (KSAs) best fit the needs of the open position (Chatman, 1991, pp. 199-203). A central tenet of motivation theory is giving workers more incentives to do better (DeCenzo et al., 2008). Employees must consistently demonstrate good conduct to reap the firm's awards and recognition benefits. Performance evaluation refers to a structured process of assessing and evaluating the performance of individuals or teams in completing tasks (Mutua, 2017).

A proficient assessment system assesses job performance achievements, and the collected data may be used for recruiting, training and development, remuneration, and internal employee relations. Konovsky and Cropanzano (1991) demonstrated that when workers regard the performance assessment process in their business as equitable and impartial, they develop a favorable perception of the organization, leading to increased loyalty.

Organizations may improve the competence and proficiency of their existing staff by offering comprehensive training and development programs. Research has shown that investing in educating workers in problem-solving, cooperation, and interpersonal interactions leads to positive results for the company (Barak et al., 1999). Companies can influence their workers' motivation through many means.

Performance-based remuneration may incentivize workers to attain the company's precise goals and objectives. Extensive research has shown that incentive-based remuneration significantly affects a company's performance (Milkovich & Boudreau, 1998). Noe et al. (2008) posited that training is a deliberate initiative a company takes to assist its workers in acquiring job-specific skills. These competencies may include information, abilities, or behaviors crucial for an individual's work performance to be

successful. Noe et al. (2008) define development as a broad range of activities, including formal education, improving job experience, and evaluating personality and talents.

These exercises enhance the preparedness of workers for the future. Valle et al. (2009) found that engaging in training activities improves the organization's performance. Developing a defined HRM strategy would be advantageous in achieving the strategic integration and alignment of HR Management (HRM) with corporate strategy (Budhwar, 2000; Teo, 2002). Therefore, bolstering HR managers' role and influence in making company decisions might provide a more robust basis and empower them to effectively navigate external circumstances, such as a fiercely competitive labor market (Cunningham & Deborah, 1995).

Furthermore, past research has produced empirical data demonstrating that the total influence of HR practices on organizational performance is maximized when these practices are strategically aligned and harmonized with each other (Khatri, 1999). This is the case that the findings of earlier studies have shown. For HR to be able to act as a strategic partner, Buyens and De Vos (1999) suggest that HR managers should take part in strategic decision-making with senior managers. One of the most critical aspects of this engagement would be incorporating HR managers into the management teams at the highest level inside the organization.

In this way, the HR management could voice their concerns and impact the company's strategy from the beginning of the decision-making process. When the senior HR manager and the chief executive officer can connect, the likelihood of integration and value generation may increase even more.

The nature of employment is changing due to digitalization and the evolution of the Internet. New skills are being created, new techniques of recruiting and choosing personnel are being deployed, and new regulations are being devised to control how and why digital communication may be used at work (the very definition of 'work time' is being debated today, as exemplified by work done while commuting). HR management practices are changing due to advances in workforce analytics (Huselid, 2018).

HR planning includes employment, HR development, performance assessment, workplace safety and health, salary, and benefits. Boon et al. (2018) argued that one of the critical purposes of strategic HRP is to allow people to aid their businesses in accomplishing their strategic goals. Strategic HR management is about combining HR

strategy with a company's different levels of design (Othman, 2008). However, Hamadamin and Atan (2019) discovered that strategic HR management affects the longevity of "competitive advantages". According to (Lepak & Snell, 1998; Lepak et al., 2005), transactional HR practices must be considered antiquated in the search for superiority in HR since they offer little to the organization's value development.

Thus, personnel growth has been charged with replacing traditional HR techniques with transformational ones such as strategic planning, knowledge management, and organizational development. Nawaz (2017) stated that to remain relevant in this century, a business must use digitalization, especially in HR management. For instance, classical recruitment and selection methods cannot reach millions of individuals simultaneously across a large geographic area. However, technology has increased the efficiency and effectiveness of recruitment.

Additionally, Bloom (2017) argues that more than conventional HR activities and competencies are needed in the era of global digitization. The global outbreak of COVID-19 has expedited the digital transformation efforts of enterprises, people, and public bodies. Managers need to work on actively participating in this shift while also ensuring the smooth operation of the firm amidst an unpredictable and uncertain future (Almeida, 2020). Simultaneously, "it necessitates a change in working methodology and involves modifying the need for HR skills (Mazurchenko, 2019, PP: 72-78)." In addition, Harris and Ogbonna (2001) found a direct correlation between market orientation and the productivity of employees.

A further finding was that the degree of market orientation shown by the company affects the link between strategic HR management and performance. This fact supports the argument that strategic HR Management might be considered a predecessor to market orientation.

2.10 Company Performance:

A new era has arrived, and DT is a crucial component that must be implemented for businesses to improve their performance and gain a competitive edge. In recent times, DT has been receiving considerable attention from company managers worldwide. The core of DT is the execution of fundamental changes that revolutionize products and services via digital technology, data, and process optimization and reconstruction.

These changes are intended to improve corporations' performance and competitiveness (Fitzgerald et al., 2014; Hess et al., 2016; Singh & Hess, 2017). Chong et al. (2011) found that management activities influence a company's performance. These activities are used as a reference point to assess the effectiveness of management. Nevertheless, the organization's performance review incorporates qualitative and quantitative techniques.

As Abeysekara et al. (2019) describe, firm performance as the degree to which businesses successfully attain their production, HR, marketing, and financial objectives. Nguyen et al. (2021) defined the strong performance of a corporation as the efficient use of resources to achieve a given purpose in economics. This metric represents the relationship between the outcomes achieved and the expenses invested in attaining those outcomes.

A more significant difference between these variables indicates better efficiency performance, assessed based on cost, quality, flexibility, and delivery measurements. In addition, Almajali et al. (2012) have identified other methods to evaluate a corporation's financial well-being. For instance, the return on sales metric quantifies a corporation's profitability by comparing its revenue and sales volume. Similarly, return on assets measures the efficiency with which a company utilizes its assets. Lastly, return on equity gauges the financial returns that investors get.

Three dimensions may be used to evaluate an organization's achievement. The first statistic to contemplate is the efficacy with which a corporation transforms its inputs into its outputs. The second statistic is profitability, quantifying a firm's net income from its total costs. The third dimension refers to the market premium, which is the degree to which a company's market value exceeds its book value (Walker, 2001).

The extent to which a company attains its objectives is shown in its performance, also known as business performance. When a corporation performs well, it demonstrates that its endeavors are pragmatic and triumphant. Blackburn (2013) asserts that a company's success is determined by its capacity to accomplish its objectives by implementing a well-planned strategy. An alternate perspective is that a company's success may be evaluated based on its performance level, which includes factors such as sales growth, profitability, customer base, and turnover (Yuliansyah & Mohamed, 2017).

Furthermore, ensuring a comprehensive focus on employees' psychological and socio-emotional well-being is critical in determining workplace efficiency and productivity. The degree of productivity attained by a high-performing team directly correlates with the quality of output (Qamari et al., 2020). Key performance indicators (KPIs) are another way to see how well a company is doing. This system shows all parts of the company and their interdependencies. KPIs evaluate a person's or group's performance in a particular company (Parmenter, 2015).

Zhao et al. (2021) asserted in their study that assessing a company's financial performance may be undertaken through a comparison analysis with other enterprises operating within the same industry by concentrating on crucial metrics, including market share, return on sales, and return on investment. This approach allows for a comprehensive evaluation of the company's standing relative to its rivals. Business performance is a component of an organization's overall effectiveness.

This component encompasses both the firm's operational and financial outcomes. According to Taouab and Issor (2019), the definition of organizational performance in the 21st century considers how companies effectively use their resources to enhance their skills and capabilities to accomplish their objectives continuously. A firm's capacity to effectively manage its financial and nonfinancial operations is vital to its continued existence (Taouab & Issor, 2019).

When accomplished substantially inside an organization, it is called maintaining its sustainability. An analysis of financial measurements may be used to ascertain if creating and implementing a business plan positively impacts the company's profitability. From this perspective, the leading indicators of performance consist of two aspects. They are improving the cost structure and maximizing plant utilization by implementing strategies to promote productivity, enhancing customer value, and expanding revenue potential by adopting ways to stimulate revenue growth. Overall, the purpose of both of these strategies is to strengthen the effectiveness of the whole organization. According to Gekonge (2005), the financial viewpoint emphasizes cost efficiency.

This concept indicates that the goal is to provide the best possible value to consumers while decreasing expenses and maintaining shareholder value over the long term. Another perspective that may be used to evaluate a firm's success is that of the customer. The capacity of the company to generate outstanding products and services, the

efficiency with which they are delivered, and the overall happiness and support provided to the client group are all factors that are taken into consideration by this viewpoint.

According to Gekonge (2005), successful customer acquisition and retention are directly impacted by cost, quality, accessibility, variety, features, support, collaborations, and brand value, but another perspective must still be considered. There is another viewpoint that needs to be taken into consideration, and that is the internal processes perspective. According to Gekonge (2005), the internal processes viewpoint emphasizes the internal business outcomes responsible for achieving optimal financial performance and ensuring complete customer satisfaction. Organizations must determine the essential business processes in which they must excel to accomplish their corporate objectives and efficiently meet the requirements of their customers. Through monitoring these essential business procedures, the corporation guarantees that the outcomes will always live up to the standards set by the clients. Within an organization, the Internal Processes viewpoint evaluates the effectiveness of the procedures and processes used internally.

The concept of creativity and learning is at the center of an alternate approach. Innovation, learning, and the capacity to evolve are all factors that may be considered when evaluating the organization's success. In his 2005 book, Gekonge investigates the learning and development viewpoint, which explores how individuals may contribute to accomplishing company objectives. For processes to be successful, they need to be directed by staff members who are adequately qualified and motivated, they need to be given information that is accurate and up to date, and they need to be guided by effective leadership. According to Gekonge (2005), the company is dedicated to producing and delivering high-quality goods and services and attaining noteworthy financial outcomes.

2.11 Digital Corporate Culture:

Hartl and Hess's (2017 findings highlighted the need for a flexible corporate culture to facilitate DT. The distribution of values within an organization reveals the significance of adaptability. Flexibility and agility have emerged as essential managerial difficulties in navigating the digital transition, which calls for continuous adaptation to a more unstable environment. They also emphasized that organizational agility can help with transformation activities like reorganization or introducing new management ideas.

The capacity of a corporation to implement changes is contingent upon the willingness of its personnel to embrace and adapt to change. The acquisition, implementation, advocacy, and ultimate cultivation of a change-oriented mindset are crucial for achieving proficiency in digital transformation. Therefore, it is a highly desirable ability among those with expertise in digital technologies and those in leadership positions.

According to Kiel et al. (2017), to implement DT successfully, a business must undergo a distinct organizational shift and culture, engage in transdisciplinary thinking, and overcome social difficulties that arise inside the enterprise. The following digital organization culture may be derived from Deshpande and Webster (1989, PP 3-15): "an agreement upon fundamental beliefs and theories concerning the proper operation of organizations in the digital realm."

According to Martínez et al. (2020), businesses will reap more rewards if their leaders establish a company culture that fully embraces and promotes their digital strategy. The benefits of digital technologies may be enormous if they are appropriately managed. Hence, instead of reluctantly complying with competitive demands, Managers were required to develop a digital strategy and allocate digital expenditures towards essential organizational areas to get operational and strategic benefits through the utilization of digital technology and the creation of value.

2.12 Related Theories:

2.12.1 Dynamic Capabilities Theory:

The dynamic capabilities theory stresses that "successful companies depend not only on their fixed capabilities, such as knowledge and information technology. Still, they must be able to develop and renew these capabilities continuously and effectively. This gives it a competitive edge in the long run. Dynamic is the capability to consistently update capabilities to meet the changing business circumference" (Teece et al., 1997, p. 515). Several authors have explored the relationship between this theory and DT (Ellström et al., 2021); six procedures have been recognized as notably significant for DT.

These procedures entail creating a uniform digital infrastructure, determining enterprise boundaries, internally monitoring the network's digital infrastructure, cross-

industry digital sensing, developing a digital strategy, and deconstructing DT into individual projects. Warner & Wäger (2019) proposed a procedure model comprising nine elements to expose the general probability variables that move, expedite, and limit the innovation of dynamic capacities for DT. According to their research, DT is an ongoing procedure for implementing cutting-edge technology into routine procedures, with agility serving as the primary Technique for the strategic revitalization of an entity, including (culture, collaboration, and business model).

Matarazzo et al. (2021) concluded that electronic instruments support the emergence and evolution of a novel business model by establishing new distribution channels and methods to produce and distribute prominence to client groups. The findings emphasized the significance of sensing and learning abilities as DT triggers.

According to Cannas (2021), different and dynamic abilities flourish when employees at organizations focused on territorial value feel like they belong on the team and can work together as if they were members of a large family. It also shows how human abilities are related to gender domains and how digitalization is reshaping business and social processes. Dynamic Capabilities Theory was also applied to HR management; Arpentieva et al. (2020) determined that hiring, induction, ongoing training, and career advancement management, as well as the development of tools to aid in this process, are all inherent components of a continual and gradually growing business.

Teece (2007) stated that dynamic capabilities are “comprised of three main categories: (1) detecting opportunities (and dangers), (2) taking advantage of opportunities, and (3) altering the organization's business model and broader resource foundation”. Teece (2014: P:18-19) also stated that “basic skills allow companies to carry out day-to-day tasks. Still, accounting, HR, and sales skills can now be easily duplicated by outsourcing to the cloud, making them less valuable for maintaining a competitive edge”.

Dynamic capabilities control the speed of change in a company's basic capabilities, making them difficult to imitate (Teece, 2007) and replicate (Teece, 2014). Moreover, Teece and Leih (2016: P:7) “emphasized the need to develop dynamic skills rather than acquire them, as conventional capabilities focus on executing tasks correctly, whereas dynamic capabilities concentrate on executing the correct functions.”

2.12.2 Resource-Based View Theory (RBV):

Barney (1986) introduced the RBV theory, which focuses on the company's power to earn a cutting edge in the competition by analyzing the resources and capabilities that the company possesses. These resources include employee expertise, capital, product quality, location, machinery, and equipment. These resources should have several advantages, including scarcity, unavailability of an alternative, and difficulty in copying and imitating competitors. On the other hand, according to this school of thought, an organization's performance is primarily determined by its unique talents, capacities, and other resources.

Hence, organizations that can discover the features of resources or competencies that are not susceptible to imitation by competitors would have a durable competitive advantage. Nwankpa & Roumani (2016) stressed that DT favorably promotes inventions and firm performance, whereas innovation is reinforced as positively impacting company success. Tian et al. (2023) inspected the linkages between DT methods and firm operational efficiency, demonstrated through three characteristics: worker competence, physical asset efficiency, and working capital adequacy.

According to the findings, DT strategies have a considerable and valuable influence on all three areas of a company's operational efficiency. Additionally, HR as a function may cause the organization a long-term competitive edge through transformational HR strategies. Thus, HR functions should be considered a system process in which HR engages with all firm components. Therefore, rather than viewing HR activities as discrete procedures, they should be considered as a totality (Lepak & Snell, 1998).

2.12.3 Strategic Contingency Theory:

According to this theory, “there is only one optimum strategy for achieving organizational success.” The optimum approach to organizing is decided by the environment in which the organization must interact. In other words, the optimum strategy for managing businesses is agreed upon by both internal and external factors (Scott,1981, p. 114). Nicolás et al. (2022) indicated that SHRM partly moderates the relevance between DT and strategic collocation. The authors also argued that the firm should have HR rules that motivate employee behaviors that are compatible with the

firm's goals; this strategy compatibility and these HR initiatives assist firms in achieving DT at a higher degree.

Mergel et al. (2019) concluded that DT must be considered an entire corporate strategy to obtain the intended results. External drivers, such as public administration stakeholders' use of new technology, substantially influence DT. According to the study, DT is a continual operation that demands periodic adjustments to its operations, services, and products in response to external needs and, most crucially, a shift in bureaucracy and organizational culture.

Zhang et al. (2021) findings suggested that business DT improves organizational agility and flexibility. Furthermore, DT improves corporate organizational stability through exploitative and experimental creativity. Finally, exploitative and exploratory business inventions promote organizational strength, and exploitative and practical innovation are compatible.

2.12.4 Human Capital Theory (HCT):

It is an economic theory related to "investing in education, training, and human knowledge to improve productivity and promote economic development. The scientists considered labor to be a source of capital. As a result, education and training investments of employees increase productivity and economic growth, as the acquired knowledge and skills increase workers' efficiency and productivity, thus obtaining better benefits and income" (Schultz, 1961, pp. 1-17).

Crook et al. (2011) concluded that organizations must gain and develop the finest and most competent employees and retain these investments to attain high performance. They noted that while HCT has accurately emphasized the significance of human capital, specifically specialized human capital, as significant drivers of company success, not all human capital is created equal, and not all advantages are shared by owners.

Marimuthu et al. (2009) found that incorporating personnel growth in organizations encourages innovation and corporate performance. Thus, HR must be recognized as positively influencing financial success. As a result, HR analysis should be seen as more than just a means to increase a company's bottom line. Instead, it is repositioning the whole workforce as the organization's most precious asset, opening the path for even greater success via creativity and innovation. As a result, companies must

design effective tactics, particularly for investing in various components of human capital. Moreover, Volonté and Gantenbein (2016) Discovered proof that the human knowledge and skills possessed by directors impact the overall success of a company, and this relationship is dependent on the strategy used by the firm.

2.12.5 Organizational Learning Theory (OLT):

This theory is the product of a group of comprehensive ideas developed and related to corporate governance and organizational sociology; this theory focuses on how institutions and organizations collectively learn and improve their adaptability to both within and outside changes. The theory is based on the power of organizations and companies to benefit from past experiences and mistakes, promoting a culture of mutual learning, responding to alterations in the environment, innovation, and continuous improvement, and retaining and developing knowledge (Lave & Wenger,1991).

Thus, it increases the effectiveness and productivity of organizations and helps them achieve goals towards sustainability and continuous development. Dörner and Rundel (2021) stressed that the digital revolution of knowledge organizations should be considered on several levels. They encompass social components as well as the field of leadership in addition to technical difficulties. Schuchmann and Seufert (2015) said that understanding digital customer behavior, preferences, and choices is the first step in achieving effective digital transformation.

This results in significant consumer-centric improvements that meet these expectations throughout the organization. Implementing a consumer-centric and self-directed client structure inside banks carries substantial ramifications. As a result, banking institutions are encouraged to explore new business domains rather than just focusing on exploitation. Finally, they must strike a successful balance between both. This implies they must build a broad expansion perspective and be able to deploy innovations while also focusing on efficiency by leveraging and maximizing the present. As a result, they must improve their capacity for continual learning, which is a prerequisite for dealing with innovations.

Ganawati et al. (2021) sought to research intellectual capital, organizational learning, and DT to improve performance and maintain economic sustainability during pandemics. They examined the link between intellectual capital and company success,

considering organizational learning and DT's roles in making this determination. The results showed that the link between the impact of DT on intellectual capital and organizational performance was significant.

Vey et al. (2017) stressed that organizations face several issues due to DT; learning and development experts can and must actively influence these processes and assist organizations in dealing with these changes. Their respective roles and responsibilities grow in addition to their fundamental abilities of developing, teaching, and assessing learning formats. They must perform professionally in a digitally disrupted workplace. Support the company as a change agent and consultant throughout the ongoing transition and actively help develop a culture favorable to comprehensive and continuous learning, radical change, and fundamental innovation.

2.13 Literature Review:

Multiple studies in various countries have investigated DT, including those in Asia, Europe, the USA, and the Middle East. This section aims to summarize the previous studies; several studies have discussed the impact of DT in many aspects, such as in the Banking sector, Telecommunications, IT, Manufacturing, and Education.

Barba et al. (2024) investigated the impact of DT on the company's performance, focusing on the role that digital orientation and IT skills play; a theoretical model was presented and tested on 246 companies to investigate digital orientation and DT's role in this connection. As a result of the development of a digital orientation and the DT of the organization, the findings demonstrate that the capabilities of information technology favorably impact the company's performance.

Nadeem et al. (2024) investigated DT's organizational aspects and researched its effects on workers' mental health, conduct, and outlook. Three hundred twenty workers from the top ten leading digital nations were selected for the sample. Results showed that DT affects industrial workers' mindsets, psyches, autonomy, and job-related aspects.

Bansal et al. (2023) study provides an extensive and cohesive HR digital transformation conceptual framework based on solid qualitative research to outline the elements necessary for successfully implementing HRDT. Using data collected from 20 senior HR experts working for international corporations in India, the Arab United Emirates, and Fiji, this study defines HRDT as a multi-faceted concept that emerges when

digital and individual variables are effectively integrated into an organization's capacity for innovation. Taking a step back from the dynamic-capabilities view, this research argues that companies must continually improve their organizational capabilities, which show up as their innovation capability, with help from factors like digital infrastructure, architecture, and individual talent and creativity, especially in times of uncertainty and turmoil.

Shin (2023) explored the impact of digital company culture and digital leadership. They used structural equation modeling to test their assumptions after collecting data from 149 working for South Korean firms via a survey focused on digital leadership, digital culture, employees' digital competencies, and organizational performance. According to the research, digital leadership's direct and indirect effects on organizational performance are sound. When it comes to the connection between digital leadership and long-term organizational success, digital culture and the digital competence of workers play a mediating role.

Li et al. (2023) investigated the influence of DT on enhancing innovation output. From 2011 to 2017, the sample consisted of 8709 valid observations from the China Stock Market Accounting Research. Based on the data, the regional digital industry innovation amount and the degree to which firms are digitalized may contribute to promoting company innovation. It was found that the marginal innovation efficiency of a company's digital investment decreases in proportion to the degree to which the area in which the company finds itself has reached a greater level of digital industrialization.

The "competitive effect" enhances the marginal innovation efficiency of companies in neighboring regions when the degree of development of digital industrialization in the area where a company is situated is greater. This suggests that digital industrialization has a geographical spillover effect on innovation efficiency.

Xie and Wang (2023) were meant to study DT's influence on retail banking institutions in China. Data from 2010 to 2018 were acquired from commercial banks' yearly reports and patent data. They included 221 banks and developed an index system to measure bank DT across three dimensions: management, business, and strategy transformation. According to the empirical results, DT has the potential to improve bank efficiency, mitigate the disruptive impact of new tech, and hasten the demise of branch-based services.

Demir et al. (2023) examined innovation's function as a mediator between DT and HR strategies in Turkey's hotel industry. The authors surveyed 462 HR managers, department heads, and HR specialists at luxury hotels in Turkey using a mix of in-person and online interviews to compile their findings. The survey analyzed improvements in HR (quantitative and qualitative) and business models (qualitative and quantitative). The research found that DT affects hotels' creativity and HR strategies. According to the results, changes in personnel in the tourist sector may significantly affect HR planning via DT and innovations. Therefore, both employers and workers should be aware of this.

Al Najjar et al. (2023) explored the reality of DT in Palestinian non-governmental organizations (NGOs). For this research, researchers utilized a structured questionnaire and a descriptive-analytic approach to compile their findings and contribute to the study's goals. They asked employees from NGOs in the southern Palestinian governorates. The total evaluation of DT was 83.92%. It was found that the areas of DT were grouped as follows: (manufacturing resources, plans, strategies, administrative support infrastructure, corporate culture, HR, and leadership).

Liu et al. (2023) conducted a study on the impact of DT on corporate performance and the influence of organizational culture as a moderating factor. The scope of their analysis encompasses publicly listed Chinese enterprises, covering the period from 2018 to 2023. Chinese enterprises' data indicates that DT enhances corporate performance, and the influence of company culture on this impact is particularly significant. Their research has provided insight into how business culture influences and improves our understanding of the implications of DT. They contended that businesses should actively engage in DT and cultivate a culture that welcomes and encourages change and innovation.

The study of Masoud and Basahel (2023) analyzed the impact of DT on business outcomes and how IT innovation and customer experience play a role. The effect of DT on company performance was studied experimentally. They did this by categorizing the competencies needed to achieve DT, improve customer experience, and innovate in IT. Using a standardized questionnaire, the data was gathered from 164 service sector business representatives in Saudi Arabia, including chief information officers, chief transformation officers, and IT managers. This study's results show that DT, IT innovation, and customer experience all favorably influence a company's success; the benefit of customer experience was the biggest.

Alojail and Khan (2023) analyzed the long-term implementation of cutting-edge digital technologies (DTs) within DT; 760 Saudi Arabian stakeholders provided survey responses for this research. The findings of this research highlight the need to think about how businesses may make their transformations as efficient as possible while also contemplating the implications for their long-term sustainability. Environmental, social, and economic performance metrics all point to a beneficial influence of DT and sustainability principles on the transformation's efficacy, as the analysis's results make clear.

According to this research, organizations may improve their long-term sustainability outcomes by aligning their DT objectives with the Sustainable Development objectives (SDGs). If you want your transformation efforts to be successful and lasting, you must set up DT with sustainable goals.

Finding out what elements can speed up DT in well-established organizations was the goal (Fahmi et al., 2023). Specifically, they looked at how digital literacy, general culture, attitudes toward change, and perceived performance in DT relate to one another. Three hundred eighty-three workers participated in a cross-sectional survey. According to the results, digital literacy, legacy culture, and digital culture substantially impact how employees feel about DT and how well they think it works. In addition, digital literacy moderates the connection between digital culture and employee attitudes towards DT. Employees' views of DT also significantly influence how they rate their performance.

Zhang et al. (2023) investigated the relationship between manufacturing DT and company success, considering the moderating influence of innovation capabilities and the mediating effect of business model innovation. They theorized a relationship between innovation capacity and the ability to innovate business models. They used a sample of empirical research, including 255 Chinese manufacturing businesses. Using the ambidexterity theory, they categorize DT as exploitative or Exploratory transformations. The findings demonstrated that both exploratory and exploitative DT have a favorable and substantial influence on company performance.

Yonghong et al. (2023) examined how DT in corporations affected bottom-line results. They focused on the correlation between DT and manufacturing firms' bottom lines. The study focuses on publicly traded Chinese industrial companies that have implemented DT. The study's findings showed that DT had a favorable and substantial

effect on manufacturing businesses' bottom lines. The level of digitization in the IT infrastructure throughout the DT process is strongly linked to adopting a hybrid cloud platform and agile manufacturing. As a result, this raises firms' stock of goods and the rates at which they generate revenue from their assets.

The study conducted by Al-Alawi et al. (2023) investigated the variables associated with HR and DT in Bahrain during COVID-19 and the influence electronic HR management had on organizational performance. These aspects include money, the infrastructure of information technology (IT), technical assistance, digital skills or abilities, corporate culture, opposition from employees, and backing from senior management.

These criteria were examined to evaluate whether or not they had an impact on HR DT in Bahrain. The data-gathering process used a quantitative approach, which consisted of administering an online survey to HR executives and workers working for various businesses in Bahrain, including those in the public and private sectors. According to the study's findings, the deployment of electronic HR management positively influences the business's operations. Through the deployment of (e-HRM), a company can improve its high-potential personnel's capabilities, therefore achieving worldwide performance standards. In addition, the study's findings indicate room for improvement in strengthening employee engagement inside the firm.

Nageeb and Saad (2022) carried out a study of DT's influence on talent development efficiency. Additionally, they determined whether the support of top management and HR competencies affects the strength of the relationship between electronic HR management and the growth of each talent in Egypt. This research was meant to evaluate the strategic impacts of electronic HR management on talent development and the benefits and consequences that DT has brought about in the realm of HR practices. It was a sample of 331 different workers, and they used a quantitative research technique that was both descriptive and inferential. The research findings found a favorable correlation between DT and electronic (e-HRM) and talent development.

Khatib and Alshawabkeh (2022) examined the ability of telecommunications companies in Palestine to achieve strategic superiority by adopting DT and focused on the power of digital HR in achieving this transformation. The sample comprised senior and intermediate managers from two Palestinian mobile telecommunications companies. The study found that DT had a favorable and beneficial impact on strategic dominance.

The same may be stated regarding the influence of digital HR management. The study found that, while DT has a favorable effect on HR management, to at least some extent, digital HR management mediates the connection between DT and market preeminence.

Aysan et al. (2022) intended to examine how various forms of digital and intelligent technology are used in Palestinian Islamic banks; the study defined Islamic banks' perspectives on DT and determined if they were on the right track with their digitalization goals. Surprisingly, except for mobile banking, most recently developed technologies have a limited degree of deployment in Islamic banking operations worldwide. The findings may caution Islamic banks to devote more resources and energy to creating financial innovations to compete with standard banking competitors.

During COVID-19, Rupeika et al. (2022) investigated the impact of digital orientation and digital competence on DT, including how DT mediated the relationship between DT, SMEs' revenue, and business models. Their research utilized survey data from 246 SMEs in Latvia to evaluate a novel conceptual framework based on resource-based theoretical views. Using mediation analysis, they examined how digital orientation and digital capacity affected DT directly and how DT served as a mediator in the connections between DT and SME results. The findings show that DT is positively impacted by digital orientation and capabilities and that DT positively mediates digital orientation, revenue, business model, and competence.

Gonçalves et al. (2022) explored the influence of DT on accounting in Portugal. The research revealed that DT in small and medium-sized Portuguese accounting services firms is still in its early stages. The respondents chose techniques such as Industry 4.0, OCR (AI), robots, and ERP that are already on the cloud; it was concluded that the primary challenges to DT in accounting are resistance to change, company culture, and cost.

Zhu et al. (2022) conducted research in which they offered a model to illustrate the benefits of DT in establishing HR management practices (HRM). These practices include talent management, performance and pay management, labor relations, recruitment, and administration of training and development programs. The results generally demonstrated that all components of DT (technology environment, electronic management, electronic HR management, and electronic organizational communication) had a good and

substantial impact on HRM practices. The results were derived from a sample of employees in China's Chemical Technology sector enterprises.

Nayal et al. (2022) investigated the influence of coordination and collaboration, a plan for sustainable development, collaborative benefits, and DT on sustainable supply chain performance. The conceptual model is built upon theories derived from the relational view (RV), transaction cost economics (TCE), and resource-based view (RBV). Data was collected from 361 respondents in the Indian car business. Results show that coordinated and collaborative supplier chains favorably affect DT, sustainable development strategy, and company performance.

Wang et al. (2022). A study was conducted using a representative sample of China's listed manufacturing organizations from 2007 to 2020 to examine the impact of DT on the performance of manufacturing enterprises, explicitly focusing on digital investments. The findings indicated that implementing DT positively impacts manufacturing companies' operational efficiency and overall performance. To attain superior growth and enhance firm performance amidst an uncertain business environment, this article posits that the crucial factor lies in expediting the profound amalgamation of digital technology and organizational advancement.

Arifuddin et al. (2022) attempted to dissect the connection between MSMEs' technology proficiency, digital norms, and business results regarding innovation, profitability, and expense savings. They showed that being literate in digital matters may boost business processes, especially regarding creativity and revenue. Digital literacy may speed up the innovation process by increasing the number of innovation references, which speeds up the invention process. At the same time, from a financial perspective, digital literacy will spur faster business processes inside and between companies. With digital marketing, costs may be reduced with digital literacy.

Conversely, digital culture will act as a maintenance mechanism, keeping the momentum going since digital literacy started. Consequently, processes created in the digital realm will be efficient and ongoing. In conclusion, the study was well-received by business performance experts as a novel approach to boosting company output.

Using a variety of metrics, Do et al. (2022) assessed the effect of DT on the performance of commercial banks in Vietnam. They took a quantitative approach to research to reach their objective. They used data from thirteen Vietnamese joint-stock

commercial banks between 2011 and 2019. The outcome demonstrates that the DT improves the efficiency of commercial banks in Vietnam. Furthermore, they discovered that DT had a more substantial favorable effect on bank performance for bigger banks. As a result, the size of the bank determines how effective DT will be.

Mohamed and Saad (2022) investigated how DT and corporate governance affected the ROI of strategic management approaches. The study's overarching goal was to look at the Egyptian petroleum industry through the lens of strategic management techniques and how they affect firm performance. It also aimed to see how using DT and corporate governance principles as mediators affected things in an assortment of around 383 individuals drawn from fourteen significant corporations. It was found that DT improves the connection between strategic management techniques and company success.

Aljanazrah et al. (2022) surveyed students and faculty to determine their experiences using DT during crises on college campuses. The qualitative technique was employed to attain the study's goal. Fourteen focus group interviews were done at a medium-sized university in Palestine with 62 faculty members and 37 students. Several barriers to DT were identified, including software ease of use, pedagogical infrastructure, technical and social settings, online assessment, and digital pedagogy. The study also suggested that DT has a variety of possibilities and benefits, such as flexibility and the capacity to create new ideas and methods of teaching.

Researchers Phiri and Phiri (2022) examined how strategic HRM practices affected business results. The research was done at Zambia's National Assembly. Statistical analysis was the tool of choice for this investigation. A questionnaire was used to gather data from the individuals who participated in the study. The findings demonstrated a correlation between the various HRM approaches and the firm's performance. However, it turned out that resources had a weakly positive effect on organizational performance and that the organization had a negative one. Performance management, employee welfare, and learning and development affect the firm's performance.

Using correlation and regression coefficient analysis, Khams (2022) analyzed secondary data from reports published by the Central Bank of Egypt on DT indicators and the amount and quality of banking personnel, spanning 2016 to 2021. The objective was to examine the impact of DT on staffing strategies within Egypt's banking industry. The study found that any adverse effects on new staffing operations will soon be mitigated by Egyptian banks' growth of digital banking services and traditional branch networks. This is because the banking services industry has low bank penetration. However, there is a severe long-term danger of job loss due to the rise of digital alternatives.

Pradana et al. (2022) aimed to investigate the impact of the moderating variable digital corporate culture on firm performance. Two hundred sixty-three managers from Indonesian state-owned businesses participated in the study. Using structural equation modeling for data processing, they examined the theoretical model. Their research led them to conclude that a company's digital culture is critical to its digital strategy and execution.

Anwar and Abdullah (2021) investigated how different HR management practices affected the efficiency and effectiveness of Erbil's government agencies. They used a quantitative research method to analyze the data. A sample size of 240 individuals was used for this investigation. The researchers assessed the impacts of many elements, such as incentives, training, organizational performance, job security, recruitment, and delegation of responsibility. Based on the statistics, decentralization was the only element that favorably impacted organizational performance. According to this, it was concluded that decentralization positively links organizational performance.

Varadaraj and Wadi (2021) investigated the impact of digital HR management on business metrics in multinational businesses. The study sought to understand how technology and digital solutions are used in HR management and how this influences organizational performance by influencing employee recruitment, selection, hiring, training, and evaluation. It also improved employee communication and internal interaction, enhancing teamwork and team spirit.

It also sought to assess the consequences of digital HR analysis on making HR choices and improving the direction of HR policies and plans. The study's results stressed that digital HRM supports preserving a robust bond between management and employees. Hence, to increase productivity, every organization should have a digital strategy. In

today's world, DHRM is seen as a more significant and expanding research and a critical business task. By combining digital HR strategies with social media, the web, and AI, businesses can keep their performance and staff quality at a consistent level.

Llopis et al. (2021) examined the impact of DT on Spain's automotive manufacturing sector. The study used qualitative comparison analysis to explore the future implications of DT on business results, models, and various actors' satisfaction. The DT process in the automobile industry has produced many features and players. The research examined topics like linked and automated driving, mobility as a service, DT sources in vehicle purchase, big data, and others. The findings suggested that enterprises gain from enhanced profitability, productivity, and competitiveness if adequate investments in DT adaptation procedures are made. Consumers will have greater access to better services and more satisfaction with critical services.

Another study (Abuhasan & Moreb, 2021) examined the impact of DT on customers' impressions of Palestinian Banks. The study examined the consequences of DT on the correlation between Palestinian banks and their customers and how DT technologies affect this contact. According to the study, DT has improved client satisfaction in the Palestinian banking industry by making banking more accessible and manageable, enhancing customer satisfaction and sincerity. However, feedback from participants suggested that banks should consider numerous hurdles.

DT, on the other hand, is critical for banks since it saves administrative and operational expenses while enhancing performance and the capacity to manage a more significant number of banking processes. Finally, it is vital for improving a bank's competitive value and recruiting more clients, hence increasing market share.

Rashwan and Kassem (2021) examined how DT may help Palestinian banks gain a competitive edge by increasing their productivity. They determined the value of DT in improving the efficiency of banks trading on the Palestine Stock Exchange and the importance of DT in enhancing the efficiency of banks trading to obtain an edge in the market and strengthen their financial standing. Three hundred and ten bank workers in the Gaza Strip were randomly selected to serve as the research community. From that group, a sample of one hundred and forty people was chosen to participate. Researchers discovered that financial institutions are continually assessing the quality mechanism of

digital services, acting to improve them, and using technologies to guarantee the quality of electronic services.

Iriqat and Jaradat (2021) investigated the effect of the DT strategy on consumer contentment in Palestinian Telecom companies. They found that the DT strategy substantially impacts consumer satisfaction in the Palestinian telecoms industry. Furthermore, they observed that views of the DT strategy's components are highly connected to consumer satisfaction in the Palestinian telecom industry.

Al-Daya et al. (2021) examined the perspectives of individuals in Palestine's financial services industry on the probable ramifications of technology on the industry's future. To achieve the study's goals, interviews were conducted with banking and financial services managers. Specifically, the interviews included managers representing administrative personnel in technological disciplines such as product development, software, information, and electronic technology. There is a wide variety of payment options that are easily accessible.

The impact of DT on HR management practices, including recruitment and selection, training and development, performance appraisal and compensation, and organizational culture, was the focus of Barišić et al. (2021) in their qualitative research of related articles revealed that with the rise of digital technology, traditional recruiting and choosing staff methods have given way to new approaches, making digital transformation an essential driver of HRM practice development.

Several organizations, including banking and financial institutions, academic institutions, technology enterprises, and business incubators, have been recognized for their significant roles in fostering the development of the financial technology system in Palestine. Furthermore, the study's findings revealed that implementing financial technology in the Palestinian context has several challenges, including the absence of established norms and regulations, concerns regarding cyber security, and a need for more client confidence in digital financial services.,

Affouneh et al. (2021) delved into students' and teachers' thoughts on moving away from traditional classrooms toward online learning resources during the Corona pandemic. A qualitative data collection approach was used for this aim. According to the research, students and faculty were dissatisfied with the new learning environment.

Both staff and students felt that the numerous issues experienced in student evaluation were substantial.

Guo and Xu (2021) sought to explore how DT affects Chinese businesses; this study offered an empirical evaluation of how DT affects a firm's operational and Chinese economic results. Panel data for 2,254 Chinese enterprises showed that DT intensity is favorably connected to process-based operational success and significantly related to profit-oriented financial performance from 2010 to 2020. In addition, the results showed that DT has a more significant long-term impact on operational performance than economic success. The occurrences necessary (i.e., the context of policy and creativity) to increase operational performance through DT are improving. The study stressed the uneven influence of DT on several areas of organizational performance and recommended businesses on how to set DT goals.

Gilch and Sieweke (2021) investigated German corporations and the strategic significance of recruiting in organizational DT. The research looked at the link between recruiting and the digital revolution in recruitment, concentrating on more strategic challenges. The study looked at the significance of employment in businesses' DT. It was determined that employing digital talent as a new target group results in three types of change inside the company: Recruiters first noticed necessary adjustments to methods and procedures for the benefit of the customers. Second, the recruiters grew more conscious of themselves. Third, recruiters recognized the need for a bridge job to help the business transition to a digital-first mindset. Furthermore, the study expands our understanding of HR by looking at the strategic implications of DT on recruiting and emphasizing the relevance of recruitment in renewing an organization's HR base, which is critical for DT.

The research by Cetindamar et al. (2021) sought to investigate employees' roles in the digital age. It proposed the novel concept of digital literacy to explore how workers may understand and use the many opportunities given by digital technology. Empirical data on the intentions and actions of 124 Australian employees about company cloud technology usage was analyzed using the Theory of Planned Behavior (TPB). They have concluded that employees' cognitive behavior is preceded by their level of digital literacy. Quantitative studies show that cloud computing is consistent with TPB, and businesses see a positive relationship between digital literacy among Workers and cloud computing

usage. This research adds to the existing body of knowledge in technology management by laying out a systematic approach to gauging workers' digital literacy.

The research conducted by Wielgos et al. (2021) examined the impact of digital business competency on the performance of both enterprises and consumers. The researchers conducted fifteen interviews with experts, customer performance studies, and firm performance studies across many countries. The survey revealed that to remain competitive, organizations are required to develop essential skills due to DT. The researchers used qualitative and quantitative approaches to examine the influence of digital business capability on company performance. The researchers studied a comprehensive dataset that included information from several businesses.

The researchers assessed the impact of digital business capabilities on customer performance using a unique dataset collected from many sources throughout two periods. The results indicate that having a digital business capability has a good effect on performance. Furthermore, it was shown that firms operating in business-to-consumer markets benefit more significantly from digital business competence than those in business-to-business sectors.

Muniroh et al., 2021 investigated how PT. Telkom's Digital Next Business Department's leadership, culture, organizational learning, and innovation impacted staff performance. The study sample includes 160 people (representing the Next Business Department). Based on the data collected, digital leadership, digital culture, organizational learning, and innovation have no bearing on employee performance. However, innovation does have a positive effect on performance. Moreover, innovation is positively impacted by digital leadership rather than digital culture; organizational learning positively affects innovation.

Imron et al. (2021) investigated the impact of organizational culture on the innovation capabilities of employees in Indonesia, with tacit and explicit knowledge sharing as the mediators of this relationship. Data was collected from a population of employees working in Digital Industries in Jabodetabek via a straightforward random sample method carried out electronically. A sample of two hundred employees was taken. This study's results suggest that by facilitating the interchange of tacit information, an organization's culture significantly and positively affects workers' creative capacities. Although there is no significant relationship between open communication and

competency in creativity, there is evidence that company culture substantially affects the frequency and quality of information sharing.

A theoretical and practical framework was provided by Jayabalan et al. (2021) in their research that investigated the connection between DT and the advancement of HR management as measured by the following dimensions: recruitment and selection, training and development, and performance appraisal and compensation, was investigated from a DT viewpoint by the researcher. These dimensions include "Building DT Strategy," "Spreading DT Culture," "The Human Dimension," and "Technical and Procedural Dimension." A total of 203 people working in the automobile manufacturing sector in Pekan, Pahang, were randomly chosen from an online poll. The study's author concluded that all facets of DT significantly improved HRM procedures.

Singh (2021) investigated how DT has improved HR management procedures at the Union Bank of India, using a representative sample drawn from the Union Bank of India's regular staff. The findings show that all aspects of DT positively affect HRM practices in development.

Thuy (2021) explored the link between firm performance, strategy, culture, HR, information technology capability, and DT. This research investigated the elements influencing DT and its effect on innovation and company success. The findings show that four elements drive DT: IT Capability, Digital Business Strategy, HR Capability, and Organizational Culture. These findings were derived from quantitative methodologies based on data from 180 Vietnamese businesses that used DT. Research results further suggest that DT directly influences innovation and company success, one of the four aspects being considered.

In their study, Jashari and Kutllovci (2020) studied how HR management strategies affected business results. One hundred managers of manufacturing businesses in Kosovo participated in the survey for this study. The managers came from both the public and private sectors. According to the results, it can be inferred that managers of manufacturing businesses in Kosovo recognize the importance of their employees to their company and use tactics that allow them to manage personnel effectively. Moreover, the results of the correlation analysis demonstrate that HR management approaches have a positive and significant impact on organizational performance.

Recruitment and selection processes have the most positive correlation with a business's performance compared to other operations. Therefore, it was determined that the company may hire a group of people who have the potential to be qualified if they implement an effective recruiting and selection procedure.

Sweis and Saleh (2020) researched to examine the impact of HR management techniques on the operational effectiveness of construction companies in Jordan. The sample consisted of sixteen construction firms in Jordan, and the population consisted of individuals employed in various managerial positions within these businesses. A total of 228 surveys were deemed valid. The results suggest that HR policies significantly impact the overall performance of construction companies. Moreover, training development and performance evaluation significantly impacted the organization's performance. However, the organization's performance was not substantially affected by the other two procedures, namely recruiting, selection, and pay.

Another study conducted by Meena and Parimalarani (2020) was meant to investigate the bank's DT to enhance opportunities in the banking business or minimize bank employment among banking personnel in India. The results of this study were that DT reduces the need for a traditional workforce in some routine tasks, improves customer experience, and provides intelligent banking services. DT also provides employees with new knowledge, such as understanding technology, programming, and data science. It also leads to an increase in demand for employees who possess advanced technological skills. DT also leads to fluctuating job opportunities in the banking sector, such as canceling some traditional jobs, merging some jobs, replacing them with intelligent technologies, and reducing the number of available jobs.

Al-Qudah et al. (2020) examined how strategic HR planning affects the productivity of Jordanian public shareholding companies from the perspective of top executives and managers in various departments. They investigated all companies listed on Jordan's stock exchange. They looked at the prevalence of HRP and found that just sixty businesses employed it. The results demonstrated that strategic HRP features improved productivity, reputation, and employee welfare while decreasing operational expenses.

Pradana et al. (2020) explored the impact of the digital culture gap by examining a model that integrates digital organizational culture. The primary goal was to enhance

the company's overall efficiency and effectiveness. The research included the participation of 263 managers from state-owned firms in Indonesia. Their research has shown that digital organizational culture has the potential to significantly impact and improve digital strategy and performance. The principles of digital organization remain identical regardless of the process of digitizing a corporation.

Focusing on the essential role of the digital organization, in their study, Martenez et al. (2020) found that improving organizational performance is the ultimate goal of fostering a digital organizational culture, which in turn helps with firm digitalization and the value generation from digital technology. A multinational firm with operations in more than ten countries had 93 of its production sites included in the research. The theoretical model was tested through the use of structural equation modeling. According to the results, businesses may benefit from digitalization in terms of increased value-adding activities as long as their culture embraces digital technology. Companies may see gains in productivity by fostering a company culture that works in tandem with their digital strategy.

Shraim and Crompton (2020) investigated how decision-makers and educators reacted to providing education to all children immediately following the extension of COVID-19, as well as the methods through which online education is made possible via the use of technology, interviews of educators, decision-makers, and parents conducted in a semi-structured format. According to the findings, participants evaluated social networking and cloud computing as advantageous in giving instructional resources and boosting safety awareness and communication. The findings also suggested that the initial wave of COVID-19 experiences might serve as a paradigm for the future, with long-term complementary online education to traditional learning methodologies rather than a replacement.

Ratnasari et al. (2019) investigated the impact of job satisfaction on efficiency in the workplace in the digital era by analyzing the condition and performance of the organization. This research employs a descriptive-analytical technique. The study sample consisted of 444 workers. The data was collected by systematically searching a database and a survey composed of pre-determined questions. It was found that organizational commitment and culture significantly benefit employee performance, specifically job

satisfaction. Data analysis reveals that organizational culture directly influences employee performance regarding job satisfaction in the current digital era.

Popović et al. (2019) investigated DT's effect on company performance and its occurrence among women-owned businesses and put the model into action using a cross-section of 184 US-based enterprises. According to the study's findings, DT boosts the productivity of women-owned companies. Enterprises that have been digitally transforming for more than two years outperform those that have been doing so for less than two years in terms of overall performance, productivity, product and service development capacity, and quality of products and services.

Kareem (2019) examined the impact of HR development on organizational efficiency. This study investigated the relationship between HR Development (HRD) practices and organizational effectiveness within Iraqi public universities. The inquiry gathered 215 completed questionnaires. Based on this study, HRD activities had a favorable and substantial impact on organizational performance. This study has yielded more evidence that HR Development (HRD) practices are crucial and strongly correlated with organizational success.

Hie (2019) investigated how alterations in organizational culture and the management of digital technologies contributed to the level of digital maturity in Indonesian banks to better understand the mutual influences between cultural variables within institutions and the DT process and how results can be enhanced by developing a DT-friendly environment and improving DT administration.

The research was critical for Indonesian banks and financial institutions to increase their capacity to profit from DT and current technology to deliver higher-quality and more efficient services. The sample size was 611 bankers, and the findings demonstrated that changing corporate culture and DT governance positively and significantly impacted digital maturity. DT governance greatly influences digital maturity more than company culture transformation. The study's results led to the management's conclusion that executives must emphasize DT governance for Indonesian banks to reach higher degrees of digital maturity.

Müller et al. (2019) studied the link between organizational culture and digital innovation, focusing on how businesses might successfully balance stability and

flexibility. The researchers conducted a comprehensive investigation of the process of establishing a digital news service at a well-known Danish media company. They used the well-known Competing Values Framework and the company's Organizational Culture Assessment Instrument to determine which organizational culture was the most prevalent.

This was carried out to understand better the difficulties faced while integrating digital technology to enhance and revolutionize the company's offers and solutions. According to the study's findings, an imbalance toward a dominant culture that prioritizes power inside the business was shown to have a detrimental influence on the digital news service and its growing work practices. Because of this difference, there was a lack of variation inside the innovation network, making digital innovation processes more challenging. This research contributes to the existing body of information about digital innovation by investigating how organizational culture influences the capacity of a corporation to participate in digital innovation.

Fenech et al. (2019) investigated how HRM is evolving to accommodate the digital revolution. Workers highly value knowledge, intellectual capital, and human capital. This study employs a qualitative approach by conducting in-depth, semi-structured interviews with five UAE-based HR experts. In this age of DT, the semi-structured interviews cover topics such as HR planning, performance management, health and safety, training and development, employee relations, and incentive management. They found that DT affects HR's day-to-day activities and procedures

Genzorova et al. (2019) studied how DT can impact business models, a case study for the transport industry in the Slovak Republic; this study aimed to demonstrate how transportation companies that began before DT may adjust their business model in response to digitalization. It requires identifying current DT trends. The agile technique is used to create the case study. It is concerned with developing a new method for recording employee hours spent on various transportation-related tasks or projects and transportation services' value or supply chain.

HR must play a proactive role in helping workers accept the workplace implications of technology. As a result, when they saw a behavior change, they concentrated on persons in the transportation industry Business models. Additionally, the study revealed that a continual adjustment of assignments and performances to specific activities in the transportation industry is also part of the change. Data utilization is a

means of modifying particular tasks and procedures assigned to relevant employees. As a result, quality assurance and responsibility for service quality will suffer. This fundamentally impacts business models, employee-management communication, and the clarity and allocation of each employee's contribution to output.

Chi et al. (2018) examined how digital business strategies affect company performance and proposed a model that explains how these strategies generate and retain value in digital environments. Financial and survey data from 138 manufacturing companies that used an e-selling procedure were used to evaluate their research methodology. As a consequence, the suggested research paradigm is well-supported. Specifically, they discovered that e-collaboration capacity, a kind of digital competence, entirely mediates the effect of digital business strategy on company performance.

Vogelsang et al. (2018) set out to investigate what makes a difference in encouraging DT in Turkey's industrial firms. They have spoken to professionals in the field of DT from manufacturing organizations that have begun or are in the midst of this process via semi-structured interviews. They discovered that technology, organization, and environment are the three primary forces propelling DT. According to the findings, companies can only succeed with DT if they work with suppliers and customers. A cultural shift is required to facilitate more transdisciplinary activities and an agile work environment.

Raguseo and Vitari (2018) concluded that companies may generate many forms of economic benefit through DT investments in big data analytics. Furthermore, the researchers investigated how these investments directly impact a company's long-term financial performance. They used the investigation's findings to inform decisions at many French businesses. They evaluated the impact of variables, including market performance and consumer happiness, which function as mediators. This study's conclusions are based on the resource-based viewpoint theory, which states that companies may improve their financial performance by investing in big data analytics and reaping the benefits.

The research conducted by Alam et al. (2018) examined DT from a strategic standpoint, explicitly using the SWOT analysis to develop a regional plan for digital futures. The aim was to improve particular digital networks and promote socio-economic advancement. The strengths, weaknesses, opportunities, and threats (SWOT) for a digital

economy plan in the Southern Downs Region in Queensland, Australia, were assessed via focus group talks and a standardized questionnaire.

Duerr et al. (2018) used exploratory case studies to determine why and how companies' organizational cultures need to be "digitized." They examined eleven instances from different sectors to assess the characteristics of digitalizing company cultures. They conducted twenty-seven exploratory interviews, and their Artifacts, Proclaimed Values and Beliefs, and Fundamental Assumptions were thoroughly investigated. Contributing to the field, their research defined a "digital organizational culture" that urges businesses to become digital. They found that forming cross-functional teams is one of the most common recommendations for companies looking to digitize their operations.

They concluded that companies may benefit from market dynamics and acquire previously unavailable information by partnering with startups. Startups may also inspire a spirit of entrepreneurship and assist in speeding up the process of product invention. Organizations use various ownership arrangements, such as joint ventures and acquisitions, to enhance cooperation and achieve their goal of external partner integration. They discovered aspects of digital organizational culture, such as integrating consumers into the innovation chain and fostering external collaboration. This is why these businesses strive for consumer-business "co-creation," in which the two parties work together to build a product.

The research revealed that internal and external forces can affect the proposed regional digital plans. However, these impacts may be effectively managed and controlled with strategic planning. The research showed that implementing adaptive strategic planning may help reduce the effects of internal and external influences on human and organizational responses to digital DT and enhance regional competitiveness.

Otoo and Mishra (2018) analyzed the impact of HR management (HRM) techniques on the performance of the hotel business, with a specific focus on the role of employee talents as a mediator. This article seeks to examine the impact of HRM strategies on the hotel industry's success in India, with a specific emphasis on the talents of workers. The results indicate that some HRM strategies impact organizational performance by influencing the skills and capabilities of workers. Nevertheless, the investigated firms

discovered that career planning and performance evaluation had little impact on employee capacities.

Amuna et al. (2017) attempted to clarify the relevance of the computerized impact of HR management at different echelons of Palestinian administration. It was shown that electronic HR management and support from top management are both very noticeable and significantly contribute to the general trend toward electronic control. The study sample understands the importance of electronic HR management and is fully aware of its numerous benefits; these aid significantly in adopting and developing electronic HR management and developing study members from higher administrative levels who influence decision-making. They also found that HR models are rarely used, significantly decreasing the benefits of computerized HR administration. Following that is the coupling of business and electronics, a sign of the shift to electronic management, which has been broadened to complete transactions.

Rana and Malik (2017) examined the impact of HR policies on the overall effectiveness of Pakistani corporate enterprises, with a particular emphasis on the moderating influence of Islamic values. The research investigated the influence of five prominent HR practices (selection, training, remuneration, performance assessment, and employee involvement) on the business's overall performance. The research also examined the moderating variable of implementing Islamic beliefs. Data was collected from employees of mobile communications service providers in Pakistan using a questionnaire. The results demonstrate a robust and positive association between HR practices and the achievement of organizational performance. Embracing Islamic principles in a balanced manner was shown to have a positive effect.

. Kianto et al. (2017) developed a theoretical framework in which an HRM system incorporating knowledge-based HRM practices influences a company's intellectual capital, leading to improved innovation performance. Using a survey dataset of 180 Spanish enterprises, they empirically tested this notion using structural equation modeling (SEM) based on partial least squares (PLS). The results highlight the critical importance of human capital in this relationship and demonstrate that intellectual capital positively mediates the relationship between knowledge-based HRM practices and innovation performance.

Mićić (2017) explored DT and its impact on GDP in Europe. The study examined Europe's digital revolution and high-tech industry and compared European Union countries to Western Balkan countries. In addition, the impact of fiscal support for information and communication technologies on GDP expansion is examined. The findings indicated that European countries are increasing their investments in DT by developing the private and public information and communication technology sectors, which usually positively impacts economic growth and essential indicators such as GDP, productivity, and employment.

Henriette et al. (2016) explored the DT challenges in the IT sector in France. Three experienced DT advisors were interviewed face-to-face, and their responses were analyzed sequentially. Respondents are employees of a multinational corporation specializing in information technology (IT) services, software, and consulting. It was found that DT entailed extensive alterations to the business model, which may affect anything from procedures to personnel to strategies to even the company's ethos. Hence, a company's long-term strategy should consider how to initiate a DT. That is a primary strategic call.

The findings also showed that digitization has strategic, organizational, and cultural consequences for a business, all of which necessitate the involvement and buy-in of upper management.

Masum (2016) investigated the impact of HR management methods on bank performance. This research examined bank efficiency using a data envelopment analysis that integrates HR management (HRM) activities as a metric for assessing quality. This innovative method investigates the immediate impact of HRM practices on performance evaluation in traditional banks, making it the first use of its kind in the banking sector.

The Malmquist index divides the performance evaluations into four efficiency scores. The empirical results were derived from panel data collected from 48 banks in Bangladesh from 2004 to 2013. Hence, the results suggest that while local banks exhibit acceptable operational performance, they must improve their HRM practices to tackle the problems posed by bank modernization and competition.

Chanias and Hess (2016) endeavored to understand the process of creating a DT strategy and get insights from the European automotive industry. The researchers used a phenomenon-based research methodology and a positivist case study technique to examine how companies create DT strategies. Senior management representatives with expertise in digital business activities and roles in corporate strategic planning or specific digital initiatives, such as connected car initiatives in sales or R&D, were interviewed through semi-structured interviews.

The interviews were conducted with three car groups. Their research revealed that DT plans are shaped mainly by different emergent strategic initiatives of specific organizational sub-communities via a bottom-up approach, which takes place before top management implements a complete DT strategy. The deliberate strategies of top management strive to align the present emergent strategy with their objectives and increase the amount of intentional content.

Guerci et al. (2015) investigated how HR management practices and business sustainability factors in forming ethical work environments. This study focuses on the impact of HR management practices on workplace ethics and moral, beneficent, and egoistic climates. Additionally, it investigates the possible moderating influence of workers' opinions of business sustainability. The research uses a random sample of 6,000 workers from six European nations. Organizational ethical climates may be improved by engaging in activities that promote capacities, such as recruiting, selection, and training, and providing opportunities via job design, industrial links, and employee participation. This can result in a more compassionate and principled environment

Al-Refaie (2015) analyzed the influence of HR Management (HRM) on the operational effectiveness of hotels. The study examined the impact of HRM practices, service quality, staff satisfaction, customer happiness, and customer loyalty and the relationships between these factors on the performance of hotels in Jordan. The significant results indicate that the implementation of HRM practices, the provision of high service quality, the attainment of customer happiness, the cultivation of customer loyalty, and the enhancement of staff satisfaction all play a significant role in improving financial performance and fostering innovation inside hotels.

Fındıklı et al. (2015) examined organizational innovation, knowledge management capacity, and the central role of strategic HR practices. The research examined how

strategic HR policies affect organization-wide innovation (both exploratory and exploitative) and companies' ability to manage their knowledge (both sharing and application-based). A total of 109 companies from various industries in Turkey were included in the data collection process. It was found that organizational innovation can be predicted by looking at remuneration, training, and performance rating systems.

The goal of the integrative model that Sánchez et al. (2015) set out to develop and the test was to analyze strategic HR practices as a mediator between knowledge management and firm performance. An analysis of 191 Spanish industrial enterprises used structural equation modeling methodology to explore the links. Recognizing the mediating role of HR management and the necessity to align HR practices with organizational strategies, they demonstrated that knowledge management strategies positively impact firm performance through specific high-performance practices such as selective staffing, intensive training, active participation, comprehensive performance appraisal, and performance-based compensation.

Mitchell and Obeidat (2013) examined how HRM's strategic position affect an organization's financial success. After analyzing survey data from 118 industrial and financial businesses in Jordan, researchers found that HRM mediates the relationship between organizational financial success and HRM's strategic function.

The study by Loshali and Krishnan (2013) was not just an academic exercise but a practical exploration of the connections between transformational leadership, Strategic HR practices, and business performance. Involving 121 managers from various organizations in India, the study assessed the firm's performance based on six characteristics. These parameters were evaluated according to the respondent's perceptions, and the company recorded the score for each performance criterion by comparing it to the key competitors from the previous year. The findings indicate that strategic HR partially mediates the connection between transformational leadership and performance and has significant practical implications for human resource management and organizational performance, making the study highly relevant to real-world HR practices.

Danlami (2011) investigated the implementation of strategic HRM in the Nigerian manufacturing sector and its effect on organizational performance. A comprehensive survey was conducted on 21 industrial businesses in Nigeria, with many participants. The results indicate that strategic HR management is only moderately utilized by companies in the Nigerian manufacturing industry, highlighting the need for further development and implementation.

The study identifies strategic HR practices that significantly influence organizational performance in the Nigerian manufacturing sector. These include assigning line management duties, adopting innovative recruitment and selection procedures, continuous employee training and development, a fair compensation system, a reliable performance evaluation system, a robust career planning system, and active employee participation in decision-making and actions.

Ling and Nasurdin (2010) examined how HRM practices relate to organizational innovation. Using a cross-sectional approach, they surveyed 674 big manufacturing enterprises in six states of Malaysia known to have a disproportionately high number of innovative businesses. Their dependent variables were three distinct forms of organizational innovation: product, process, and administrative. The results confirmed that organizational innovation benefited significantly from training alone. Furthermore, a favorable and substantial relationship exists between performance evaluation and administrative innovation.

In their study of 231 companies listed on the Australian Stock Exchange (ASE), Andersen et al. (2007) used a stratified random sample method broken down by industry. Results show that the selected organizations' implementation of strategic integration and devolution of HR management was modest. The perceived financial success of the organization was also positively correlated with the degree to which HR management was aligned with business goals and plans.

Wan et al. (2002) studied the connection between strategic HR management and financial performance of Singaporean companies. They sent questionnaires to the heads of HR departments at 191 companies to gather information. Descriptive statistics and regression analysis of the data indicate that, except for work based on teams and compensation based on performance, all other strategic HR management components favorably influence an organization's financial success. According to the research, every

strategic area of human resource management has a favorable impact on economic performance.

Siengthai and Bechter (2001) look into the variables that affect how innovative a company is. It focuses on the connection between innovative business practices and strategic HR management. Since most developing nations need more financial resources and technological infrastructure, this is a pressing concern for them. Individuals' human capital appears to be the only plentiful resource. Nearly one hundred eighty-seven Thai businesses filled out the questionnaires used in this study. The results back up the predictions that there is a substantial relationship between innovation among firms in the industry and criteria such as leadership support for innovation, organizational structure, HR management techniques, firm performance, and firm size

Ferris et al. (1990) investigated the potential role of well-managed HR in enhancing business performance. They looked at 2,236 companies in the US construction sector and discussed how three vital organizational activities, strategic planning, the involvement of unions, and HR management, impacted company performance. They discovered that companies with HRM departments typically had higher sales volumes, that companies with a higher unionization rate also had better results, and that companies with more structured strategic planning had better results overall.

2.14 Evaluation of Precedent Research:

Previous research has studied the impact of DT in various disciplines, including communications, information technology, banking, accounting, industry, small and medium-sized companies, education, employment, recruitment, non-profit organizations, and other fields. Furthermore, limited studies have used digital business culture as a moderating variable and strategic HR as a mediating variable regarding DT and company success.

Some findings were that changing corporate culture and DT governance positively and significantly impacted digital maturity, and DT governance greatly influences digital maturity more than company culture transformation. DT also provides employees with new knowledge, such as understanding technology, programming, and data science. It also leads to an increase in demand for employees who possess advanced technological

skills. DT also leads to fluctuating job opportunities in the banking sector, such as canceling some traditional jobs, merging some jobs, replacing them with intelligent technologies, and reducing the number of available jobs.

Moreover, DT has the potential to improve bank efficiency, mitigate the disruptive impact of new tech, and hasten the demise of branch-based services. Also, DT has improved client satisfaction in the Palestinian banking industry by making banking more accessible and manageable, enhancing customer satisfaction and sincerity. Others found that while DT has a favorable effect on HR management, to at least some extent, digital HR management mediates the connection between DT and market preeminence.

Others stressed that digital HRM supports preserving a robust bond between management and employees. Hence, every organization should have a digital strategy to increase productivity. In today's world, DHRM is seen as a more significant and expanding research area and a critical business task. Businesses can maintain consistent performance and staff quality by combining digital HR strategies with social media, the web, and AI.

Other findings suggested that enterprises gain from enhanced profitability, productivity, and competitiveness if adequate investments in DT adaptation procedures are made. Consumers will have greater access to better services and more satisfaction with critical services. Additionally, studies found that DT fundamentally impacts business models, employee-management communication, and the clarity and allocation of each employee's contribution to output.

Several barriers to DT were identified, including software ease of use, pedagogical infrastructure, technical and social settings, online assessment, and digital pedagogy. Studies suggested that DT has a variety of possibilities and benefits, such as flexibility and the capacity to create new ideas and teaching methods.

Researchers discovered that financial institutions are continually assessing the quality mechanism of digital services, acting to improve them, and using technologies to guarantee the quality of electronic services. It was found that the areas of DT were grouped as follows: (manufacturing resources, plans, strategies, administrative support infrastructure, corporate culture, HR, and leadership).

Some findings evaluated social networking and cloud computing as advantageous in giving instructional resources and boosting safety awareness and communication. Others revealed that implementing financial technology in the Palestinian context has several challenges, including the absence of established norms and regulations, concerns regarding cyber security, and a need for more client confidence in digital financial services. Other studies studied the impact of HR management and are fully aware of its numerous benefits; these aids significantly in adopting and developing electronic HR management and developing study members from higher administrative levels who influence decision-making. Other studies demonstrated that strategic HRP features improved productivity, reputation, and employee welfare while decreasing operational expenses.

The research found that DT affects creativity and HR strategies. According to the results, changes in the personnel recruitment process significantly affect HR planning via DT and innovations. Therefore, both employers and workers should be aware of this. It was determined that employing digital talent as a new target group results in three types of change inside the company: Recruiters first noticed necessary adjustments to methods and procedures for the benefit of the customers. Second, the recruiters grew more conscious of themselves. Some studies investigated the challenges of DT and concluded that the primary obstacles to DT in accounting are resistance to change, company culture, and cost.

Others found that DT entailed extensive alterations to the business model, which may affect anything from procedures to personnel to strategies to even the company's ethos. Hence, a company's long-term strategy should consider how to initiate a DT. That is a primary strategic call. Thus, other studies stressed the uneven influence of DT on several areas of organizational performance and recommended businesses on how to set DT goals.

Others revealed that DT plans are shaped mainly by different emergent strategic initiatives of specific organizational sub-communities via a bottom-up approach, which takes place before top management implements a complete DT strategy. The deliberate strategies of top management strive to align the present emergent strategy with their objectives and increase the amount of intentional content. Other findings indicated that European countries are increasing their investments in DT by developing the private and

public information and communication technology sectors, which usually positively impacts economic growth and essential indicators such as GDP, productivity, and employment. Similarly, research revealed that internal and external forces can affect the proposed regional digital plans.

Other studies explored the impact of DT on company financial and strategic objectives. According to the results, businesses may benefit from digitalization in terms of increased value-adding activities as long as their culture embraces digital technology. Companies that foster a company culture that works in tandem with their digital strategy may see gains in productivity. Others found that innovation does have a positive effect on performance. Moreover, innovation is positively impacted by digital leadership rather than digital culture; organizational learning positively affects innovation.

Moreover, DT requires investing in and altering company culture when needed. Some studies contend that businesses should actively engage in DT and cultivate a culture that welcomes and encourages change and innovation. It was found that organizational commitment and culture significantly benefit employee performance, specifically job satisfaction. Data analysis reveals that organizational culture directly influences employee performance regarding job satisfaction in the current digital era.

The research contributes to the existing body of information about digital innovation by investigating how organizational culture influences a corporation's capacity to participate in digital innovation. Others have found that forming cross-functional teams is one of the most common recommendations for companies looking to digitize their operations. Others found that an organization's culture significantly and positively affects workers' creative capacities by facilitating the interchange of implicit information.

According to the findings, companies can only succeed with DT if they work with suppliers and customers. A cultural shift is required to facilitate more transdisciplinary activities and an agile work environment. The researchers also assessed the impact of digital business capabilities on customer performance using a unique dataset collected from many sources throughout two periods. The results indicate that having a digital business capability has a good effect on performance.

Research results further suggest that DT directly influences innovation and company success, one of the four aspects being considered. Results show that DT, IT innovation, and customer experience all favorably influence a company's success; the

benefit of customer experience was the biggest. Other findings show that DT is positively impacted by digital orientation and capabilities and that DT positively mediates digital orientation, revenue, business model, and competence.

Some studies explored the impact of DT on company performance; according to the research, every strategic area of human resource management has a favorable effect on financial performance. Environmental, social, and economic performance metrics all point to DT and sustainability principles' beneficial influence on the transformation's efficacy, as the analysis's results make clear. The perceived financial success of the organization was also positively correlated with the degree to which HR management was aligned with business goals and plans. The results demonstrate a robust and positive association between HR practices and organizational performance.

They discovered that companies with HRM departments typically had higher sales volumes, that companies with a higher unionization rate also had better results, and that companies with more structured strategic planning had better results overall. Results also show that coordinated and collaborative supplier chains favorably affect DT, sustainable development strategy, and company performance.

Other findings demonstrate that information technology capabilities favorably impact the company's performance due to the development of a digital orientation and the DT of the organization. Others found that digital industrialization has a geographical spillover effect on innovation efficiency. Similarly, others discovered that DT had a more substantial favorable impact on bank performance for bigger banks. As a result, the size of the bank determines how effective DT will be. Others found that DT improves the connection between strategic management techniques and company success. Others found that the DT strategy substantially impacts consumer satisfaction in the Palestinian telecoms industry.

This study underscores the need for more research in the Palestinian context to investigate the variables employed in this research. Furthermore, there is a clear need for more research on the impact of DT on company performance, particularly in examining the function of strategic HR management as a mediator and the influence of digital corporate culture. This research gap is the primary focus of our study.

2.15 Conceptual Framework of the Study:

2.15.1 Digital Transformation and Company Performance:

Even though the existing and potential benefits of digital manufacturing are exceptional in terms of greater efficiency, sustainability, customization, and flexibility, only a small number of organizations have established the ad hoc methods required to achieve superior results. Multiple studies have examined the influence of DT on company performance and have been subjected to empirical testing in different nations.

In their study, Nayal et al. (2022) showed that the coordination and synchronization of operations within the supply chain had a good impact on digital transformation, sustainable development strategy, and the success of corporations. Wang et al. (2022) found that the deployment of DT has a significant favorable influence on the overall performance of manufacturing organizations as well as the operational efficiency of such companies. To attain superior growth and enhance firm performance amidst an uncertain business environment, the authors assert that the crucial factor is expediting the profound amalgamation of digital technology and enterprise advancement.

Popović et al. (2019) discovered that using DT (digital technology) enhances the productivity of firms controlled by women. Enterprises that have undergone DT for a duration exceeding two years have superior overall performance, productivity, capacity for product and service development, and quality of goods and services compared to those that have undergone DT for a duration shorter than two years. According to Barba et al. (2024), information technology positively influences organizational performance. In their study, Zhang et al. (2023) discovered that both exploratory and exploitative dynamic capabilities positively and significantly impacted corporate performance. Yonghong et al. (2023) found a significant and positive impact of DT on the financial performance of industrial organizations.

A study conducted by Do et al. (2022) discovered that implementing the DT enhances the operational effectiveness of commercial banks. The results of Mohamed and Saad (2022) show that DT has a beneficial impact on the correlation between strategic management techniques and business performance. DT has fueled new business growth and emerged as a crucial aim. Cenamor et al. (2017) state that efficiency savings may be gained by exploiting product data flow to speed delivery and emphasizing increased

customer contact requirements. Additionally, DT can improve internal operations, resulting in higher cost efficiency and positively influencing performance. Cost reduction is another key performance indicator; Müller et al. (2018) stated that DT lowers costs through increased productivity and efficiency.

Using the resource-based view (RBV) framework, Nwankpa and Roumani (2016) investigated DT's role as a mediator in the connection between information technology capacity and organizational performance. The results strongly correlate employees' IT knowledge with the company's bottom line. However, knowing that DT is a significant aspect of shaping this connection as a mediator is crucial. They also found that DT has a beneficial effect on company performance and innovation inside companies.

Moreover, research has demonstrated that companies' overall performance is favorably affected by technology innovation. The impact of digital marketing on electronic commerce, brand promotion, and, most importantly, brand positioning was investigated by Melović et al. (2020). The need for digital marketing in the modern day is substantial, and its effects on selecting digital marketing tools, measuring their effectiveness, and evaluating their worth by managers have been significant. In the sector under study, social media has surpassed all others in digital advertising.

However, now, digital marketers use Google Analytics to gauge campaign performance. The study also showed additional positive correlations between a company's digital marketing reliance and its impact on promotional activities and brand positioning. Rupeika et al. (2022) showed that digital attitudes and skills positively impact digital transformation (DT) and potentially transform business models. Furthermore, the data indicated that the DT process acts as a mediator between digital orientation, income, and business models. In addition, when the context of DT is considered, digital capability positively mediates revenue. According to Masoud and Basahel's (2023) results, customer experience, information technology innovation, and DT can positively affect a firm's performance, with the latter having the most effect.

Based on the previous discussion, the first hypothesis was:

H1: ***Digital Transformation positively impacts Company Performance.***

2.15.2 Digital Transformation and Strategic HR Management:

Throughout the DT process, it is imperative for experts specializing in information technologies and (HR) management to engage in collaborative efforts. This collaboration aims to design and create software applications and systems that streamline the transfer of HR information and decision-making processes from traditional physical personnel files to computerized platforms. The individuals' endeavors had a crucial role in proficiently executing electronic HR management (E-HRM) programs, as they adeptly reorganized HR management procedures (Hall & Moritz, 2003).

Using computers and the Internet has facilitated the transformation of HR departments into electronic HR Management procedures, enabling them to undertake greater strategic responsibilities and actively contribute to operational outcomes. The operations of recruitment, success evaluation, in-house transfers, pay, work security, personnel affairs, training and development, performance measures, and rewarding and punishment management have been transitioned to electronic platforms, enabling a comprehensive administration of these activities. Furthermore, there has been a reduction in bureaucratic practices in organizations' administration of human resources procedures.

This shift has replaced ineffective manual techniques with more efficient HRM processes, saving time and cost. This development has facilitated corporate managers and HR professionals to allocate more time toward strategic matters rather than regular tasks (Ferris et al., 1999). The HR department has reaped several benefits as a consequence of DT. One of these benefits is that DT has made it possible for HR to automate repetitive tasks, simplify methods, and reduce guide errors, contributing to increased performance and productivity. Through DT, workers have increased their recent abilities and knowledge, enabling them to adapt to changing job needs and technological advancements. By reducing the amount of paper, power, and carbon footprint, DT has made it possible for HR to align themselves with sustainable development objectives. This has resulted in a more environmentally friendly place of employment (Shuguang, 2021).

DT has significantly impacted many aspects of life, including business and HR management. The development of the information age, which includes artificial intelligence, big data, analytics, and automation, has brought about a significant

transformation in the business landscape (Fenech, 2019). Strategic HR planning ensures that firms can adjust to the shifting environment and use the period to pressure development and innovation (Vardarlier, 2020). Strategies for managing HR are necessary to guarantee that businesses can adapt to the rapid changes directly resulting from DT.

According to Liu and Su (2023), companies that include DT in their HR management processes will likely reap the benefits of a competitive edge in the digital generation. Wilfinger et al. (2022). The ongoing DT process is exacerbating the financial burden on organizations. Individuals' work performance needs to be reevaluated. Consequently, implementing efficient HR control, which involves the greater use of technology, can deliver lasting enhancements in firms' financial performance. The researchers investigated the possible impact of contemporary digital technologies, such as Big Data and Advanced Analytics, on HR control. The findings indicate that implementing Decision Trees DT in HR control improves efficiency.

Moreover, it is worth mentioning that DT affects HR at an organizational level. Job responsibilities change as activities shift. Decision-makers must consider the development of knowledge and skills (Kohli et al., 2011; Liu, 2012). The discovery of recruiting digital talent as a novel target demographic instigates organizational transformation through three distinct mechanisms: Recruiters have recognized the need to modify their strategies and procedures in response to the evolving demographic they are targeting. Furthermore, recruiters have cultivated a novel perception of themselves. Moreover, recruiters have acknowledged the necessity of facilitating the organization's digital transition by assuming a bridge role (Gilch & Sieweke, 2021).

The HR that helps firms achieve sustained competitive advantage is essential to DT strategies. The advent of new technology and the digitization of business operations have pressured organizations to advance their HRM practices rapidly (Horváth & Szabó, 2019). This practice evolution demands developing procedures and adopting practices to continuously appraise HR competencies, introduce new work organization and employment forms, and create agile human resources processes (Götz & Jankowska, 2020).

Furthermore, DT impacts HRM practices by radically changing operational procedures, the overall content and structure of the workplace, and workers' knowledge

and abilities (Vial, 2021). Because of this, managers must understand how their employees feel about new technology and how they act and think when learning and using the latest techniques and methods. Only then can they ensure that their employees adapt to the new work environment and are adequately compensated for their efforts (Johnson et al., 2009).

In addition, according to Jayabalan et al. (2021), DT was shown to have an immediate influence on recruiting procedures, professional development, salary, and benefits. Barišić et al. (2021) have shown that introducing digital technology has changed the approaches used to recruit and choose new personnel. This has resulted in DT being an essential factor in the progression of HR management practices. Similarly, Zhu et al. 2022 demonstrated that several aspects of DT, including the state of technology, the prevalence of electronic management and HR systems, and the prevalence of electronic organizational communication, contributed positively and significantly to enhancing HRM practices.

Strategic Vision and SHRM:

The creation of consistent HRM systems may also be aided by considering the organization's goals and principles, according to Boswell et al. (2006). While it is true that mission and value statements get a bad rap for being too general, they lay out a road map and some guidelines for how to determine whether HR policies and procedures are suitable for a given company. Organizational vision and values statements provide a shared understanding of the organization's desired identity and serve as a unifying document regardless of whether they are seen as cultural foundations or reflections. HR professionals and employees can utilize vision and values statements as benchmarks to determine if specific HR procedures are internally consistent. Additionally, managers must comprehend the firm's vision and goals. They may offer essential input on the abilities required to adapt to technological advancements (Halid, 2020). Moreover, it is crucial to have forward-thinking leadership committed to DT and able to inspire and motivate personnel (Gadzali et al., 2023).

Organizing and SHRM:

In the 21st century, there was a significant shift towards automation and digitalization across all business segments (Mirković et al., 2019). This hastened the belief that DT necessitates organizational changes, including work processes and structural adjustments, directly impacting strategic HR management. Researchers Phiri

and Phiri, J. (2022) found that performance management, employee welfare, and learning and development contributed to the firm's success.

Nadeem et al. (2024) showed that DT significantly affects industrial workers' mindsets, psyches, autonomy, and job-related aspects.

Businesses of all shapes, sizes, ages, locations, product lines, customer bases, and market shares have come to the same conclusion: they must become more "digital" to meet their consumers' ever-evolving demands better. Embracing digitalization requires a methodical and well-thought-out strategy (Parviainen et al., 2017). Business processes and models underwent substantial modifications due to digitalization's breakthrough in an uncertain environment (Nikolić, 2018). Organizations in the modern digital era must embrace a culture of innovation and new working methods because of the drastically altered external environment.

Customer Involvement and SHRM:

According to research (Chang et al., 2013; Patel et al., 2013), HRM systems can also help customers by enhancing product quality and other aspects that buyers appreciate. Until now, most research on customer outcomes has been on HRM systems that aim for high performance, dedication, and involvement. According to new research on service climate, HR management systems focusing on customer service may significantly influence customer results (Hong et al., 2013).

Research linking HRM systems to customer service, product quality, and innovation reflects customer concerns in the strategic HRM literature. Customer service and satisfaction were positively correlated with high-performance HRM systems that aim to improve customer service. These practices help employees improve customer service and foster an organizational culture that values customer service (Chuang & Liao, 2010; Liao et al., 2009).

Technology Assets and SHRM:

Modern HR management relies heavily on technological advancements, particularly in applicant and employee data collection, storage, usage, and dissemination. These advancements have also changed the dynamics of supervision, work relationships, and jobs. Technological developments have given rise to novel concepts, including online job applications, remote work, and virtual teams (Stone, 2015).

Vrontis et al. (2023) came across the results of a comprehensive review of 13,136 articles published in the leading international journals of HR management (HRM),

indicating that intelligent technologies provide new possibilities for HRM regarding employee management and improving business performance. However, they also pose significant ethical and technological challenges. It has been determined that these technologies will primarily affect HR management strategies, such as job displacement, human-robot/AI cooperation, decision-making, educational opportunities, and HRM operations, such as hiring, training, and performance reviews.

Innovation and SHRM:

Siengthai and Bechter (2001) confirmed a substantial relationship between innovation among firms in the industry and criteria such as leadership support for innovation, organizational structure, HR management techniques, firm performance, and firm size. Ling and Nasurdin (2010) examined how HRM practices relate to organizational innovation. They confirmed that organizational innovation benefited significantly from training alone. Furthermore, a favorable and substantial relationship exists between performance evaluation and administrative innovation. Fındıklı et al. (2015) found that organizational innovation can be predicted by looking at remuneration, training, and performance rating systems.

Vardarlier (2020) stressed that digital HR solutions are essential for businesses to run their HR operations. Similarly, businesses provide customers with a plethora of innovations. However, HRM uses the same technology to attract and retain top talent, and HRDT works best when integrated into a larger hiring strategy.

Digital Capabilities and SHRM:

Jaluch (2019) states that digital capabilities are the skills necessary to participate in economic and social life through the safe and appropriate use of digital technology and network devices for managing, integrating, communicating, evaluating, and creating information. To be competitive in today's world of advanced technology and best equipped for future jobs, digital talents are not options but necessities. Through the use of globally connected online examples, digital capabilities, knowledge, skills, and behaviors are put to use. Moreover, Fenech et al. (2019) found that DT affects HR's day-to-day activities and procedures. Thus, digital capabilities are essential for employees to survive in the digital era.

Turulja and Bajgoric (2018) found that knowledge management is improved by enhancing HRM capabilities, which are enhanced by IT capabilities. Therefore, company performance improves when knowledge competency and IT capability work together. Bansal et al. (2023) confirmed that companies must continually improve their organizational capabilities, which manifest as their innovation capability, with help from factors like digital infrastructure, architecture, and individual talent and creativity, especially in times of uncertainty and turmoil.

Know-how and intellectual properties and SHRM:

Ellingrud et al. (2020). Machines can now do many of the jobs humans used to do because of technological advancements. In the years to come, the job market will be significantly impacted by this new wave of automation. Most of today's workers will have to acquire new abilities because practically every job will undergo significant changes. One of the most pressing issues facing businesses today is being ready for the workforce of the future, but only some companies are prepared to tackle this challenge. Kianto et al. (2017) highlight the critical importance of human capital on innovation performance and demonstrate that intellectual capital positively mediates it between knowledge-based HRM practices and innovation performance.

Based on the previous discussion, the proposed second hypothesis is ***H2: Digital Transformation positively impacts Strategic Human Resource Management.***

2.15.3 Strategic Human Resources Management and Company Performance:

Various studies have investigated the importance of SHRM and its relationships with dimensions such as company performance, competitive advantage, Innovation Capability, sustainability, and globalization. The planning function is the first function in SHRMP. Al-Qudah et al. (2020) found that strategic HR planning and strategic planning, strategic involvement statistically impacted organizational results. According to the results, incorporating strategic HRP components increases a company’s overall efficiency, employee goodwill, and image and lowers operational expenditures.

Aryanto et al. (2015) found that SHRM positively affects innovation performance and has a favorable association with innovation competence. Moreover, Emeagwal and Ogbonmwan (2018) discovered that effective HRM methods increase human capital development and employee loyalty while directly impacting long-term competitive

advantage. Furthermore, Sahar and Gregar (2012) examined strategic HR management as a cause of long-term competitive edge for businesses. They emphasized the significance of (HR) and their strategic actions in determining organizational performance and competitiveness.

Youndt et al. (1996) suggested that the main element that led to the observed outcome was the combination of human-capital-enhancing HR systems with a manufacturing strategy prioritizing quality. Additionally, various production techniques played a moderating role in the performance connection. The expanding duties of HR managers involve transitioning from a primary concentration on conventional operational activities to a heightened emphasis on long-term strategic goals. An emerging phenomenon among HR managers is that they are increasingly utilizing the expertise and perspectives of top executives to enhance the effectiveness of strategic decision-making procedures. Instead of facing exclusion from corporate strategic decisions, HR managers today adopt a supporting role in these activities (Barney & Wright, 1998).

In their study, Ferris et al. (1990) uncovered a direct relationship between the existence of HRM departments and the overall success of enterprises, as shown by higher total sales volume. Furthermore, the researchers discovered that companies with more unionized employees performed better than those with a lower proportion. Moreover, the research demonstrated that companies achieved superior performance by adopting a more structured approach to strategic planning.

Wan et al. (2002) discovered that several elements of HRM strategies and practices correlate positively with HR performance. However, the correlation is weaker regarding a company's financial results. According to the results, several HRM factors may influence these two measures of business success. Additionally, it delves into how human capital management may serve as a crucial resource for attaining a competitive advantage. In addition, Danlami (2011) found that among the most critical strategic HR practices that impact organizational performance are line management devolution, innovative recruitment and selection, consistent training and development, performance appraisal, career planning, and strong employee engagement.

Additionally, according to Andersen et al. (2007), a favorable correlation was discovered between the organization's perceived financial success and the alignment between HR management and business goals and plans. This alignment was determined

to be high. Anwar and Abdullah (2021) determined that decentralization has a favorable correlation with the organizational performance related with organizational performance. Jashari and Kutllovci (2020) found that the correlation study proves that HR management techniques have a favorable and substantial effect on the performance of organizations. Compared to other activities, recruitment and selection practices have the most significant positive connection with the business's success.

Sweis and Saleh (2020) indicated that HR resource strategies substantially influence the overall performance of construction enterprises. Furthermore, training and development, as well as performance assessment, substantially influenced the organization's performance. However, the other practices (recruitment, selection, and remuneration) could have had little impact on the organization's performance.

Rana and Malik (2017) indicated a strong and favorable correlation between HR procedures and organizational success. Otoo and Mishra (2018) suggested that some HRM techniques affect organizational performance by influencing the skills and abilities of employees. Masum's (2016) findings indicated that while local banks demonstrate satisfactory operational performance, they must effectively enhance their HRM practices to address the challenges of bank modernization and competitiveness. Al-Refaie's (2015) findings show that HRM practices, service quality, customer loyalty, and employee happiness contribute to better hotel financial and innovation success. Mitchell and Obeidat (2013) also found that HRM mediates the relationship between organizational financial success and HRM's strategic function. Similarly, evidence from Sánchez et al. (2015) supports SHRM's role as a mediator between knowledge management and business outcomes.

Based on the previous discussion, two hypotheses were proposed

H3: Strategic HR management positively impacts company performance.

H4: Digital Transformation impacts company performance through the mediator Strategic Human Resources Management.

2.15.4 Digital Transformation, Company Performance, and Digital Corporate Culture:

Digital workplace practices should be ingrained in business culture in this era of digital workforces (Duerr et al., 2018). To ensure the DT changes they want to happen, businesses need to know what makes an excellent corporate culture. This implies that corporate culture is changing into digital corporate culture in this digital era. To ensure the success of their planned changes, businesses going through DT must have a firm grasp of the fundamental requirements of a company culture.

Stoianova et al. (2020) found that various cultural factors influence a company's preparedness for the digital era, including employee growth, building corporate loyalty, attracting top employees, implementing a company-wide knowledge-sharing system, motivation, cross-functional collaboration, and a systematic approach to developing corporate culture. The digital economy presents new opportunities, although there are apprehensions regarding how organizations and individuals might succeed in this era (Kane et al., 2015).

An organization's capacity to effectively incorporate digital technologies can be influenced by its organizational culture. McDermott and Stock (1999) suggest that a corporation with a flexible culture is more likely to thrive with new technology. Workplace culture influences productivity by shaping employee behavior rather than directly impacting productivity (Zheng et al., 2010). However, many companies still need to achieve substantial commercial benefits from DT due to conflicts with their culture. Digitization requires establishing a digital culture that supports this shift, meaning a corporate culture suitable for organizations undergoing digital transformation. Haffke et al. (2017) suggested that many companies recognize the need to change their culture to achieve their digital goals. According to literature, a company's culture can be a valuable source of competitive advantage (Barney, 1991; Sadri & Lees, 2001). Additionally, projects that require organizational changes, such as implementing new digital technologies within a corporation, have a higher chance of success when the organizational culture is considered (Ke & Wei, 2008).

Moreover, persuading employees about the benefits of digitization alone cannot change an organization's culture, as per Harshak et al. (2013). However, a company can create the transformation it needs even with its current culture and abilities.

The company can identify the current habits that align with the new digital strategy and encourage these habits both formally and informally, thus fostering a digital culture. To do this, it is proposed by Claver et al. (1998) and Kane et al. (2015) that managers and staff should be driven to establish an atmosphere that encourages cooperation, innovation, creativity, and challenges via the implementation of a unified digital strategy. As a last point, it is essential to have a solid and encouraging company culture that encourages everyone to accept new techniques and motivates internal and external stakeholders to do the same if you want your DT effort to be successful (Alam, 2022). Finally, An et al. (2024) confirmed that digital organizational culture positively moderates organizational innovation and human AI skills. ***Based on the discussion above, the fifth hypothesis is H5: Digital Corporate Culture positively moderates DT's impact on company performance.*** Figure 2.1 depicts the Conceptual Framework of the Study.

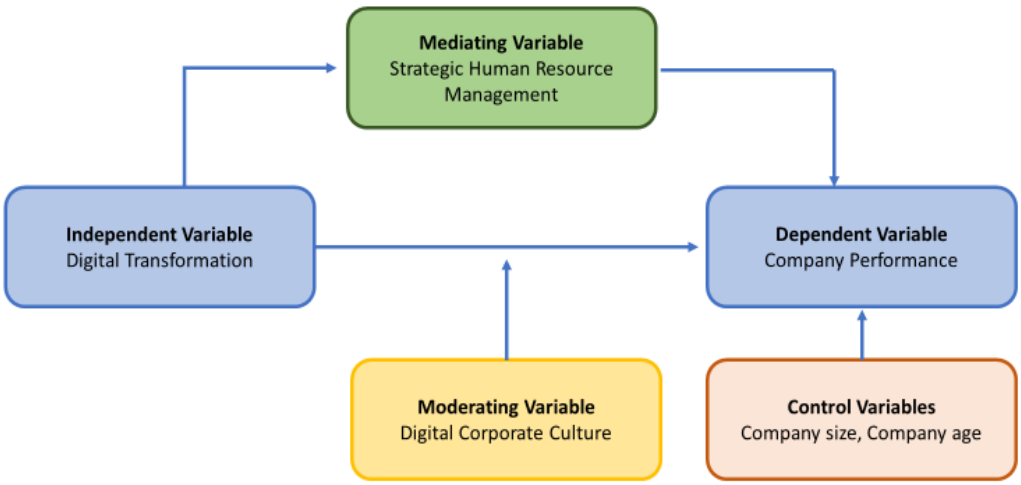

Figure 2.1 Conceptual Framework of the Study

Chapter Three: Research Methodology

This chapter introduces robust and meticulously designed research, which is the foundation of this study. It covers the validation and reliability of the questionnaire, the population and sample, and the data collection tool. The meticulousness of the research design is crucial in maintaining the validity and reliability of the study, thereby instilling confidence in the readers about the quality of the research.

3.1 Research Methodology:

The current study employed the explanatory research strategy, a scientific analysis and explanation technique, to collect and analyze data for specific social, humanitarian, or other fields (Hair et al., 2016). This approach was chosen for its unique ability to provide a comprehensive understanding of the research topic and to test the causal relationship between variables. The implementation of the quantitative research required a particular structure and steps. The quantitative research strategy consisted of several vital steps, clearly defining the research questions and hypotheses.

This study was intended to examine how the digital transformation of companies affected their performance in the ICT sector, and it was hypothesized that SHRM would have a mediating effect. Therefore, the first step in the project's design was to develop the conceptual framework that described the relationships between the main concepts and their aspects. Moreover, it was essential to provide hypotheses that digital transformation positively affected the company’s performance and that digital corporate culture could moderate this, thereby enhancing the effect of DT on performance. The mediating effect of strategic HR was also hypothesized.

3.2 Data Collection Method:

This study aimed to investigate the impact of digital transformation on company performance, and the mediating role of strategic human resource management in the Palestinian ICT sector. To accomplish this, two data collection methods were used:

3.1.1 Secondary Sources:

Data collection from secondary sources involves examining several databases, including Scopus, EBSCO, Taylor and Francis. This process aims to acquire secondary data, construct the literature review, and ascertain the primary factors facilitating DT and its impact on strategic HR Management and company performance. Digital corporate culture was also explored to acquire secondary data about its impact on digital transformation and company performance.

3.1.2 Primary Data:

This study used a survey approach to collect the primary data, with a structured questionnaire utilized to collect data from ICT companies in Palestine. The information was collected via electronic questionnaires (Google Forms) and distributed to business owners and senior employees who were knowledgeable about their company's practice and implementation of digital transformation and advanced HR practices. As for the big companies, the HR department distributed the questionnaire to ensure that it was sent to the right employees who could fill it; for the small and medium companies, it was sent immediately to the business owners.

A well-designed questionnaire collected all the required information to measure the variables of Digital Transformation (Strategic Vision, Organizing, Customer involvement, Technology Assets, Innovation, Digital Capabilities, Know-how, and Intellectual Property), SHRM, Digital corporate culture, and company performance.

The five-part questionnaire served as this study's primary instrument (see Appendix (A)) for more information. The questionnaire was divided into five parts as follows:

Part One: General Information about the participant

Part Two: Measures the Dimension of Digital Transformation.

Part Three: Measures SHRM Practices.

Part Four: Measures Digital Corporate Culture.

Part Five: Measures the Company Performance.

The questionnaire responses were meticulously analyzed using a Likert scale with five points of differentiation. According to table (3.1), the responses ranged from strongly agree (5) to strongly disagree (1). The Likert scale, a widely accepted method in social science research, ensures the methodological rigor of this study.

Table (3.1) Likert Scale

Scale	Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree
Weight	5	4	3	2	1

3.2 Study Model and Measurements of Variables:

The theoretical model variables utilized past research instruments with verified validity and reliability. Based on the literature, a collection of constructs applicable to the setting of the study sample was identified. Table (3.2) depicts the research constructs used to measure them, and Figure (3.1) depicts the research model.

Table (3.2): Study Constructs and Related Studies

Construct	Related Studies
Digital Transformation: (DT)	Gurbaxani, & Dunkle, (2019), Ivančić et al., (2019).
Digital Corporate Culure (DCC).	Martínez et al., (2020).
Strategic Human Resources Management (SHRM)	Al-Qudah et al. (2020, Fong et al., (2011).
Company Performance (CP)	Gao et al. (2023). Abbas et al. (2019), Ukko et al. (2019), Tippins & Sohi (2003).

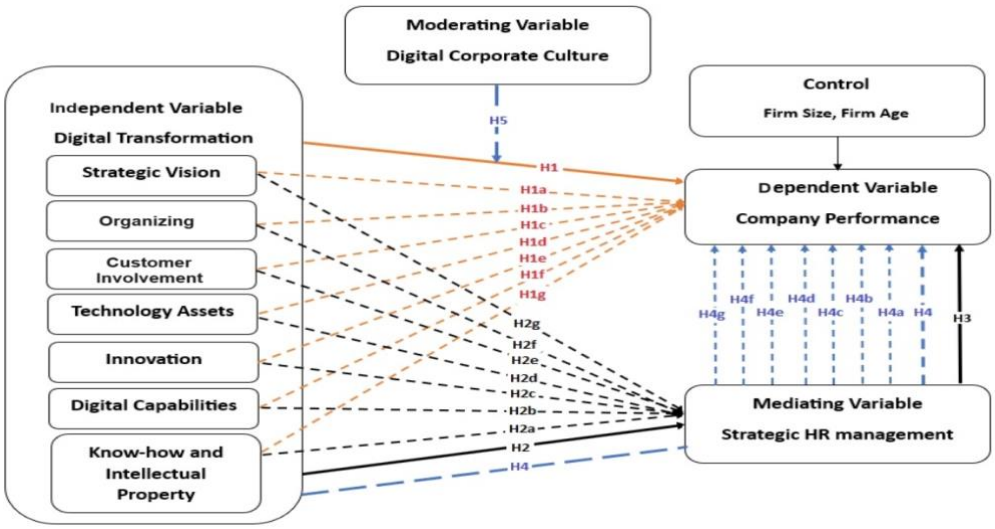

Figure (3.1): Research Model

3.3 Questionnaire Validity:

A measurement's validity can be defined as the "degree to which it measures what it should measure" (Zikmund et al., 2012, p. 300). Validity can be evaluated using a wide variety of methodologies and components. An instrument's internal or external validity is examined through statistical validity (Easterby et al.,2002).

After the questionnaire was peer-reviewed by the committee members and three additional professors from the field, a pilot study ensured that the questionnaire was clear, relevant, and comprehensive. A limited sample of the West Bank's ICT Sector population participated in the research. Twenty people were randomly chosen to fill out the survey and offer comments on its layout and content. While most questions were straightforward to read and comprehend, a couple were rephrased because they were too vague or repeated. In addition, they said that the questions were appropriate for the research objectives. Each participant needed around 10 minutes to complete the questionnaire, which was acceptable. Then, the questionnaire was translated into Arabic to make it easier for the respondents to answer; the language center at Al-Quds University approved the Arabic version.

3.4 Questionnaire Reliability:

The degree to which a measuring instrument maintains its consistency and its precision or accuracy is referred to as its reliability. The higher an instrument's level of reliability becomes, the less variation in results it produces in repeated measurements of the same attribute it produces. The terms dependability, stability, and predictability are often used interchangeably when discussing reliability. The Cronbach's Alpha Method is the technique that is utilized to determine the reliability of the questionnaire (Easterby, 2002; George, 2003). The reliability was computed, and the results are displayed in Table (3.3) as follows:

Table (3.3): Cronbach's Coefficient Alpha

Variable	Number of items	Cronbach's Alpha value
Strategic Vision	5	0.714
Organizing	6	0.754
Customer Involvement	3	0.814
Technology Assets	6	0.831
Innovation	3	0.791
Digital Capabilities	5	0.787
Know-how and Intellectual Property	5	0.809
Digital Transformation	**33**	**0.888**
SHRM practices	**18**	**0.817**
Digital Corporate Culture	**4**	**0.849**
Company Performance	**8**	**0.901**

The data that was obtained and displayed in Table (3.3) shows the Cronbach's Alpha of the study variables; the table shows that all the dimensions of digital transformation have values between (0.714- and 0.809) and the overall Cronbach's alpha value for the variable was (0.888), as for the SHRM practices the Cronbach's alpha was (0.817) and the Cronbach's alpha for the digital corporate culture was (0.849) and (0.901) for the company performance. This indicates that the questionnaire is highly reliable (George, 2003; Hair et al., 2016; Zikmund et al., 2012).

3.5 Population of the study:

This research was carried out in the West Bank between June and August 2024. The population of this study consisted of all of the employees working in the Palestinian ICT sector in the West Bank, with approximately 3591 employees (data was collected from HR Departments in the companies as well as the Palestinian Information Technology Association (PITA, 2024) as shown in Table (3.4).

Table (3.4): Study Population

#	Company	Population Size
1	Paltel and Jawwal	1700
2	Oredoo Palestine	550
3	PITA Registered Companies	1341
Total		**3591**

*****The numbers in Table (3.4) do not include Gaza Employees due to the war.

3.6 Study Sample:

The stratified random sampling approach was used to choose the study sample and to determine the sample size for each stratum in this method; the following equation was used (Nguyen et al., 2021):

$$Ni = \frac{Ni}{N} \times n$$

Where:

- n_i is the sample size for stratum i.
- N_i is the population size of stratum i.
- N is the total population size.
- n is the total sample size desired.

The researcher decided that a (10%) sample would be efficient for conducting this study, and that is based on previous studies in sampling methods (Cohen, 1988, Nguyen et al., 2021); based on this assumption, the study sample would be:

$$, n = 3591 \times 10\%, \approx 359$$

Table (3.5) shows the sample size for each stratum as follows:

Table (3.5) Study Sample

#	Company	Population Size	Study sample
1	Paltel and Jawwal	1700	170
2	Oredoo Palestine	550	55
3	PITA Registered Companies	1341	134
Total		**3591**	**359**

3.7 Statistical Methods:

The data was processed and evaluated using an advanced statistical analysis program using quantitative data analysis techniques (Smart PLS4). The research used statistical equation modeling and applied the following statistical tests (Easterby et al., 2002; George, 2003; Zikmund et al., 2012):

1. **Cross loading:** "Examines that the loading of an indicator on its assigned latent variable should be higher than its loadings on all other latent variables."
2. **Composite Reliability**: "To test the reliability of the questionnaire, which must be greater than 0.7)."
3. **Average Variance Extracted (AVE):** "It examines the correlations between the constructs."
4. **The R-squared value (R^2):** "It represents the proportion of variation in the dependent variable(s) that one or more predictor variables can explain".
5. **Assessment of Effect Size** (f^2): "Measuring the effect size indicates the relative effect of a particular exogenous latent variable on endogenous latent variable(s) using changes in the R-squared."
6. Q^2: Testing Predictive Relevance.
7. **T value:** "determines whether a specific is significant, depending on the *P* value."

3.8 Model Estimation:

The Smart PLS4 software was utilized to analyze the PLS path model. The calculation performed by the PLS algorithm displays the independent variables, the dependent variables, the relationships between the variables, and indicators for all variables.

3.8.1 Assessment of Reflective/ Formative Measurement Models:

This includes using average variance extracted (AVE) to determine convergent validity, the Fornell-Larcker criterion and cross loads to assess the validity of discriminants, and composite reliability assessments to determine internal consistency (Easterby et al., 2002; D. George, 2003; Zikmund et al., 2012). The research model was developed from several different independent and dependent variables. Table (3.6) shows that each variable comprises several indicators.

Table (3.6) Variables and Indicators in the Model

Variable	Indicator
Strategic Vision	A (1-5)
Organizing	A (6-11)
Customer Involvement	A (12-14)
Technology Assets	A (15-20)
Innovations	A (21-23)
Digital Capabilities	A (24–28)
Know-how and Intellectual Property	A (29-33)
Digital Transformation	A (1–33)
SHRM practices	B (1-18)
Digital Corporate Culture	C (1-4)
Company Performance	D (1–8)

Chapter Four: Data Analysis and Discussion

This chapter analyzes the data, reports the findings, evaluates the study hypotheses using structural equation modeling (SEM), and examines the data using SmartPLS4. Until this point, the data was collected using a questionnaire to validate the study model.

4.1 Participant Profile:

In all, 400 questionnaires were issued to the research sample via Google Forms, of which 367 were collected, yielding a response rate of 91.75%; three questionnaires were discarded due to missing data during the data entry procedure, taking the total to (364) questionnaires; the table below offers a descriptive analysis of the sample:

Table (4.1) Sample Demographic Distribution

Variable	Variable level	Number	Percentage
Gender	Male	242	66.5%
	Female	122	33.5%
	Total	**364**	**100%**
Age	Less than 30 years.	127	34.8. %
	From 31-40 years.	150	41.2. %
	From 41-50	73	20.1%
	From 51-60 years.	11	3.1%
	More than 61 years	3	0.8%
	Total	**364**	**100%**
Education	High School.	2	0.5%
	Diploma.	3	0.8%
	BA.	267	73.4%
	Master	88	24.2%
	Ph.D.	4	1.1%
	Total	**364**	**100%**
Position	Company Owner.	33	9.1%
	Chief Executive Officer.	5	1.4%
	General Manager.	5	1.4%
	Department Head	150	41.2%
	Other Administrative Positions.	99	27.2%
	Normal Staff.	72	19.7%
	Total	**364**	**100%**
Sector	Telecom Sector	176	48.4%
	Internet Service Provider	80	21.9%

	Software Development	31	8.5%
	Information Technology	56	15.3%
	Professional and Technical Training.	12	3.3%
	Other.	9	2.4%
	Total	**364**	**100%**
Company size	Less than ten employees.	22	6%
	From 10-49 employees.	27	7.4%
	From 50—100 employees.	17	4.7%
	More than 100 employees.	298	81.9%
	Total	**364**	**100%**
Company Age	Less than five years.	15	4.1%
	From 5--- 10 years.	17	4.6%
	From 11 -----20 years.	142	39.0%
	More than 20 years	190	52.3%
	Total	**364**	**100%**
Areas of service	West Bank only.	37	10.2%
	West Bank and Gaza	233	64.0%
	West Bank and Jerusalem.	13	3.6%
	West Bank and International markets.	53	14.6%
	Only International markets.	28	7.7%
	Total	**364**	**100%**
Is there an IT Department in the company?	Yes	300	82.4%
	No	64	17.6 %
	Total	**364**	**100%**

It can be noted from the data presented in Table (4.1) that the demographic overview of the study sample in the Palestinian ICT sector is extensive and comprehensive. Regarding gender, the majority of the sample was male, with males accounting for (66.5%), and females (33.5%). Perhaps this proportion indicates the imbalance in the gender makeup of the ICT sector in Palestine and some potential areas for gender equality endeavors. This can be understood as the fact that, especially in developing nations, women have far fewer opportunities than men to own small and medium-sized enterprises (SMEs) or advance to higher positions (Qubbaja, 2019).

In terms of age, the majority of the surveyed sample was comparatively young, with (34.8%) of respondents being under 30 years old. Similarly, the age group of 31-40 years accounted for (41.2%) of the sample, which amounts to (76%) of the total workforce. And (20.1) from 41-50 years. Upon consideration, this representation may also point to the high rate of potential for innovation and adaptation in the sector since the majority of them are young. However, this number drops dramatically among

individuals older than Fifty, which might signify the lack of older, more experienced sector members.

The spread of education levels is also notable, with the majority of the surveyed sample having a Bachelor's degree (73.4%) or a master's degree (24.2%), and (1.1%) of Ph.D. holders.

Among organizational positions, (68.4%) are either department heads or have other managerial positions, (9.1%) are company owners, (1.4%) are Executive officers, (1.4%) are general managers, and (19.7%) are regular staff. This means they have a higher strategic view and are involved in strategic decisions and goals. Thus, their answers would reflect the strategic insight of the ICT companies.

In terms of sector, the telecom sector employs the most employees, accounting for (48.4%) of the sample, while the Internet service provider is the second, accounting for (21.9%) and Information Technology is the third, accounting for (15.3) while software development is the fourth (8.5%). This shows that most of its employment is in telecom, which may drive the overall sectoral dynamics. The least represented sector is professional and technical training (3.3%), which may indicate a gap in continuous professional development and diversification. .

The company size data reveals that large companies, with more than 100 employees, dominate the sector at (81.9%), while those with less than ten employees are the least at (6%), and those with 10-49 employees at (7.4%) and 50—100 employees (4.7). This indicates that small companies need help in the highly competitive ICT market, making it difficult to survive.

The age of the companies is a significant factor, with just over half of respondents from companies having existed for more than 20 years. This stability and maturity in the sector could be a barrier for younger companies, as only (4.1%) are less than five years old. This figure suggests that either access to the market is challenging or the entrepreneurial environment could be more dynamic. Most companies are serving the West Bank and Gaza, at (64.0%), while those serving international markets are at (14.6%). Fewer companies serve just the West Bank (10.2%) and the West Bank and Jerusalem (3.6%). This distribution may indicate market accessibility and geopolitical factors. Notably, IT departments are prevalent in companies at (82.4%), while only (17.6%) still need an IT department, which is understandable since the sample has small companies.

In conclusion, these results provide crucial insights into the Palestinian ICT market's demographic composition, education levels, work distribution, sector focus, company size and experience, service undertakings, and IT structure. It's worth mentioning that age and company size were considered as control variables.

4.2 Analysis:

In this section, the sample responses were analyzed, and the mean, standard deviation, and rank were recorded for each dimension to evaluate the level of each variable and its implementation in the Palestinian ICT sector as follows:

4.2.1 Digital Transformation:

Table (4.2): Means, Standard Deviation, for Digital Transformation in the Palestinian ICT sector

Item	Mean	Standard Deviation	Rank
Strategic Vision			
Our company has a clearly defined strategic vision for understanding digital needs.	4.36	0.638	1
Our company has a strategy for digital transformation.	4.24	0.726	3
The senior executive team understands digital technology capabilities and how they will support business objectives.	4.35	0.658	2
There is no problem with the lack of digital leadership when defining strategy.	2.86	1.148	5
It is easy to develop a company's digital strategy.	3.91	0.743	4
Strategic Vision	**3.9456**	**0.53753**	
Organizing			
The Digital Transformation unit manages transformation efforts.	3.63	1.005	6
The company cooperates in achieving digital goals.	4.12	0.616	1
Digital Transformation units or “evangelists “report directly to higher management.	3.77	0.829	5
Digital projects are run through the project organizational structure.	3.94	0.676	4
Our company measures include digitally related key performance indicators (KPIs).	4.00	0.770	2
Standard management practices from the fields of organization management and operations management are utilized.	3.95	0.698	3
Organizing	**3.9016**	**0.58682**	
Customer Involvement			
Solutions are designed according to the end-to-end customer journey.	4.01	0.662	2
Our customers participate in process delivery.	4.20	0.579	1

An employee who knows the customers' needs is always included in digital project teams.	3.91	0.764	3
Customer	**4.0403**	**0.54452**	
Technology Assets			
Our company's work depends on big data.	4.04	0.747	6
We use data mining and analysis/data analytics.	4.07	0.787	5
We use mobile technologies.	4.17	0.903	3
We use cloud computing.	4.10	0.786	4
We use the Internet and wireless communications.	4.53	0.552	1
We have Sufficient technology assets to implement the strategic vision.	4.22	0.748	2
Technology Assets	**4.1909**	**0.53478**	
Innovations			
Our company's Top-level management encourages idea creation.	4.29	0.670	1
Our employees can share their ideas directly with their superiors.	4.26	0.760	2
Our company has established an innovation–evaluation process.	4.05	0.773	3
Innovations	**4.1996**	**0.63599**	
Digital Capabilities			
Our company has an availability of digital expertise.	4.21	0.691	1
Our company needs visionary/innovative skills to define the right digital strategy.	3.90	0.786	3
We assign tasks to employees based on their level of digital transformation knowledge.	3.61	0.983	4
We have a technical talent for innovation in the company.	4.13	0.680	2
There is no problem with the lack of digital skills to execute strategy.	2.75	1.040	5
Digital Capabilities	**3.7181**	**0.49727**	
Know-how and Intellectual Property			
Our company is increasingly using software to improve operations performance.	4.13	0.739	3
Our company is increasingly using software to improve customer understanding.	4.15	0.726	1
Our company is increasingly using software to improve product know-how.	4.14	0.680	2
Our company has sufficient intellectual property assets to implement the strategic vision.	3.91	0.772	5
Our company is increasingly using software to improve supplier interactions.	4.07	0.695	4
Know-how and Intellectual Property	**4.0824**	**0.59290**	
Digital Transformation.	**4.0112**	**0.44043**	

Table (4.2) evaluates the digital transformation efforts in the Palestinian ICT sector, focusing on seven key dimensions: Strategic Vision, Organizing, Customer involvement, Technology assets, Innovations, Digital Capabilities, Know-how, and

Intellectual Property. Each dimension is assessed through specific items, with scores reflecting the mean and standard deviation of responses.

Strategic Vision:

The first dimension of digital transformation is the strategic vision. The results show that the respondents responded positively on item number (1), "**Our company has a clearly defined strategic vision for understanding digital needs,"** with the highest mean score of (4.36) and a standard deviation of (0.638), the lowest score was for item (4) "**There is no problem with the lack of digital leadership when defining strategy"** with a mean score of (2.86) and a standard deviation of (1.148). The overall mean score for the dimension was (3.9456) and a standard deviation (0.53753). This result reflects that managers and employees know the availability of strategic vision, digital strategy, and the need for digital leadership.

Organizing:

The second dimension is Organizing. The respondents rated item number (2), "The company cooperates in achieving digital goals," highest, with a mean score of (4.12) and a standard deviation of (0.616). The lowest score was for item (1), "The Digital Transformation unit manages transformation efforts," with a mean score of (3.63) and a standard deviation of (1.005). The overall mean score for the organizing dimension was (3.9016) with a standard deviation of (0.58682). This result indicates that managers and employees recognize the importance of collaboration in achieving company goals and having clear KPIs and that digital projects are part of the organizational structure.

Customer Involvement:

The third dimension, Customer involvement, showed a positive response for item number (2), "Our customers participate in process delivery," which received the highest mean score of (4.20) and a standard deviation of (0.579). The lowest score was for item (3), "An employee who knows the customers' needs is always included in digital project teams," with a mean score of (3.91) and a standard deviation of (0.764). The overall mean score for this dimension was (4.0403) with a standard deviation of (0.54452). This highlights the significance of customers in the digitalization process, and it is evident that managers and employees understand this principle and actively engage in it. Furthermore, it was emphasized that ensuring customer satisfaction is a collective obligation of the

entire organization rather than solely relying on individuals who possess knowledge of consumer needs.

Technology Assets:

In the Technology assets dimension, item number (5), "We use the Internet and wireless communications," received the highest mean score of (4.53) and a standard deviation of (0.552). The lowest score was for item (1), "Our company's work depends on big data," with a mean score of (4.04) and a standard deviation of (0.747). The overall mean score for the Technology dimension was (4.1909) with a standard deviation of (0.53478). This indicates that managers and employees possess an understanding of the significance of investing in technology as a means to facilitate the process of digitalization.

Innovation:

The Innovations dimension revealed that item number (1), "Our company's Top-level management encourages idea creation," received the highest mean score of (4.29) and a standard deviation of (0.670). The lowest score was for item (3), "Our company has established an innovation–-evaluation process," with a mean score of (4.05) and a standard deviation of (0.773). The overall mean score for this dimension was (4.1996) with a standard deviation of (0.63599). These findings suggest that managers and employees acknowledge the necessity of fostering creative ideas, the significance of sharing them, and the requirement to assess them to optimize the digitalization process.

Digital Capabilities:

For the Digital Capabilities dimension, item number (1), "Our company has an availability of digital expertise," had the highest mean score of (4.21) and a standard deviation of (0.691). The lowest score was for item (5), "No problem with lack of digital skills to execute strategy," with a mean score of (2.75) and a standard deviation of (1.040). The overall mean score for the Digital Capabilities dimension was (3.7181) with a standard deviation of (0.49727). This suggests that both managers and employees acknowledge the significance of possessing digital expertise and the necessity of possessing inventive talents. Additionally, they allocate responsibilities to employees with technological skills to effectively accomplish digital strategic objectives.

Know-how and Intellectual Property:

The final dimension, Know-how, and Intellectual Property showed that item number (2), "Our company is increasingly using software to improve customer understanding," had the highest mean score of (4.15) and a standard deviation of (0.726). The lowest score was for item (4), "Our company has sufficient intellectual property assets to implement the strategic vision," with a mean score of (3.91) and a standard deviation of (0.772). The overall mean score for this dimension was (4.0824) with a standard deviation of (0.59290). These results indicate that managers and staff recognize the need to utilize software and leverage technical expertise and experience to enhance operational efficiency, meet customer demands, improve product quality, and facilitate supplier engagement.

The primary variable, Digital Transformation, has an average mean score of (4.0112) with a standard deviation of (0.44043), reflecting a generally positive but uneven implementation of digital transformation strategies.

4.2.2 SHRM Practices:

Table (4.3): Means, Standard Deviation, for SHRM practices in the Palestinian ICT sector

Item		Mean	Standard Deviation	Rank
The company is keen to analyze its internal environment to identify its HR strengths and weaknesses.		3.98	0.789	6
The company develops its strategies to enhance the importance of HR in achieving those strategies.		3.99	0.761	5
The HR department's planning activities aim to achieve the company's mission.		3.94	0.809	9
The company analyzes its external environment to exploit opportunities and avoid threats associated with its HR.		3.96	0.805	7
HR plans are adjusted in light of changes in the external environment.		3.90	0.789	12
The recruitment and selection processes in our company are impartial.		3.91	0.861	11
The company Adopts professional methods in the Recruitment Process.		4.10	0.781	2
We use interview panels during the recruitment and selection process.		4.38	0.679	1
Our company needs to pay more attention to how it recruits people.		3.62	0.912	16

All appointments in this company are based on merit (i.e., the best person for the job is selected based on their characteristics).		4.04	0.745	3
Our company improves working conditions to recognize employees' efforts in quality improvement.		3.96	0.879	8
Our company has a salary promotion scheme to encourage employee participation in quality improvements.		3.57	1.003	
Our company offers incentives to its employees related to their performance.		3.90	0.957	14
Employees' rewards and penalties are clear.		3.88	0.944	15
The company appraisal is a performance management system.		4.04	0.790	4
Performance management systems develop individual competencies, either their ability or the organization's competence.		3.94	0.819	10
Employee training and development policies cover all the personnel in the firm.		3.62	1.080	17
Employees receive training throughout their professional lives.		3.32	1.170	18
SHRM practices		**3.8903**	**0.60268**	

The assessment of Strategic Human Resource Management practices in the Palestinian ICT sector, as detailed in Table (4.3), shows varying levels of implementation and effectiveness. The highest-ranked item is the use of interview panels during the recruitment and selection process, which received the highest mean score of (4.38) and a standard deviation of (0.679), indicating a strong emphasis on structured and objective hiring practices. Another notable high-scoring item is the company's adoption of professional methods in the recruitment process, with a mean score of (4.10) and a standard deviation of (0.781), further reinforcing the sector's commitment to robust recruitment practices.

Conversely, the item with the lowest mean score was "Employees receive training throughout their professional lives," with a mean of (3.32) and a standard deviation of (1.170), suggesting a significant gap in continuous professional development. Similarly, the item indicating the need for the company to pay more attention to how it recruits people had a relatively low mean score of (3.62) and a higher standard deviation of (0.912), highlighting potential areas for improvement in recruitment strategies.

The overall mean score for SHRM practices across the sector was (3.8903), with a standard deviation of (0.60268), indicating a generally positive but uneven implementation of SHRM practices. This suggests that while areas like recruitment processes and performance management systems are well-developed, others require

further attention and enhancement, particularly in training and continuous employee development. This variability points to a more integrated approach to HRM practices to achieve a more balanced and effective HR strategy in the sector.

4..2.3 Digital Corporate Culture:

Table (4.4): Means, Standard Deviation, for Digital Corporate Culture in the Palestinian ICT sector

Item	Mean	Standard Deviation	Rank
The teams collaborate functionally in innovation and digital transformation initiatives.	4.02	0.678	2
There is a clear orientation to digital technology changes inside the company's culture.	4.07	0.667	1
The culture of digital innovation and change is a natural process within the company.	4.02	0.764	3
Considering their suggestions, the company shares the digital strategy with the staff.	3.96	0.743	4
Digital Corporate Culture	**4.0185**	**0.60856**	

The assessment of Digital Corporate Culture in the Palestinian ICT sector, as shown in Table (4.4), highlights the sector's strong orientation toward embracing digital changes and innovations. The highest mean score was observed for the item "There is a clear orientation to digital technology changes inside the company's culture," with a mean of (4.07) and a standard deviation of (0.667), indicating a strong and consistent emphasis on adapting to digital technology changes across the company.

Teams collaborating functionally in innovation and digital transformation initiatives also received positive feedback, with a mean score of (4.02) and a standard deviation of (0.678), ranking second. This suggests a collaborative approach within teams towards digital innovation. Similarly, the item "The culture of digital innovation and change is a natural process within the company" also had a mean score of (4.02) but with a slightly higher standard deviation of (0.764), indicating a generally strong but somewhat varied integration of digital innovation as a core aspect of the digital corporate culture.

The lowest-ranked item, although still relatively high, was "Considering their suggestions, the company shares the digital strategy with the staff," with a mean score of (3.96) and a standard deviation of (0.743). This score suggests that while there is good communication and inclusion regarding digital strategy, there is still room for improvement in fully engaging staff in these processes.

The dimension of Digital Corporate Culture has a mean score of (4.0185) and a standard deviation of (0.60856), reflecting a strong and positive digital culture within the sector's companies, particularly emphasizing adaptation to digital changes and collaborative innovation.

4.2.4 Company Performance:

Table (4.5): Means, Standard Deviation, for Company Performance in the Palestinian ICT sector

Item	Mean	Standard Deviation	Rank
Our sales growth has improved in the past five years.	3.83	0.832	3
Our profits have increased in the past five years.	3.82	0.834	4
Our market share has increased in the last five years.	3.79	0.822	5
Our return on investment has increased in the last five years.	3.71	0.811	7
Our return on assets has increased in the last five years.	3.63	0.808	8
We have entered new markets more quickly than our competitors.	3.74	0.855	6
We have introduced new services to the market faster than our competitors.	3.91	0.761	2
Our success rate of new products or services has been higher than our competitors.	3.96	0.760	1
Company Performance	**3.7998**	**0.62183**	

The evaluation of Company Performance in the Palestinian ICT sector, as detailed in Table (4.5), reveals a generally positive trend across various performance indicators. The item "Our success rate of new products or services has been higher than our competitors" received the highest mean score of (3.96) with a standard deviation of (0.760), indicating that companies in the sector have been particularly successful in launching new products and services. This is closely followed by "We have introduced new services to the market faster than our competitors," with a mean score of (3.91) and a standard deviation of (0.761), highlighting the sector's agility in bringing new services to market.

Conversely, the lowest mean score was observed for the item "Our return on assets has increased in the last five years," with a mean of (3.63) and a standard deviation of (0.808). This suggests that while companies are performing well regarding new product success and market introduction speed, there may be challenges in maximizing asset efficiency. Additionally, "Our return on investment has increased in the last five years"

also showed a relatively lower mean score of (3.71) with a standard deviation of (0.811), indicating a need for improvement in capital returns.

Other performance indicators, such as sales growth (mean of 3.83, standard deviation of 0.832), profit increase (mean of 3.82, standard deviation of 0.834), and market share growth (mean of 3.79, standard deviation of 0.822), all show moderately positive results, suggesting steady but modest improvements across these financial metrics.

Overall, the Company Performance dimension has a mean score of (3.7998) with a standard deviation of (0.62183), indicating a generally positive performance across the sector. However, the variability across different performance aspects suggests that while there are strengths in the success rate of new products or services, areas may require further strategic focus, particularly in asset and investment returns.

4.3 Hypotheses Testing:

Structural Equation Modeling (SEM) is a way of testing complex relationships between variables. It is a chi-fi technique for multivariate analysis, combining factor analysis and regression so that you can test the theoretical models. SEM is employed when intricate models cannot be studied using simple regression techniques (such as relationships between multiple independent and dependent variables) (Hair et al., 2016). It is popular in social sciences and especially marketing research, where complex relationships between variables are often used. SEM tests a model using mathematical equations, which allows researchers to examine and refine theories/hypotheses regarding relationships amidst variables (Hair et al..,2016) because it accurately measures constructs as well as SEM tends to identify complex multivariable models with multiple independent predictors of each outcome; Therefore due to proper fulfillment for this feature by the Smart-PLS4 software package utilized within data analysis process related questionnaires, SEM was intentionally selected.

The study assesses the two models generated by using Smart-PLS4 as follows:

1. **Measurement Model Assessment:** This is part of a structural equation model that deals with the research variables and their indicators; it describes the validity and consistency of the indicators and the relationships between the observed variables and the latent variables.

2. **Structural Model assessment:** This model elucidates the nature of the connection between independent and dependent variables, as well as the ratio of impact and interpretation factor to each independent factor in the dependent factor, and thus explains the existence of causal relationships between the research variables. The structural model's findings help shed light on the significance of relationships and the signs they provide, confirming or refuting the research hypotheses (positive or negative).

4.3.1 Assessment of the Measurement Model:

In this part of the study, the convergent and discriminant validity of the model were investigated to provide an answer to the research's hypotheses and questions, which are as follows:

Convergent Validity:

According to Hair. et al. (2016), convergent validity, also known as the degree of consistency, can be determined by employing the following three indicators: Factor loading, Internal consistency, Composite Reliability (CR), Reliability, Average Variance Extracted (AVE)

Table (4.6) outlines the requirements for accepting convergent validity indicators (Hair et al., 2016).

Table (4.6) Criteria for the Indicators of Convergent Validity

Indicator	Accepted values
Average Variance Extracted (AVE)	≥0.5
Composite Reliability (CR)	≥0.7
Factor Loading	≥0.5

Source: (Hair et al., 2016)

A. Internal consistency – Factor loading

Because they are all tied to the same latent (not directly measured) variable, multiple observed variables will always share the same response patterns; this is the central idea behind factor analysis. The factor loadings represent the degree to which each independent variable is correlated with the common factor; Figure (4.1) and Table (4.6) show the study's factor loadings as follows:

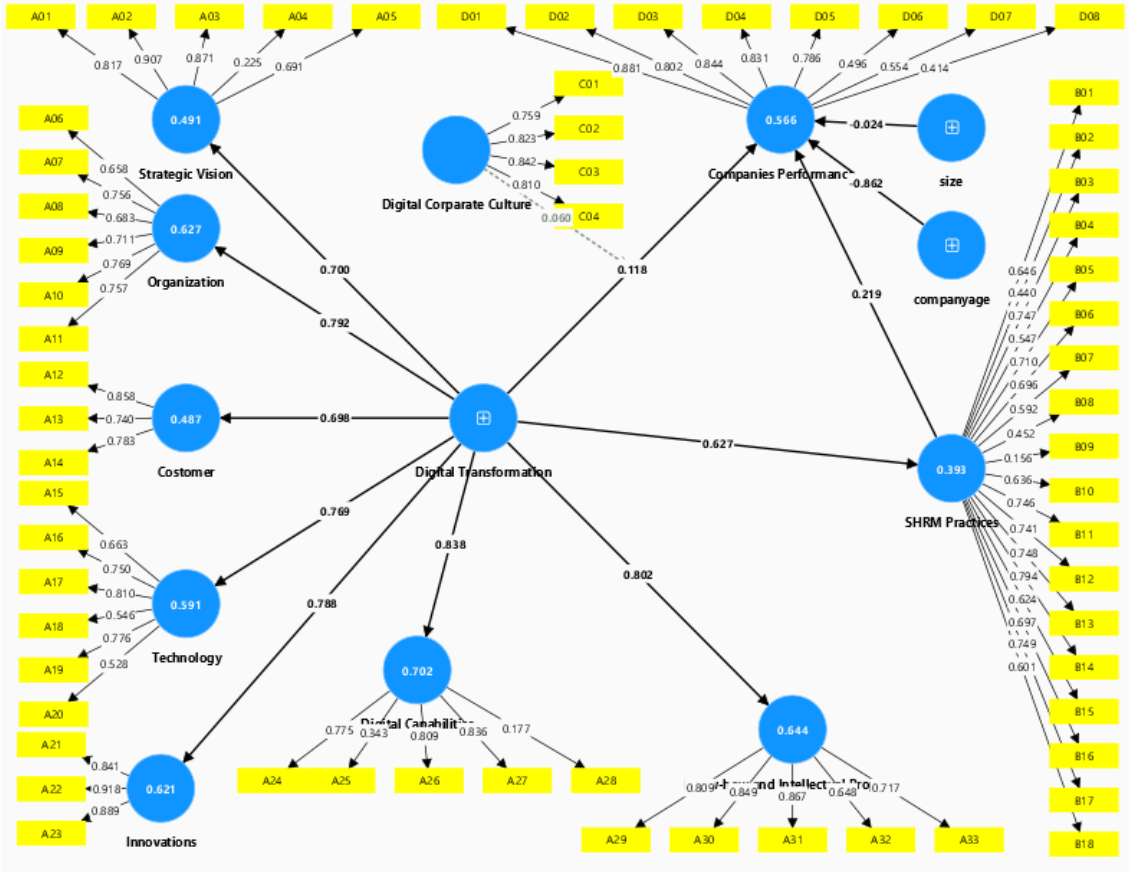

Figure (4.1) Factor loadings

Table (4.7) Factor loadings

Variables		Item	Symbol	Loading
Digital Transformation	**Strategic Vision**	Our company has a clearly defined strategic vision for understanding digital needs.	A01	**0.817**
		Our company has a strategy for digital transformation.	A02	**0.907**
		The senior executive team understands digital technology capabilities and how they will support business objectives.	A03	**0.871**
		There is no problem with the lack of digital leadership when defining strategy.	A04	**0.225**
		There is no difficulty in developing a company's digital strategy.	A05	**0.691**
	Organizing	The Digital Transformation unit manages transformation efforts.	A06	**0.658**
		The company cooperates in achieving digital goals.	A07	**0.756**

		Digital Transformation units or "evangelists "report directly to higher management.	A08	**0.683**
		Digital projects are run through the project organizational structure.	A09	**0.711**
		Our organizational measures include digitally related key performance indicators (KPIs).	A10	**0.769**
		Standard management practices from the fields of organization management and operations management are utilized.	A11	**0.757**
	Customer Involvement	Solutions are designed according to the end-to-end customer journey.	A12	**0.858**
		Our Customers participate in process delivery.	A13	**0.740**
		An employee who knows the customers' needs is always included in digital project teams.	A14	**0.783**
	Technology Assets	Our company's work depends on big data.	A15	**0.663**
		We use data mining and analysis/data analytics.	A16	**0.750**
		We use mobile technologies.	A17	**0.810**
		We use cloud computing.	A18	**0.546**
		We use the Internet and wireless communications.	A19	**0.776**
		We have Sufficient technology assets to implement the strategic vision.	A20	**0.528**
	Innovation	Our company's Top-level management encourages idea creation.	A21	**0.841**
		Our employees can share their ideas directly with their superiors.	A22	**0.918**
		Our company has established an innovation–evaluation process.	A23	**0.889**
	Digital Capabilities	Our company has an availability of digital expertise.	A24	**0.775**
		Our company needs visionary/innovative skills to define the right digital strategy.	A25	**0.343**
		We assign tasks to employees based on their level of digital transformation knowledge.	A26	**0.809**
		We have a technical talent for innovation in the company.	A27	**0.836**
		No problem with a lack of digital skills to execute the strategy.	A28	**0.177**
	Know-how and Intellectual Property	Our company is increasingly using software to improve operational performance.	A29	**0.809**
		Our company is increasingly using software to improve customer understanding.	A30	**0.849**

		Our company is increasingly using software to improve product know-how.	A31	**0.867**
		Our company has sufficient intellectual property assets to implement the strategic vision.	A32	**0.648**
		Our company is increasingly using software to improve supplier interactions.	A33	**0.717**
SHRM practices		The company is keen to analyze its internal environment to identify its HR strengths and weaknesses.	B01	**0.646**
		The company develops its strategies to enhance the importance of HR in achieving those strategies.	B02	**0.440**
		The HR department's planning activities aim to achieve the company's mission.	B03	**0.747**
		The company analyzes its external environment to exploit opportunities and avoid threats associated with its HR.	B04	**0.547**
		HR plans are adjusted in light of changes in the external environment.	B05	**0.710**
		The recruitment and selection processes in our company are impartial.	B06	**0.696**
		The company Adopts professional methods in the Recruitment Process.	B07	**0.592**
		We use interview panels during the recruitment and selection process.	B08	**0.452**
		Our company needs to pay more attention to how it recruits people.	B09	**0.156**
		All appointments in this company are based on merit (i.e., the best person for the job is selected based on their characteristics).	B10	**0.636**
		Our company improves working conditions to recognize employees' efforts in quality improvement.	B11	**0.746g**
		Our company has a salary promotion scheme to encourage employee participation in quality improvements.	B12	**0.741**
		Our company offers incentives to its employees related to their performance.	B13	**0.748**
		Employees' rewards and penalties are clear.	B14	**0.794**
		The company appraisal is a performance management system.	B15	**0.624**
		Performance management systems develop individuals' competencies, either their ability or the organization's competence.	B16	**0.697**
		Employee training and development policies cover all the personnel in the firm.	B17	**0.749**
		Employees receive training throughout their professional lives.	B18	**0.601**

Digital Corporate Culture	The teams collaborate functionally in innovation and digital transformation initiatives.	C01	**0.759**
	There is a clear orientation to digital technology changes inside the company's culture.	C02	**0.823**
	The culture of digital innovation and change is a natural process within the company.	C03	**0.842**
	Considering their suggestions, the company shares the digital strategy with the staff.	C04	**0.810**
Company Performance	Our sales growth has improved in the past five years.	D01	**0.881**
	Our profits have increased in the past five years.	D02	**0.802**
	Our market share has increased in the last five years.	D03	**0.844**
	Our return on investment has increased in the last five years.	D04	**0.831**
	Our return on assets has increased in the last five years.	D05	**0.786**
	We have entered new markets more quickly than our competitors.	D06	**0.496**
	We have introduced new services to the market faster than our competitors.	D07	**0.554**
	Our success rate of new products or services has been higher than our competitors.	D08	**0.414**

According to Figure (4.1) and Table (4.7), as well as the factor loading criteria to assess convergent validity proposed by (Hair et al., 2016; Hulland, 1999), the indicators showed an overall high factor loading except for (A04, A25, and A28) from the digital transformation, and (B02, B08, B09) from SHRM Practices, and (D06, D08) from company performance that showed factor loadings less than (0.50), and therefore were deleted figure (4.2) shows the measurement model after deletion as follows:

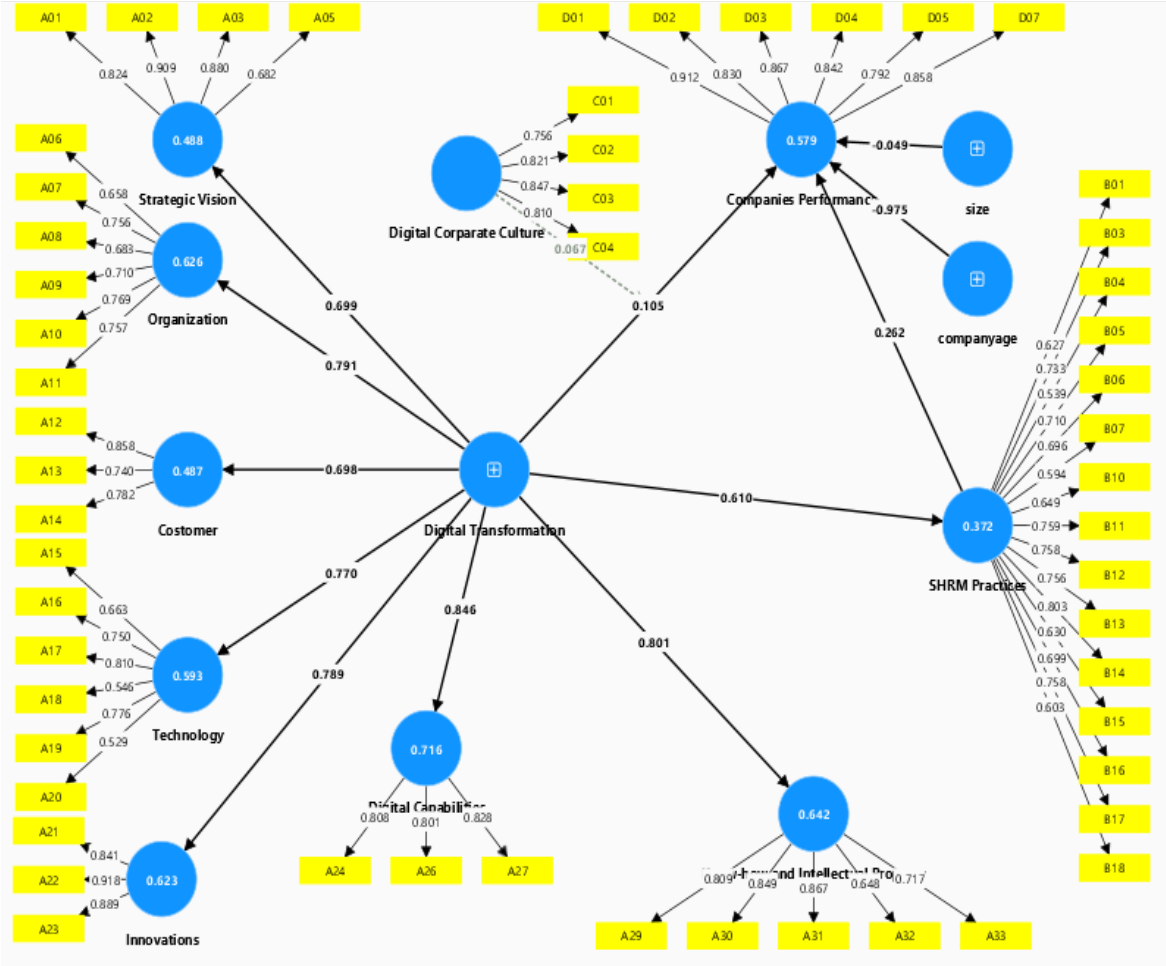

Figure (4.2) Factor loadings after deletion

B. Composite Reliability (CR):

Comparable to Cronbach's alpha, composite reliability (also known as construct reliability) assesses the consistency between individual scale scores. It is similar to the proportion of total actual score variance to total scale score variance. A different way to put it is that it is an "indicator of the shared variance among the observed variables used as an indicator of a latent construct" (Hair et al., 2016, p. 197). Table (4.8) shows the composite reliability of the study variables as follows:

Table (4.8) Composite Reliability

Variable	CR
Strategic Vision	0.878
Organizing	0.712
Customer	0.743
Technology	0.825
Innovations	0.931
Digital Capabilities	0.859
Know-how and Intellectual Property	0.838
Digital Transformation	0.818
SHRM practices	0.920
Digital Corporate Culture	0.843
Company Performance	0.768

It can be seen from Table (4.8), and according to (Hair et al., 2016; Hulland, 1999), the CR must be greater than 0.7. Since all of the indicators are above the standard criteria, this indicates that the CR has been met.

C. Average Variance Extracted (AVE):

The average variance extracted (AVE) is a measure that is used in statistics (classical test theory) to determine the amount of variance that is recorded by a construct in comparison to the amount of variance that is caused by estimation errors (Hair et al., 2016; Hulland, 1999). It is common practice to evaluate validity by applying the following "rule of thumb" to the average variance that was extracted: the positive square root of the AVE for every one of the latent variables should be greater than the highest correlation to any other latent construct, table (4.9) shows the (AVE) values of the study variables:

Table (4.9): Average Variance Extracted (AVE)

Variable	AVE
Strategic Vision	0.638
Organizing	0.633
Customer Involvement	0.660
Technology Assets	0.654
Innovations	0.643
Digital Capabilities	0.780
Know-how and Intellectual Property	0.712
Digital Transformation	0.523
SHRM practices	0.578
Digital Company Culture	0.686
Company Performance	0.573

Table (4.9) determines that the variables utilized in this study are reliable because they had an Average Variance Extracted (AVE) value greater than (0.5), which is within the acceptable range. Furthermore, all variable values were within the acceptable range, leading us to conclude that the variables have good reliability.

Discriminant Validity:

The concept of discriminant validity was introduced in the discussion by Campbell and Fiske (1959) on determining if a test is valid. They also stressed the importance of discriminant and convergent validation procedures when assessing new tests, which was necessary. A concept has satisfactorily passed tests of its discriminant validity (i.e., it is not highly related to other constructs that should theoretically be different concepts). A value less than 0.50 would indicate there may be discriminant validity between the two scales. However, it should be noted that no specific number represents an unconfirmed cut-value for discriminant validity estimate (Campbell & Fiske, 1959). Table (4.9) confirms the discriminant validity among constructs in this study.

Table (4.10) Measures of validity and Correlations among variables (Fornell & Larcker)

	1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
Strategic Vision	0.817										
Organizing	0.800	0.791									
Customer Involvement	0.791	0.790	0.781								
Technology Assets	0.781	0.761	0.752	0.738							
Innovations	0.777	0.759	0.755	0.703	0.647						
Digital Capabilities	0.773	0.743	0.737	0.701	0.614	0.604					
Know-how and Intellectual property	0.749	0.731	0.712	0.627	0.620	0.547	0.499				
Digital Transformation	0.748	0.721	0.637	0.607	0.573	0.531	0.530	0.511			
SHRM practices	0.734	0.711	0.601	0.547	0.427	0.422	0.417	0.400	0.387		
Digital Corporate Culture	0.731	0.700	0.598	0.537	0.410	0.401	0.397	0.361	0.333	0.325	
Company Performance	0.729	0.674	0.666	0.610	0.617	0.600	0.579	0.568	0.570	0.537	0.533

Table (4.10) displays the AVE and cross-component loading extracted for all latent variables. In this approach, the loading of each item on its associated construct is larger than the loadings of any other item on any other construct. To prove the model's discriminant validity, each factor's AVE was higher than the squared correlation between those factors (Fornell & Larcker, 1981).

4.3.2 Assessment of the Structural Model:

The results of the structural model evaluation are accepted after those of the measurement model's convergent validity have been accepted. Examining the predictive power of the model and the connections between the independent and dependent variables is essential. The structural model should be assessed using a tried-and-true set of criteria. Coefficient of determination (R^2), Effect size (f2), Predictive Relevance (Q2), Goodness of Fit (GoF), and hypotheses testing are the fundamental criteria for testing the structural model. All of the criteria used to evaluate the structural validity of the models are listed in Table (4.11):

Table (4.11) Criteria for Assessment of the Structural Model

	Range	**Value**
Coefficient of determination R^2	Above 0.67	High
	Between 0.33-0.67	Moderate
	Between 0.19-.033	Weak
	Below 0.19	Not acceptable
Effect size f^2	Above 0.35	Large effect size
	Between 0.15-0.35	Medium effect size.
	Between 0.02-0.15	Small effect size
	Less than 0.02	NO effect size
Predictive Relevance Q^2	More than zero	Has predictive relevance
Goodness of Fit of the Model (GoF)	Less than 0.1	No fit
	Between 0.1 to 0.25	Small
	Between 0.25 to 0.36	Medium
	Greater than 0.36	Large

Source: (Cohen, 1988)

A. Coefficient of Determination (R^2):

Also known as R^2, it is a statistical measure representing the proportion of the variance in the dependent variable that is predictable from the independent variable(s). It is a value between 0 and 1, where 0 indicates that the model does not explain any of the variability in the dependent variable, and 1 indicates that the model explains all of the variability (Hair et al., 2016). Table (4.12) shows the R^2 values for the study model:

Table (4.12): Coefficient of Determination (R^2)

Variable	R^2	R^2 Adjusted
SHRM practices	0.360	0.352
Company Performance	0.579	0.549

Table (4.12) shows that the coefficient of determination for the mediating variable SHRM practices is (0.360), which, according to Table (4.10) is of moderate value, which means that the independent variable (digital transformation) only explains (36%) of the SHRM practices in the Palestinian ICT sector, as for the dependent variable (Company Performance) the coefficient of determination was (0.549) which is of moderate value also, this indicates that both digital transformation and SHRM practices explain (54.9%) of the company performance in the Palestinian ICT sector.

B. Effect size f^2:

By examining Table (4.13), we can see that all independent factors have a sizable effect on the dependent variable (as measured by effect size).

Table (4.13) Effect size f^2

	value	Result
SHRM practices	0.603	High
Company Performance	0.237	Medium

C. Predictive Relevance Q^2:

Unlike R^2 values, which measure predictive accuracy, Q^2 values, which suggest the model's predictive relevance, also known as 'Stone-Q2 Geisser's value, was developed by (Hair et al., 2016). More than zero Q^2 values for a single reflective endogenous variable demonstrate the path model's predictive utility for the. Table (4.13) shows the results of the blindfold test with an omission Distance (D) of 7, showing that the path model has a solid predictive relevance, suggesting that the Q^2 values are more significant than zero.

Table (4.14) Predictive Relevance Q^2

Total	RMSE	MAE	Q^2
Company Performance	0.383	0.312	0.848

D. Goodness of Fit of the Model (GoF):

GoF's purpose is to take into account the research model at both the quantitative and qualitative levels, with an eye toward the model's efficacy as a whole (Esposito et al., 2010); here is the formula for determining the GoF:

$$\boldsymbol{GOF = \sqrt{0.579 \times 0.573}}$$

$$GOF = \sqrt{\overline{\mathrm{R}}^2 \text{ x } \overline{(\mathrm{AVE})}}$$

$$\boldsymbol{GOF = \sqrt{0.332}}$$

GOF= 0.576

Given that the model's GoF is (0.576), it can be confidently deemed adequate for global PLS model validity.

4. 4 Path Analysis:

Path analysis estimates a system of equations with all variables observed. In contrast to regression models, path models allow for multiple dependent variables (system of regression models). Path model variables can be included in SmartPLS4 as single-item constructs. To calculate the construct scores for a variable dependent on several indicators, the indicators are all given equal weights (Hair et al., 2016). This study tested five main hypotheses and 21 sub-hypotheses; the following figures show the P-values and T-values of all the Hypotheses tested:

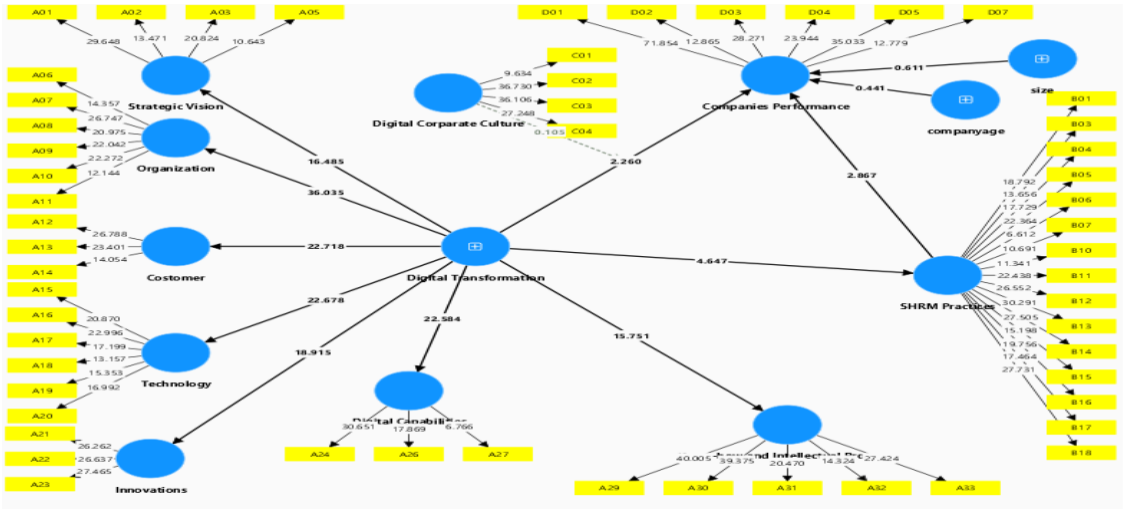

Figure (4.3) P-Values for the Main Hypothesis

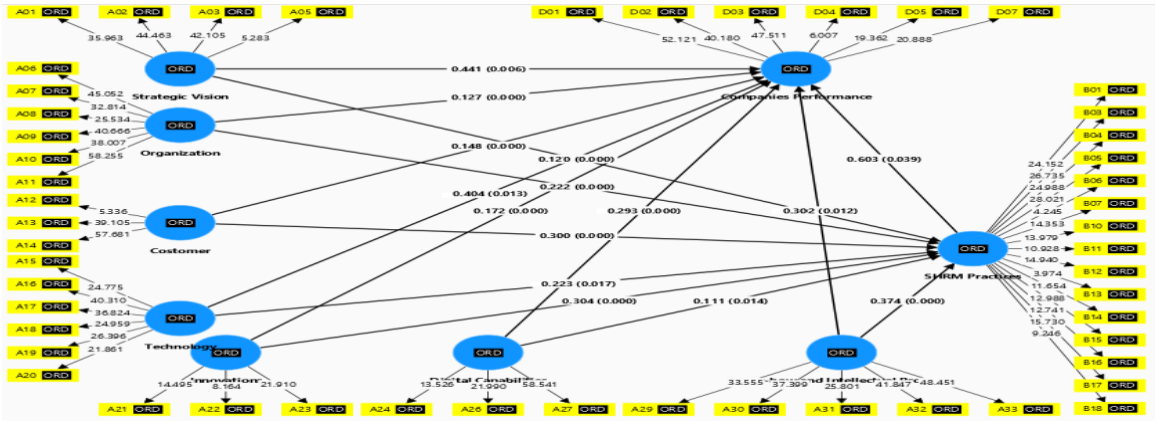

Figure (4.4) T-Values for the Main Hypothesis

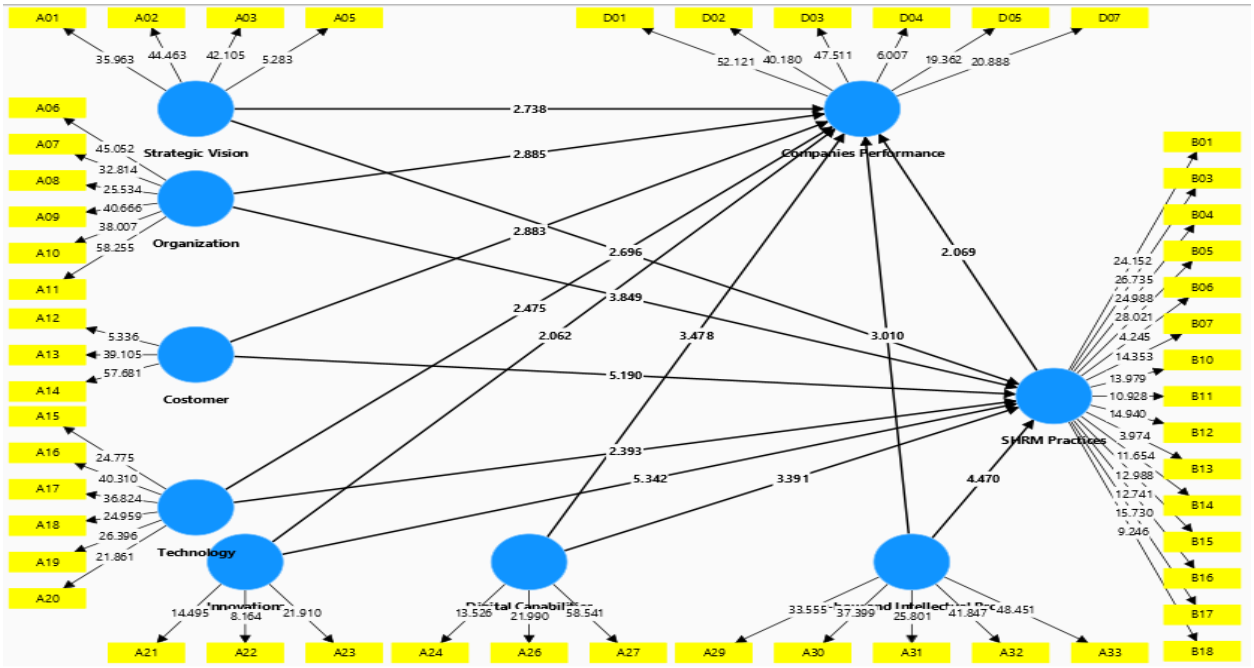

Figure (4.5) P-Values for the Sub-Hypotheses

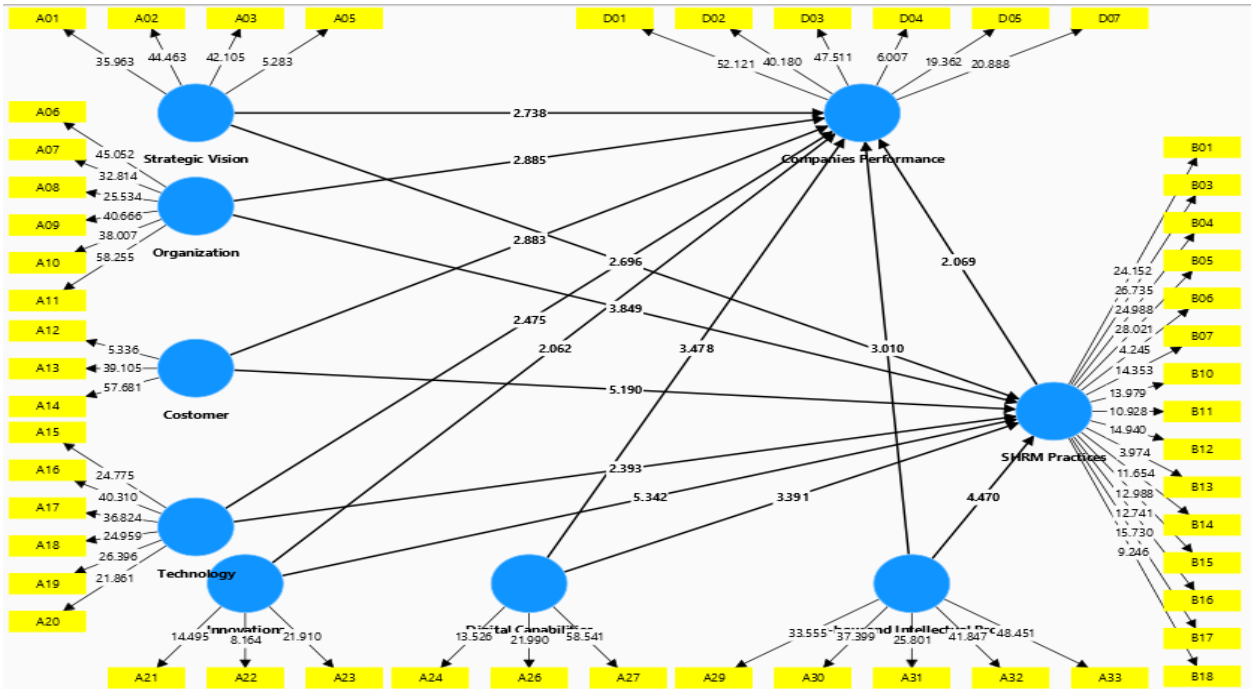

Figure (4.6) T-Values for the Sub-Hypotheses

From Figures (4.3), Figure (4.4), Figure (4.5), and Figure (4.6) the results of the hypotheses are as follows:

A. First Main Hypothesis:

Table (4.15): First Main Hypothesis Path Analysis

		Path coefficient	Standard Deviation	T-Value	P-Value
H1	Digital Transformation -> Company Performance	0.176	0.052	2.260	0.000**
H1a	Strategic Vision -> Company Performance	0.441	0.033	2.738	0.006**
H1b	Organizing -> Company Performance	0.127	0.087	2.885	0.000**
H1c	Customer Involvement -> Company Performance	0.148	0.041	2.883	0.000**
H1d	Technology Assets -> Company Performance	0.404	0.042	2.475	0.013*
H1e	Innovation -> Company performance	0.172	0.044	2.062	0.000**
H1f	Digital Capabilities -> Company Performance	0.293	0.088	3.478	0.000**
H1g	Know-how and Intellectual property -> Company Performance	0.302	0.071	3.010	0.012*

Significant **P≤ 0.01, *P≤ 0.05

According to Kline (2015), there is no universally accepted standard for what constitutes weak, moderate, or strong path coefficients; standard benchmarks are often used:

Weak: Path coefficients around 0.1 or below.

Moderate: Path coefficients around 0.3.

Strong: Path coefficients around 0.5 or above.

H1: Digital Transformation positively impacts* Company *Performance.

From Table (4.15) the path coefficient is found to be positive; this indicates that the associations are also positive, and a strong significance level is also shown due to the significant T-Values at ($\alpha \leq 0.05$); therefore, the hypothesis "***Digital Transformation positively impacts* Company *Performance***" is accepted, with a significant T-value of (2.260) at $\alpha = 0.000 \leq 0.05$, and path coefficient of (0.176), this result supports the assumption that the Digital Transformation positively impacts Company Performance in the Palestinian ICT sector. This means that a unit change in the DT dimensions in the ICT sector will increase company performance by 0.176 while holding all other variables constant.

H1a: Strategic vision positively impacts* Company *Performance.

The hypothesis is accepted, with a significant T-value of (2.738) at $\alpha = 0.006 \leq 0.05$ and a path coefficient of (0.441); this result supports the assumption that Strategic vision positively impacts company Performance in the Palestinian ICT sector.

H 1b: Organizing positively impacts* Company *Performance.

The hypothesis is accepted, with a significant T-value of (2.885) at $\alpha = 0.000 \leq 0.05$ and a path coefficient of (0.127); this result supports the assumption that organizing positively impacts company performance in the Palestinian ICT sector.

H 1c: Customer Involvement positively impacts* Company *Performance.

The hypothesis is accepted, with a significant T-value of (2.883) at $\alpha = 0.000 \leq 0.05$ and a path coefficient of (0.148); this result supports the assumption that customer involvement positively impacts company performance in the Palestinian ICT sector.

H 1d: Technology assets positively impact* Company *Performance.

The hypothesis is accepted, with a significant T-value of (2.475) at $\alpha = 0.013 \leq 0.05$ and a path coefficient of (0.404); this result supports the assumption that technology assets positively impact company performance in the Palestinian ICT sector.

H 1e: Innovation positively impacts* Company *Performance.

The hypothesis is accepted, with a significant T-value of (2.062) at $\alpha = 0.000 \leq 0.05$ and a path coefficient of (0.000); this result supports the assumption that innovation positively impacts company performance in the Palestinian ICT sector.

H 1 f: Digital Capabilities positively impact* Company *Performance.

The hypothesis is accepted, with a significant T-value of (3.478) at $\alpha = 0.000 \leq 0.05$ and a path coefficient of (0.293); this result supports the assumption that digital capabilities positively impact company performance in the Palestinian ICT sector.

H1g: Know-how and Intellectual property positively impact Company Performance.

The hypothesis is accepted, with a significant T-value of (3.010) at $\alpha = 0.012 \leq 0.05$ and a path coefficient of (0.302); this result supports the assumption that know-how and intellectual property positively impact company performance in the Palestinian ICT sector.

B. Second Main Hypothesis:

Table (4.16): Second Main Hypothesis Path Analysis

		Path coefficient	Standard Deviation	T-Value	P-Value
H2	Digital Transformation -> SHRM	0.600	0.034	4.647	0.000**
H2a	Strategic vision -> SHRM	0.120	0.047	2.696	0.000**
H2b	Organizing-> SHRM	0.222	0.032	3.849	0.000**
H2c	Customer Involvement -> SHRM	0.300	0.033	5.190	0.000**
H2d	Technology Assets -> SHRM	0.223	0.052	2.393	0.017*
H2e	Innovation -> SHRM	0.304	0.061	5.342	0.000**
H2f	Digital Capabilities -> SHRM	0.111	0.087	3.391	0.014*
H2g	Knowhow and Intellectual property -> SHRM	0.374	0.077	4.470	0.000**

Significant **P≤ 0.01, *P≤ 0.05

H2: Digital Transformation positively impacts SHRM.

From Table (4.16) the path coefficient is found to be positive; this indicates that the associations are also positive, and a strong significance level is also shown due to the significant T-Values at (α≤0.05); therefore, the hypothesis "***Digital Transformation positively impacts SHRM***" is accepted, with a significant T-value of (4.647) at α =0.000 ≤ 0.05, and path coefficient of (0.600), this result supports the assumption that the digital transformation positively impacts SHRM in the Palestinian ICT sector. This means that a unit change in the DT dimensions in the ICT sector will increase SHRM by 0.600 while holding all other variables constant. This result shows a strong correlation between DT and SHRM.

H2a: Strategic vision positively impacts SHRM.

The hypothesis is accepted, with a significant T-value of (2.696) at α =0.000 ≤ 0.05 and a path coefficient of (0.120); this result supports the assumption that strategic vision positively impacts SHRM in the Palestinian ICT sector.

H2b: Organizing positively impacts SHRM.

The hypothesis is accepted, with a significant T-value of (3.849) at α =0.000 ≤ 0.05 and a path coefficient of (0.222); this result supports the assumption that organizing positively impacts SHRM in the Palestinian ICT sector.

H2c: Customer Involvement positively impacts SHRM.

The hypothesis is accepted, with a significant T-value of (5.190) at α =0.000 ≤ 0.05 and a path coefficient of (0.300); this result supports the assumption that customer involvement positively impacts SHRM in the Palestinian ICT sector.

H2d: Technology assets positively impact SHRM.

The hypothesis is accepted, with a significant T-value of (2.393) at $\alpha = 0.017 \leq 0.05$ and a path coefficient of (0.223); this result supports the assumption that Technology assets positively impact SHRM in the Palestinian ICT sector.

H2e: Innovation positively impacts SHRM.

The hypothesis is accepted, with a significant T-value of (5.342) at $\alpha = 0.000 \leq 0.05$ and a path coefficient of (0.304); this result supports the assumption that Innovation positively impacts SHRM in the Palestinian ICT sector.

H2f: Digital Capabilities positively impact SHRM.

The hypothesis is accepted, with a significant T-value of (3.391) at $\alpha = 0.014 \leq 0.05$ and a path coefficient of (0.111); this result supports the assumption that digital capabilities positively impact SHRM in the Palestinian ICT sector.

H2g: Know-how and Intellectual property positively impact SHRM

The hypothesis is accepted, with a significant T-value of (4.470) at $\alpha = 0.000 \leq 0.05$ and a path coefficient of (0.374); this result supports the assumption that know-how and intellectual property positively impact SHRM in the Palestinian ICT sector.

C. Third Main Hypothesis:

Table (4.17): Third Main Hypothesis Path Analysis

		Path coefficient	**Standard Deviation**	**T-Value**	**P-Value**
H3	SHRM -> Company Performance	0.345	0.032	2.867	0.004**

Source: Researchers analysis using Smart PLS4 **Significant **P≤ 0.01, *P≤ 0.05**

H3: Strategic HR management positively impacts company performance.

From Table (4.17) the path coefficient is found to be positive, this indicates that the associations are also positive, and a strong significance level is also shown due to the significant T-Values at ($\alpha \leq 0.05$); therefore, the hypotheses "***Strategic HR management positively impacts company performance***" is accepted, with a significant T-value of (2.867) at $\alpha = 0.004 \leq 0.05$, and path coefficient of (0.345), this result supports the assumption that the strategic HR management positively impacts company performance in the Palestinian ICT sector. This means that a unit change in the SHRM in the ICT

sector will increase company performance by 0.345 while holding all other variables constant. This means that there is a moderate relationship between SHRM and company performance.

D. Fourth Main Hypothesis:

Table (4.18): Fourth Main Hypothesis Path Analysis

		Path coefficient	Standard Deviation	T-Value	P-Value
H4	Digital Transformation -> SHRM-> Company Performance	0.207	0.088	2.362	0.018*
H4a	Strategic vision -> SHRM-> Company Performance	0.135	0.029	1.978	0.003**
H4b	Organizing -> SHRM-> Company Performance	0.181	0.031	2.147	0.001**
H4c	Customer involvement -> SHRM-> Company Performance	0.147	0.033	2.014	0.012*
H4d	Technology Assets -> SHRM-> Company Performance	0.214	0.045	3.144	0.006**
H4e	Innovation -> SHRM-> Company Performance	0.194	0.047	3.217	0.000**
H4f	Digital Capabilities -> SHRM-> Company Performance	0.177	0.071	4.141	0.000**
H4g	Knowhow and Intellectual property -> SHRM-> Company Performance	0.198	0.067	3.617	0.000**

Significant **P≤ 0.01, *P≤ 0.05

H4: Digital Transformation impacts* company *Performance through the mediator Strategic Human Resources Management.

From Table (4.18) the path coefficient is found to be positive, this indicates that the associations are also positive, and a strong significance level is also shown due to the significant T-Values at (α≤0.05); therefore, the hypothesis "***Digital Transformation impacts* company *Performance through the mediator Strategic Human Resources Management***" is accepted, with a significant T-value of (2.362) at α =0.018 ≤ 0.05, and path coefficient of (0.207), this result supports the assumption that SHRM mediates the relationship between Digital transformation and company performance in the Palestinian ICT sector.

H4a: Strategic vision positively impacts* company *Performance through the mediator Strategic Human Resources Management.

The hypothesis is accepted, with a significant T-value of (1.978) at α =0.003 ≤ 0.05 and a path coefficient of (0.135); this result supports the assumption that SHRM mediates the relationship between strategic vision and company performance in the Palestinian ICT sector.

H4b: Organizing positively impacts* company *Performance through the mediator Strategic Human Resources Management.

The hypothesis is accepted, with a significant T-value of (2.147) at $\alpha = 0.001 \leq 0.05$ and a path coefficient of (0.181); this result supports the assumption that SHRM mediates the relationship between organizing and company performance in the Palestinian ICT sector.

H4c: Customer involvement positively impacts* company *Performance through the mediator Strategic Human Resources Management.

The hypothesis is accepted, with a significant T-value of (2.014) at $\alpha = 0.012 \leq 0.05$ and a path coefficient of (0.147); this result supports the assumption that SHRM mediates the relationship between customer involvement and company performance in the Palestinian ICT sector.

H4d: Technology assets positively impact* company *Performance through the mediator Strategic Human Resources Management.

The hypothesis is accepted, with a significant T-value of (3.144) at $\alpha = 0.006 \leq 0.05$ and a path coefficient of (0.214); this result supports the assumption that SHRM mediates the relationship between technology and company performance in the Palestinian ICT sector.

H4e: Innovation positively impacts Company Performance through the mediator Strategic Human Resources Management.

The hypothesis is accepted, with a significant T-value of (3.217) at $\alpha = 0.000 \leq 0.05$ and a path coefficient of (0.194); this result supports the assumption that SHRM mediates the relationship between innovation and company performance in the Palestinian ICT sector.

H4f: Digital Capabilities positively impact* company *Performance through the mediator Strategic Human Resources Management.

The hypothesis is accepted, with a significant T-value of (4.141) at $\alpha = 0.000 \leq 0.05$ and a path coefficient of (0.177); this result supports the assumption that SHRM mediates the relationship between digital capabilities and company performance in the Palestinian ICT sector.

H4g: Know-how and Intellectual property positively impact* company *Performance through the mediator Strategic Human Resources Management.

The hypothesis is accepted, with a significant T-value of (3.617) at $\alpha = 0.000 \leq 0.05$ and a path coefficient of (0.198); this result supports the assumption that SHRM mediates

the relationship between know-how and intellectual property and company performance in the Palestinian ICT sector.

The Mediator Effect:

Table (4.19): Mediator Effect

		Path coefficient	Standard Deviation	T-Value	P-Value
Direct Effect					
H1	Digital Transformation -> Company Performance	0.176	0.052	2.260	0.000 **
Indirect Effect					
H4	Digital Transformation -> SHRM-> Company Performance	0.207	0.088	2.362	0.018 *
Total Effect					
0.383					

Table (4.19) shows that the indirect effect through SHRM is higher than the direct effect in the relationship between digital transformation and company performance, and the total effect in that relationship was (0.383). This indicates that SHRM positively impacts the relationship between digital transformation and company performance in the Palestinian ICT sector. This means that DT could improve SHRM and enhance the company's performance.

E. Fifth Main Hypothesis:

Table (4.20): Fifth Main Hypothesis Path Analysis

		Path coefficient	Standard Deviation	T-Value	P-Value
H5	Digital Corporate Culture X Digital Transformation -> Firm Performance	0.007	0.029	0.105	0.916

Source: Researchers analysis using Smart PLS4 **Significant **P≤ 0.01, *P≤ 0.05**

H5: Digital Corporate Culture positively moderates DT's impact on company performance

Table (4.20) shows that the digital corporate culture does not have a moderating effect on the relationship between digital transformation and firm performance as p= 0.916≥0.05; this results in the rejection of the hypothesis that states "***Digital Corporate Culture positively moderates DT's impact on company performance."***

This means that the strength of the relationship is insignificant. Thus, the impact of DT on company performance is not affected by the digital corporate culture.

Chapter Five: Discussion of Results and Recommendations

This chapter presents each question's results and analyzes them in the context of the study's objectives, theoretical framework, and past relevant studies. It will also provide recommendations based on the study's findings, highlight its limitations, and propose directions for future research.

5.1 Discussion of Questions of the Study:

1. The central inquiry into the research is:

Does the Digital Transformation affect the company's performance through the mediator's strategic HR management? The discussion below answers the research question and the sub-questions.

The first sub-question, a cornerstone of our research, is: What is DT's impact on company performance?

Regarding the study of the impact of DT on company performance represented in the hypotheses (H1a, H1b, H1c, H1d, H1e, H1f, H1g), and referring to Table (4.15), it was found "the strategic vision dimension of DT has the highest positive and significant effect (β=0.441, t=2.738, α =0.000 $\leq$ 0.05) on company performance. This result is in line with the studies of (Al Mutref, 2020), (Gurbaxani & Dunkle, 2019), (Kane et al., 2015), and (Boxall & Purcell, 2003), who emphasized that senior leadership is highly motivated to establish the foundation for DT by implementing a sequence of measures, including developing a strategic vision and a suitable organizational framework, allocating sufficient financial resources, and recruiting competent staff.

DT encompasses several key elements, including its strategic objective, the unity between this vision and its investments in digital technologies, the suitability of its organizational culture for cultivating innovation, the possession of valuable intellectual property assets and expertise, the robustness of its digital capabilities in terms of skilled personnel, and the proficient utilization of digital technologies. Therefore, organizations employ several strategic initiatives to improve their overall business performance.

As the research findings suggest, Palestinian ICT businesses have a well-defined vision to succeed and sustain their DT endeavors. Additionally, they should comprehensively analyze their surrounding environment to anticipate their trajectory and harmonize their strategic goals with their DT initiatives. Establishing a well-defined strategic vision enables ICT firms to effectively communicate it to their employees and align their goals and strategies accordingly. Sharing the strategic vision with employees facilitates easier comprehension and execution of objectives with minimal opposition. Additionally, having a clear vision facilitates ICT companies' ability to sustain their concentration on objectives and enhance the collective feeling of purpose and values among employees and stakeholders.

The second significant DT dimension in the research is the role of technology assets in enhancing company performance (β=0.404, t=2.475 α =0.000 $\leq$ 0.013). The findings, in line with the studies of (Strønen, 2020, pp. 26–27) (Rashwan & Kassem, 2021), (Ivančić et al., 2019), (Bharadwaj et al., 2013), (Márquez et al., 2020a), (Lima et al., 2021) and (Chattopadhyay,2021).

The authors concluded that DT uses digital data and technologies from the digital era to influence corporate operations and enhance connections between organizations and their customers. It is recommended that companies employ technological assessment methods to evaluate the quality of electronic services, thereby improving their offers and attaining a competitive edge in the market. It is imperative to engage in ongoing evaluation of the quality of digital services. The authors stated that DT entails harmonious alignment among several elements, including strategy, people, organization, client segment, ecosystem, technology, and innovation. Given their potential to significantly alter markets, reorganize entire sectors, and influence stakeholders, emerging disruptive technologies possess the capacity to bring about dramatic transformations.

DT should encompass the optimization of operations to enhance operational efficiency and the establishment of long-lasting and profitable customer relationships through the more effective resolution of their needs. Distinctive technology assets have the potential to confer a competitive advantage by setting the company's products and services apart from those of its competitors. Furthermore, the practice of diversifying assets serves to mitigate risks. Hence, developing a comprehensive asset management strategy and plan is paramount to extract value from assets and attain organizational objectives.

This indicates that ICT companies should focus on technological assets to ensure a return on their DT investments. Technology is vital for ICT companies to increase operational efficiency. Technological assets, including software, hardware, and IT infrastructure, greatly enhance financial savings, error reduction, and operational process acceleration. With this knowledge, businesses can respond quickly and gain an early foothold in the market, giving them a competitive edge. Companies with a competitive advantage tend to do better financially and in marketing (Barney & Hesterly, 2019). In addition, ICT companies stand out from the competition because of the importance of technology assets in creating innovative items, services, and business strategies. This allows companies to collect data utilizing their technological resources, which helps them make decisions.

Thus, when streamlined processes enhance overall performance, targeted marketing becomes even more effective. With technological investments, ICT enterprises can cost-effectively control their expansion. Because of this, they are vital for the organization's success in a dynamic business environment.

The third DT dimension with a positive significant effect on company performance is Know-how and Intellectual property (β=0.302, t= 3.010, α =0.012). This result is consistent with (Montazemi, 2012), (Vial, 2021), (Oborn et al.,2011), (Mayer,2018) and (Gramatskyy,2020).

The authors stressed that it is widely recognized that tacit knowledge, also referred to as know-how, enables firms to efficiently and innovatively leverage their resources and abilities. Managers must possess particular expertise to proficiently oversee integrated business systems that facilitate DT implementation and operation. Furthermore, possessing knowledge and expertise enables decision-makers to analyze and optimally respond to information rapidly. Digitalization facilitates the efficient translation of data into intangible assets, reducing the resources needed to employ this data in design and manufacturing processes. Therefore, it is advisable to contemplate the establishment of specific safeguards for know-how within the framework of intellectual property rights to mitigate the risk of copyright infringement.

This result demonstrates how ICT companies may use their knowledge to enhance operational efficiency, gain a deeper understanding of their customers, and create more effective goods and services because they know how to use their expertise to enhance DT. Their strategic aims can also be achieved by utilizing knowledge. It might also aid them

in taking advantage of chances that crop up. Expertise is also helpful for ICT companies when making strategic decisions. ICT providers' knowledge of individualized services and solutions might boost customer engagement, and customers will thus be satisfied and loyal. Employees more proficient with digital tools can do their jobs better and faster.

Another DT dimension is that Digital capabilities significantly affect firm performance (β=0.293, t= 3.478, α =0.000). The results are confirmed by (Sandberg et al., 2014), (Hess et al., 2017), (Daub & Wiesinger, 2015), and (Laidroo, 2021).

The authors conclude that a company's IT capabilities draw upon tangible and intangible information technology assets to achieve organizational objectives. These assets encompass software, expertise, procedures, connections, management abilities, experience in business processes, and human resources. Support for DT of business models, structures, and procedures is essential for organizations, especially when senior leadership teams exhibit internal motivation. Enhancing digital capabilities, improving service delivery, and integrating customers can potentially augment the value of services and goods, fostering long-term profitability.

In conjunction with dynamic capabilities theory, this finding underscores the notion that prosperous organizations rely not solely on their static skills, such as knowledge and information technology. They must consistently and efficiently enhance and update these capabilities, which confers a competitive advantage in the long term. The concept of dynamism refers to continuously enhancing capabilities to adapt to the evolving business environment (Teece et al., 1997, p. 515).

This result demonstrates that ICT companies possess readily available digital talents appropriate for creating and executing digital strategies. Furthermore, delegating responsibilities to technologically proficient staff facilitates expedited and more effective decision-making for firms and improves the productivity and efficiency of both employees and the company. So, ICT sector companies should ensure they have digitally capable employees to enhance their digitalization process. ICT companies need abilities beyond fundamental IT to encompass specialized technologies, including social media and mobile, and analytical competencies to extract value from big data.

Innovation is another DT dimension significantly impacting company performance (β=0.172, t=2.062, α =0.000). This result is compatible with the studies of (Vaska et al.,

2021), (Muniroh et al., 2021), (Lee & Lim (2018), (Ivančić et al.,2019), and (Tsai & Hsu, 2014). The authors emphasized the influence of digital leadership on innovation, highlighting that enhancements in innovation contribute to improving products and services provided to clients. Furthermore, it has been observed that DT has played a pivotal role in enabling the progress of innovation to unprecedented levels. They found that organizational innovations significantly positively impact the overall success of firms.

This indicates that ICT companies in Palestine are moving in the correct direction and attaining comparable outcomes to companies in other nations. However, DT is currently in its early phases and is a continuing process. Furthermore, this outcome may indicate that the company's high-ranking executives actively promote the generation of ideas and enable employees to communicate their innovative ideas to their superiors directly. ICT companies should implement a rigorous evaluation procedure for their innovation initiatives and benchmark against international standards of excellence.

Another factor that warrants consideration is that information technology companies function as foreign entities' representatives and adhere to established norms, constraining their capacity to generate and execute innovative ideas and services. Additionally, to enhance the impact of innovation on company performance, establishing a creative culture is crucial within ICT enterprises and among Palestinian youth; this innovation can streamline the expansion of activities throughout the whole supply chain and provide enhanced financial opportunities for entrepreneurs in the ICT industry.

Customer Involvement is another DT dimension that significantly impacts company performance (β=0.148, t=2.883, α =0.000 $\leq$ 0.000). This result is consistent with the studies of (Zhou,2019), (Andriole, 2017), (Hess et al., 2016), (Sonono and Ortstad (2017), (Yoo et al., 2012), (Mansano & Valpuesta, 2013), (Kuo et al., 2017), (Mariia et al.,2020), (Lemon & Verhoef,2016), (Bowden, 2009), and (Wirtz et al., 2013).

The authors emphasized the significance of DT in enabling companies to customize their products and services according to the preferences of diverse customers. This facilitates creating and selling distinct goods and services well-suited to individual clients. Consequently, companies must address customer needs and establish enduring and mutually beneficial relationships. Furthermore, the significance of customers in corporate digitalization must be considered.

When implementing digitalization in traditional business operations, it is imperative to prioritize the consumer as the focal point. These solutions optimize digital operations, provide valuable feedback, leverage digital tools, and reduce costs by reducing front desk employee expenses. In addition, digital technologies facilitate the establishment of communities, thereby enhancing the connection between brands and their client base. These capabilities enable firms to immediately adapt to changes and effectively address evolving consumer preferences and expectations more expeditiously. Business enterprises have the potential to adapt to evolving consumer tastes and requirements by effectively responding to changes in customer behavior. This phenomenon boosts corporations' capacity to meet consumers' demands, immediately influencing the connection. Consequently, digitization exclusively advantages individuals who possess a propensity for digital technology.

Due to the vast amount of information and choices for customers, their demands and expectations have escalated, and prosperous companies should fulfill these expectations and requirements. In the era of DT, firms have a wide range of tools at their disposal to efficiently and rapidly serve an extensive consumer base while keeping costs to a minimum. Thus, the digitization process benefits only the digitally inclined. So, ICT companies have realized the importance of customer engagement. ICT companies should prioritize incorporating digital experience into their business environment to enhance customer experience.

DT encompasses more than just technology; it requires a human element to understand and effectively address the needs of today's clients. Ensuring client satisfaction is paramount; ICT firms must adjust properly to maintain competitiveness. Additionally, customer involvement's contribution to DT and company performance could be explained by the number of internet users in Palestine, which was 4.82 million in January 2024. Additionally, Palestine's total number of active cellular mobile connections was 4.46 million in early 2024, which accounts for 82.2 percent of the population (Datareportal,2024). This number is high compared to the population size. ICT companies could benefit from this and try to increase customer awareness of more DT uses.

The DT dimension with the least positive significant effect on company performance is organizing (β=0.127, t= 2.885, α =0.000). This result corresponds with

the studies of (Cennamo et al., 2020), (Genzorova et al., 2019), and (Duerr et al., 2018). The authors underscored the predicted substantial impact of DT on various corporate operations, procedures, business models, and organizational structures. Establishing cross-functional teams has been identified as a prevalent suggestion for organizations seeking to implement digitalization in their operational processes.

As for the organizing dimension, it has the lowest impact on company performance. This may be attributed to prioritizing technology investments and DT over internal reorganization, which could be a strategic decision for the ICT companies. This technique enables a comprehensive assessment of the influence of DT on different business units before making decisions regarding organizational modifications, such as workforce reduction. Acknowledging that this assessment may uncover a gradual impact that cannot be readily measured is crucial. This result can also arise when there is a discrepancy between the organizational structure and DT. Significantly, several IT firms are characterized by their small size and need for formal organizational structures or departments, posing challenges in comprehending the impact of this aspect on their operations.

Based on the above discussion and to summarize the result of the first question, it was found that all the DT dimensions have a significant positive impact on company performance, and the statistical result for this result was (β=0176, t= 2.260, α =0.000). This result mirrors the results of (Llopis et al.,2021), (Henriette et al., 2016), (Guo & Xu, 2021), (Martenez et al., 2020), (Wielgos et al., 2021), (Thuy, 2021), (Arifuddin et al., 2022), (Masoud & Basahel, 2023), (Raguseo & Vitari, 2018), (Wang et al., 2022), (Popović et al., 2019), (Barba et al., 2024), (Zhang et al., 2023), (Yonghong et al.,2023), and (Do et al.,2022). The authors revealed that DT yields numerous advantages for organizational performance, encompassing financial performance, market performance, innovation, customer satisfaction, strong brand image, operational excellence, competitive advantage, and cost reduction.

Two Palestinian studies, according to the author's knowledge, studied the impact of DT on company performance (Abuhasan & Moreb, 2021) and found that DT enhances customer satisfaction and loyalty; the other study was conducted by Rashwan and Kassem (2021), who found that DT increases productivity and efficiency.

However, the path coefficient demonstrating the influence of DT on firm performance is small, indicating that the performance of companies operating in the ICT industry is influenced by factors other than DT. This result is consistent with the result of the R^2; as for the dependent variable (Company Performance), the coefficient of determination was (0.549), which is of moderate value also; this indicates that both digital transformation and SHRM practices explain (54.9%) of the company performance in the Palestinian ICT sector, which means that other reasons than DT impact the ICT company performance.

The factors affecting the success of telecommunication companies may include the quality of services provided, the pricing strategies employed, and the market structure characterized by either monopolies or oligopolies. Another essential reason to mention is that DT is still in its early stages, companies are working under political uncertainty, and face several challenges, such as high investment costs, which make it harder for small and medium companies to implement digital strategies; another challenge is that because of the Israeli occupation, the Palestinian Authority lacks complete rights to access technologies, equipment, frequencies, and licenses, there is also a lack of comprehensive cybersecurity framework to control the digitalization process

Israel exercises control over the availability of infrastructure devices and technology and is widely regarded as the primary facilitator of DT. Below are illustrations of various devices: Fiber optic cables, Microwave devices, transmission devices, and mobile devices operating on 4G/5G networks. Therefore, even if Palestinian companies have the necessary technology and equipment, they must still obtain proper authorization to operate in several regions under Israeli jurisdiction, such as those classified as area (C). One obstacle highlighted during visits to ICT companies is the Palestinian administration's need for preparedness for DT.

Additional rules and regulations mandating e-signatures and updating the cyber security framework are vital, as they discourage clients from visiting company offices or showrooms. The primary problem of the Palestinian government's inadequate infrastructure and e-government services is the high cost of investing in technology infrastructure. Consequently, most government projects rely entirely on external support and finances to implement DT initiatives.

This result is in line with the findings and recommendations of the World Bank, which stressed the fact that Problems with spectrum allocation, digital infrastructure, connectivity, and high-speed internet access have arisen due to Israeli limitations on the entry of information and communication technology equipment. Currently, the West Bank and Gaza only have 3G and 2G access, respectively. Because of these restrictions, the Palestinian territories and the world's network connectivity have been delayed.

The West Bank and Gaza have a lower broadband penetration rate than the average developing country, according to the Global ICT Development Index. A long-term political agreement with the Israeli government to lift existing restrictions is necessary to develop the Palestinian digital economy. Additionally, to carry out a complete DT of the economy, the Palestinian Authority (PA) will require financial resources in addition to revisions to its internal policies. Additionally, Improving Palestinians' skill sets and fostering the expansion of digital enterprises are essential to achieving DT. To encourage the expansion of digital companies, funding initiatives should work to expand access to capital, improve the capabilities of support organizations (such as incubators), and expand the reach of digital enterprises into worldwide markets (World Bank, 2022).

2. The second sub-question is: What is the impact of DT on strategic HR management?

Regarding the study of the impact of DT on strategic HR management represented in the hypotheses (H2a, H2b, H2c, H2d, H2e, H2f, H2g), and referring to Table (4.16),

The DT dimension with the highest positive and significant impact on strategic HR management is know-how and intellectual property (β=0.374, t=4.470, α=0.000). This result is consistent with (Ellingrud et al., 2020) and (Kianto et al., 2017). The authors concluded that technical progress has enabled machines to perform various tasks that people previously performed. This emerging wave of automation will substantially influence the employment sector in the forthcoming years. Most contemporary workers must develop new skills as nearly every occupation will experience substantial transformations. A significant concern confronting businesses today is the readiness for the future workforce. However, only a few companies are adequately equipped to address this challenge.

This outcome is understandable, as know-how refers to the technical aspects of operations that help companies enhance their operational performance, improve customer

relationship management, enhance products and services, and ensure the availability of necessary resources to implement the digital strategic vision. Therefore, ICT firms must leverage their expertise and practical experience by carefully selecting and educating the appropriate staff, motivating them, and guiding them towards achieving their DT goals.

Innovation is the second DT dimension significantly impacting strategic HR management (β=0.304, t= 5.342, α =0.000). This result is consistent with the studies of (Siengthai & Bechter, 2001), (Nasurdin, 2010), (Vardarlier, 2020), and (Fındıklı et al., 2015). The authors have established a significant correlation between innovation within companies in the sector and factors such as leadership endorsement of innovation, organizational framework, HR management strategies, company performance, and overall company size.

Furthermore, they investigated the correlation between HRM practices and organizational creativity. Research has verified that organizational innovation can be predicted by examining compensation, training, and performance evaluation systems. Moreover, they emphasized the need for digital HR solutions for enterprises to manage their DT activities.

This finding suggests that the top executives of ICT businesses actively promote the generation of new ideas and encourage employees to communicate their ideas to their supervisors immediately. Additionally, it implies the presence of a culture that fosters innovation. The ICT sector, particularly the mobile companies, operates within an oligopoly market framework. Consequently, companies are responding to each other's competitive actions, with each company striving to increase its market share. Therefore, their strategic HR management plan and policies should be interconnected with an innovative culture. Thus, its HR practices, including recruitment, training, and performance rating systems, are designed to accommodate DT's learning and adaptive management needs.

The same applies to IT companies, primarily small businesses and, in some instances, startups; they need to foster an innovative culture. In 2023, Google initiated the Palestine Launchpad program, a capacity-building initiative designed to assist Palestinian graduates, app developers, and tech entrepreneurs in enhancing their digital abilities and securing job opportunities. In January 2024, the program allocated $4 million to protect employment, offer financial assistance through loans and grants to 1,000 small

businesses, and provide initial funding to 50 technology startup Start-up Genome (2021). However, these programs must be sustainable. Despite a significant number of incubators and accelerators in Palestine, there needs to be more uniformity in terms of quality, services, business models, sector/stage focus, managerial capability, and long-term operational plan.

Customer Involvement is the third DT dimension that significantly impacts strategic HR management (β=0.300, t= 5.190, α =0.000). This result is consistent with the studies of (Chang et al., 2013), (Patel et al., 2013), and (Hong et al., 2013). The authors found that HR management systems can benefit customers by improving product quality and other customer value factors. Most studies on customer outcomes have focused on HRM systems that strive for exceptional performance, commitment, and engagement. Recent studies on service companies suggest that HR management systems designed to prioritize customer service can substantially impact customer satisfaction and loyalty.

This outcome suggests that companies in the ICT sector view their consumers as integral to their achievements. Opting for suitable staff would augment the quality of service and other factors consumers value. Historically, most research has focused on HRM systems that strive for high performance, dedication, and involvement to achieve positive customer results. Recent studies on service climate (mentioned in this dissertation) suggest that HR management systems prioritizing customer service can substantially impact customer outcomes.

ICT firms, particularly telecommunication companies, demonstrate customer literacy by thoroughly comprehending their customers' requirements and selecting individuals who represent this expertise. This is referred to as a customer-centric organization, where all operations are centered around the customer, and performance is evaluated based on customer satisfaction, loyalty, and experience, which is challenging because of the intangible and perishable nature of services.

Technology assets are the fourth DT dimension significantly impacting strategic HR management (β=0.223, t= 2.393, α =0.017). This result is compatible with the studies of (Stone, 2015), (Vrontis et al., 2023), and (Nageeb & Saad,2022). According to the authors, allocating resources toward technological assets has altered the dynamics of supervision, work relationships, and employment. Rapid technological advancements

have led to the emergence of innovative ideas such as online job applications, remote work, and virtual teams.

These technologies have been identified as significantly impacting HR management strategies, including job displacement, human-robot/AI collaboration, decision-making, educational opportunities, and HRM operations such as recruitment, training, and performance evaluations.

This finding suggests that ICT companies, like other companies, are influenced by technology's benefits. After analyzing the results of this study, researching various companies' websites, and interviewing three HR managers from telecommunications companies, it has been observed that ICT companies utilize E-HRM. This technology enables HR practices such as online job applications, hiring, recruitment, remote work, virtual teams, payroll and benefits management, performance evaluations, and enterprise resource planning. These digital methods reduce time, expenses, and effort.

Organizing is the fifth DT dimension significantly impacting strategic HR management (β=0.222, t= 3.849, α =0.000). This result is compatible with the studies of (Mirković et al., 2019), (Phiri & Phiri, 2022), (Nadeem et al., 2024), and (Nikolić, 2018). According to the authors, DT requires organizational modifications, such as changes in work processes and structural adaptations, which directly affect strategic HR management. Performance management, collaboration and integration, teamwork, and delegation of authority were identified as factors impacting strategic HR methodologies. Researchers also discovered that DT substantially impacts workers' attitudes, psychological well-being, independence, and job-related factors.

DT undeniably influences the operations of companies and organizations. Companies operating in politically volatile regions such as Palestine should embrace innovative business practices, notably by expanding remote work arrangements. This approach has been particularly challenging during periods of crisis, such as the COVID-19 pandemic or times of war. Therefore, this result indicates that multiple changes have been made in managing HR, such as teamwork, decentralization, and adapting digital KPIs. Additionally, it impacts the processes of recruiting, selecting, training, and developing people. HR planning is crucial to strategic HR management in the ICT industry, and companies must prioritize DT as a critical factor in determining future workforce needs in terms of quantity and quality.

The strategic vision is the sixth DT dimension significantly impacting strategic HR management (β=0.120, t= 2.696, α =0.000). This result is comparable with those of (Boswell et al., 2006), (Halid, 2020), and (Gadzali et al.,2023). The authors emphasized the need to integrate the strategic vision with strategic HR plans; HR managers must deeply understand the organization's vision and objectives. They may provide crucial insights into the prerequisite skills needed to adjust to technological progress. Furthermore, visionary leadership dedicated to DT and capable of inspiring and mobilizing staff is essential.

Although the impact of strategic vision is significant, the path coefficient is low, which indicates limited impact. This result is strange as people play a vital role in a company's assets, particularly in the service industry. Therefore, ICT businesses should incorporate them into their strategic vision and objectives. Strategic HR planning is crucial in the DT path, as ICT organizations must decide whether to train, develop, or retain their current staff to adapt to digital developments. Alternatively, if they lack alternative options, they may recruit technology-capable employees. The demographic analysis of the research sample reveals that 76% of the employees are within the age range of 24 to 40. They belong to the latest generation and are expected to focus on technology.

A reduced level of resistance to DT must also be ensured. The ICT companies should keep their staff in the loop and include them in strategic planning processes. Communicating the changes that will be happening and involving people is crucial throughout DT. Upper-level management and other leaders must freely and openly discuss the benefits, objectives, and DT plans. The upcoming changes, their roles, and the impact of DT on employees' jobs must be communicated to them clearly and concisely. Staff members participating in decision-making are more likely to be invested, enthusiastic, and adaptable to change.

Digital Capabilities are another DT dimension that positively and significantly impacts strategic HR management but with the least path coefficient (β=0.111, t= 3.391, α =0.014). This result complies with (Jaluch's,2019), (Turulja & Bajgoric,2018), and (Bansal et al., 2023). Digital capabilities, as defined by the authors, refer to the essential skills required to engage in economic and social activities by safely and appropriately using digital technology and network devices to handle, combine, communicate, assess, and generate information. Furthermore, it was discovered that enhancing HRM capabilities, driven by IT capabilities, leads to improved knowledge management. They

affirmed that organizations must consistently enhance the digital skills of their staff to enhance their DT achievement.

This finding needs more investigation since the ICT companies should acknowledge the significance of employing capable employees prepared for the DT era. The process begins with HR planning, in which organizations assess their external and internal environment to identify deficiencies in their HR department and mitigate any risks while capitalizing on opportunities. Due to the swift fluctuations in market demands and technology, accomplishing this task takes time and effort. Anticipating future skill demands poses a difficulty. Nevertheless, ICT companies may maintain a competitive edge by embracing a versatile strategy and prioritizing cultivating versatile talents that can readily adjust to changing circumstances. Examining personnel data and HR positions can assist in finding patterns and determining changing requirements for abilities.

Therefore, ICT companies must adapt to ever-evolving technical advancements, which presents a challenge in choosing and implementing the most suitable HR solutions.

Based on the above discussion and to summarize the results of question two, it could be concluded that DT positively and significantly impacts strategic HR management with a high path coefficient (β=0.600, t=4.647, α=0.000).

This result is consistent with the studies of (Bonnet et al., 2015), (Gilch & Sieweke,2021), (Demir et al., 2023), (Cetindamar et al., 2021), (Singh,2021), (Barišić et al., 2021), (Jayabalan et al., 2021), (Nageeb & Saad,2022), (Siengthai & Bechter, 2001), (Fındıklı et al., 2015). The research findings indicate that the key factors contributing to the success of DT are (1) a mindset that prioritizes digital technologies, (2) digitized processes, (3) empowered staff, and (4) tools for accessing and collaborating on data. Moreover, the research examined the strategic consequences of DT on recruiting and underlined the importance of recruitment in rejuvenating an organization's HR infrastructure, which is crucial for disruptive transformation.

It has been determined that the cognitive behavior of employees is directly influenced by their degree of digital literacy. Contemporary ways of recruiting and selecting personnel have been replaced by new strategies, making DT a crucial catalyst for the advancement of HRM practices. The DT has had a significant impact on both workflow and organizational structure. Furthermore, they have determined that all aspects

of DT greatly enhanced HR management processes and that a positive relationship exists between DT and electronic (e-HRM) and talent development.

The path coefficient is high, meaning the collective impact of the seven DT dimensions on SHRM is high. This finding is consistent with all prior research and suggests that ICT companies are progressing correctly. DT necessitates altering individuals' mindsets based on the digital strategic vision, digitizing processes, empowering personnel, and implementing data access and collaboration tools. The study indicates that strategic HRM practices must be incorporated with DT for the ICT sector to succeed. Thus, Innovative methods have replaced conventional HR techniques, with DT playing a crucial role in advancing HRM practices.

3. **The third sub-question: How does strategic HR management impact company performance?**

Regarding the study of the impact of strategic HR management on company performance represented in H3 and referring to the table (4.17), it was found that (β=0.345, t= 2.867, α =0.004). This result is consistent with the studies of (Al-Omari et al., 2019), (Al-Qudah et al., 2020), (Wan et al., 2002), (Al-Alawi et al., 2023), (Jashari & Kutllovci, 2020), (Sweis & Saleh,2020), (Rana & Malik,2017), (Kareem,2019), (Otoo & Mishra,2018), (Masum,2016), (Al-Refaie,2015), (Ling &Nasurdin,2010), (Kianto et al., 2017), (Aryanto & Afiff,2015), and (Atan, 2019).

The authors conclude that companies have transformed the conventional function of HR management into strategic HR management, strategic collaboration, and the integral strategic planning process of a whole organization. The results indicated that implementing key HR planning elements enhanced productivity, reputation, and employee well-being while reducing operational costs. Analysis suggests that each strategic aspect of HR management positively influences economic success. Further research revealed that the use of electronic HR management has a beneficial impact on the operational aspects of the organization.

Numerous studies have provided evidence supporting the importance and significant correlation between HR Development (HRD) practices and organizational success. Other authors have also investigated the influence of strategic HR management on the long-term viability of competitive advantage through the analysis of personnel

selection, training, career trajectory, and performance evaluation. Their findings indicate that SHRM has a direct impact on the performance of the organization.

Furthermore, this outcome aligns with the Resource-Based View Theory (Barney, 1986), which emphasizes the company's ability to gain a competitive advantage by examining its resources and capabilities. The assets encompassed in this context are personnel proficiency, financial resources, product excellence, geographical position, machinery, and equipment. Moreover, the HR department can provide the firm with a lasting competitive advantage by implementing transformative HR initiatives. Therefore, HR functions should be regarded as a systemic process in which HR interacts with all elements of the organization. Hence, instead of perceiving HR operations as separate processes, they should be regarded as a whole.

Similarly, these results align with the Human Capital Theory proposed by Schultz (1961, pp. 1-17). This theory prioritizes allocating resources toward education, training, and human knowledge to enhance productivity and stimulate economic growth. The scientists regarded labor as a form of capital. Thus, investments in education and employee training enhance productivity and economic development by improving workers' efficiency and productivity by acquiring knowledge and skills, leading to improved benefits and revenue.

The results suggest that ICT businesses have acknowledged the significance of HR capital and the value of investing in its development and growth. Furthermore, this indicates that firms have transformed, with the conventional role of people management evolving into strategic HR management, strategic collaboration, and integration into the organization's overall strategic planning process. Furthermore, it suggests that HR selection and development strategies are vital and highly associated with achieving organizational performance. The fundamental principle underlying HR management strategies is that the most critical asset of a company is its workforce, and they significantly influence the business's success.

Establishing and effectively implementing an appropriate array of HR policies and practices is crucial for HR management to impact organizational performance substantially. By integrating HR policies and practices with the HR strategy, strategic HR management lays out how an organization's objectives are achieved by its personnel. The increasing popularity of strategic HR management can be attributed to its explicit dedication to enhancing organizational performance. Thus, this indicates that the ICT

sector companies are progressing well in aligning the HR resource practices with the company goals of increasing their financial and marketing performance.

4. **The central inquiry into the research is: Does the DT affect the company's performance through the mediator strategic HR management?**

Regarding the answer to the central inquiry into the research, as presented in H4, which is about the impact of DT on company performance through the mediator strategic HR management and referring to Table (4.18), it was found that (β=0.207, t= 2.362, α =0.018). This result supports the assumption that SHRM mediates the relationship between DT and company performance in the Palestinian ICT sector. It was also found that all the DT dimensions employed in the study have a significant positive relationship with company performance when taking strategic HR management as a mediator, as shown in Table 4.19. Moreover, the direct and indirect effect of the mediator was found to have a significant positive relationship in mediating the impact between DT and company performance, where the total path coefficient was (0.383) as shown in Table (4.17).

This result is consistent with the studies of (Mitchell & Obeidat, 2013), who found that HRM acts as a mediator between an organization's financial success and the strategic function of HRM, and the findings of (Sánchez et al., 2015), who examined the role of HR management in mediating the relationship between knowledge management strategies and firm performance. They found that aligning HR practices with organizational strategy is crucial. Specifically, they discovered that knowledge management strategies positively impact firm performance when combined with high-performance practices such as selective staffing, intensive training, active participation, comprehensive performance appraisal, and performance-based compensation.

This result is also consistent with the findings of (Kianto et al.,2017), who found the crucial significance of human capital in driving innovation performance and illustrated that intellectual capital has a favorable role in mediating the relationship between knowledge-based HRM practices and innovation performance.

These findings highlight the significance of strategic HR management and the inclusion of HR in the company's strategic strategy for DT. Increasing investment in HR operations, particularly at the strategic level, leads to greater rewards. Hence, organizations in the ICT sector should prioritize investments in developing appropriate

HR planning and accurate forecasting of HR requirements, particularly in the digital age. This means that DT could improve SHRM and enhance the company's performance.

They must determine the skills and knowledge necessary for employees to successfully achieve digital goals and strategies. ICT organizations have the potential to enhance their financial and marketing performance greatly. To achieve this, they should prioritize investing in their personnel since they are crucial to the success of any business, particularly in the service provider sector. ICT personnel require a strong passion for their work, technical expertise, and the ability to persuade others. They must also possess ethical values, interpersonal skills, analytical capabilities, and proficiency in data-driven decision-making. Therefore, ICT firms should carefully select competent people and engage in their training and development. Additionally, providing incentives and benefits on an equitable basis can motivate employees to reach digital goals and minimize resistance.

5. **The fourth sub-question: How does digital corporate culture moderate the relationship between DT and company performance?**

Regarding the impact of digital corporate culture as a moderator in the relationship between DT and organizational performance represented in H5 and referring to Table (4.20), it was found that (β=0.007, t= 0.105, α =0.916. This result contradicts the studies of (Sörensen, 2002), (Quinn, 2011), (Hie 2019), (Pradana et al., 2020), (Pradana et al., 2022), (Liu et al., 2023), (Fahmi et al., 2023), (Müller et al., 2019), and (Stoianova et al., 2020). The authors have examined the relationship between DT and digital corporate culture. According to research, a robust digital culture inside a company is essential for DT to be effective. Collaboration, creativity, responsibility, transparency, customer focus, and personal growth are all part of digital culture.

Digital technology (DT) projects and their widespread acceptance are both affected by this culture. Also, both DT and work satisfaction were positively and strongly correlated with corporate culture. Organizational culture factors, including rules, processes, conventions, beliefs, and expectations, all have a role in DT's success or failure.

Thus, to propel and maintain DT, it is crucial to cultivate a digital culture that is in sync with the organization's overarching strategy. According to multiple studies, the success of a company's digital strategy and its implementation are impacted by its digital

culture. The findings indicate that digital literacy, legacy culture, and digital culture significantly influence employees' perceptions of DT and its efficacy.

However, this result was consistent with the findings of Muniroh et al. (2021), who found that innovation is a type of firm's performance that is impacted by digital leadership rather than digital culture. However, merely establishing a digital culture does not inherently result in improved company performance. This could explain why employees in the ICT sector need to perceive their performance as being influenced by the digital company culture or view the digital corporate culture as the primary catalyst for implementing DT and subsequently enhancing firm performance.

Similarly, it was consistent with the study of (Goran et al., 2016) who found that according to many studies, internal organizational norms are the most significant barrier to digital innovation. Thus, adapting the company culture will always take longer and be more complex than adapting to the technologies that drive the need for it. Moreover, adaptability is another essential component of digital culture, along with a willingness to learn from mistakes and take risks.

Typically, culture is subjective and collectively held by personnel; it differs from internal organizational rules and guidelines that are explicit and understandable. This may also contribute to employees' inability to comprehend the broader scope of the situation or their apprehension about jeopardizing their job stability due to DT, leading them to resist the new culture. Another explanation could be that the ICT firms need to communicate the digital strategy to their employees; another possible reason for this issue could be a lack of internal communication, which can result in conflicting agendas and make it challenging to achieve unity of purpose while implementing new projects. Another reason could be that ICT companies put huge efforts into investing in digital assets and capabilities rather than digital culture.

Hence, ICT companies must understand that DT encompasses more than just technology; it involves the exchange of ideas, open discourse, and internal communication between upper management and staff. Additionally, Managers should initially ascertain the attributes of the existing culture and begin diminishing and eliminating those cultural qualities that obstruct or inhibit the assimilation of a digitalization culture. Moreover, ICT company executives must take a proactive approach to culture and attain the necessary speed and agility, they must establish organizational

cultures that foster cross-functional and cross-business unit performance, a willingness to take risks and prioritize customer satisfaction.

5.2 Summary of results:

From the discussion above, the following results summarize the findings of the study:

1. All the DT dimensions employed in the study have a significant positive impact on ICT company performance, which is consistent with previous studies utilized in this study.
2. DT has a positive impact on Strategic HR management, consistent with the previous studies employed in this study.
3. Strategic HR management positively impacts the performance of ICT companies, which is consistent with the previous studies employed in this study.
4. DT's impact on Strategic HR management is more substantial than its impact on ICT company performance.
5. The impact of SHRM is more substantial than that of DT on ICT company performance.
6. DT impacts the ICT company's performance through the mediator strategic HR management.
7. Digital corporate culture does not moderate the relationship between DT and company performance, which contradicts most previous studies.

5.3 Recommendations of the Study:

- Every organization, including the Palestinian ICT sector, must possess a digital strategic vision for digital transformation; consequently, they should revise and enhance their vision, mission, objectives, and strategies. This can be accomplished by formulating SMART targets, concentrating on customer requirements, instituting new processes, and restructuring to facilitate necessary changes.
- ICT businesses should continue investing in technology as a significant driver of digital transformation. This can be accomplished by implementing next-generation technologies and fostering cultural transformations to enhance the

organization's current condition. Innovative technologies also facilitate process enhancements, resulting in superior products and services.

- ICT companies must assess competing solutions to determine which most effectively corresponds with company objectives. The technologies a firm chooses to use will be pivotal in influencing the success of its DT. Consequently, they may require hardware upgrades or migrating on-premises resources to a cloud platform, all while safeguarding the company's critical data assets.
- ICT companies should adopt effective IT solutions essential for executing the data security, administration, and analysis mandated by DT. This could be achieved by collaboration to maximize DT's operational advantages. They should also leverage technology in digital marketing, which is highly advantageous for enabling organizations to establish brand recognition, implement effective segmentation, and achieve local and worldwide reach.
- ICT sector companies should have digitally capable employees to enhance their digitalization journey. ICT companies need digitally capable employees; they should select digitally capable employees or train the current employees who are ready for the digital age. This could be achieved by closing the gap between the private sector and universities and institutions. Thus, fostering partnerships between Palestinian academic institutions and the ICT sector is crucial to enhancing graduates' readiness, communicating the curriculum effectively, and setting explicit standards.
- The ICT sector must augment consumer engagement; several measures can be implemented to attain this objective, including leveraging social media as a potent instrument for enterprises to interact with their clients and provide timely, pertinent information. By overseeing social media platforms, ICT companies may promptly and effortlessly address customer concerns and complaints. Moreover, social media may proactively inform clients about new products, services, and discounts. They can utilize live chat to offer immediate support to customers experiencing challenges with products or services.
- ICT companies should use CRM software to oversee client data and interactions. CRM software can monitor customer purchase history, contact details, and support inquiries. This information can enhance customer service by customizing interactions and providing tailored support.

- The ICT sector should enhance innovative ideas in its businesses. This could be achieved by adopting emerging technologies, rewarding innovative ideas, establishing innovative key performance indicators, encouraging internal innovative ideas, and adopting innovative business models.
- ICT companies are recommended to thoroughly analyze the benefits and drawbacks of DT, address weaknesses, and successfully capitalize on the opportunities for DT to enhance their performance. This could be achieved by having clear objectives and KPIs such as return on investment, employee engagement score, technology adaption rate, organizational agility score, and marketing ROI.
- The impact of DT on the organizational structure and the organizing function within the management function is both indirect and direct. ICT companies could achieve this by assessing their organizational structure, evaluating their performance, and making necessary adjustments to align their organizational structure with DT strategies. Moreover, ICT companies should alter their organizational structure by diminishing hierarchical levels, delegating more authority to teams, and enhancing employee cooperation and communication.
- ICT companies should stress the importance of having a digital culture. A digital culture can be established by instituting adaptable work norms and supplying the requisite tools and technologies for remote work. To cultivate a learning culture, leaders must promote regular upskilling and reskilling among employees to remain abreast of contemporary digital trends and adapt to an evolving world and workplace. Leaders can facilitate access to digital learning tools and consistently arrange training sessions. In a digital culture, staff are encouraged to explore new technology and digital methodologies. Leaders facilitate innovation by embracing new concepts and allocating the requisite time and resources for experimentation.
- ICT companies are recommended to augment the significance of DT in identifying competencies and abilities by formulating strategies for employee recruitment and training and revising recruitment programs to effectively identify and attract individuals with relevant technological competence. Furthermore, it is imperative to enhance continuous training programs to cultivate the abilities of existing personnel in alignment with emerging DT. ICT leaders must ensure that employees successfully use them. In-house training sessions deliver customized training that addresses the organization's needs and encompasses various subjects.

Online courses provide a flexible learning experience that allows employees to progress at their speed. Individual coaching can be advantageous for intricate or specialized technologies necessitating tailored education.

- Partnerships between Palestinian academic institutions and the ICT sector are crucial to enhancing graduates' readiness to be digitally capable. Thus, it is recommended that the curriculum be communicated effectively and set explicit standards, that the (IT) curriculum in higher education be revised to align it more closely with the needs of the local and global ICT sector, and that modern teaching methodologies be used to enhance the DT process.
- DT necessitates adopting agile leadership, a new leadership style. This style encourages the decentralization of decision-making, the distribution of decision authority, and the empowerment of individuals at all levels to contribute their expertise. Therefore, the ICT sector should embrace an agile leadership style to sustain its performance.
- Human Resources are vital to the DT. Therefore, ICT companies are advised to ensure a healthy work environment, acknowledge employee accomplishments, and swiftly handle workplace concerns. This will effectively motivate employees to participate actively in the DT process. Setting clear targets, mutual communication, engaging employees in goal setting, providing training, and developing opportunities could achieve this.
- The Ministry of Telecommunications and Information Technology should spearhead efforts to support the ICT sector by advocating for the Palestinian comprehensive rights to access technology, equipment, frequencies, and licenses at international conferences. Additionally, to acquire the capacity to operate and expand infrastructure across all territories under Palestinian sovereignty without any constraints from Israel. This will enhance the infrastructure, which is fundamental to the DT process. Furthermore, it will save expenses by employing cutting-edge technologies. They should also implement e-government services and establish a uniform payment platform.

  Moreover, MTIT must incentivize all pertinent governmental institutions through public-private partnerships to utilize these applications to cultivate a requisite culture among citizens and companies for accessing services.

5.4 Limitations of the Study:

There were some limitations related to this study. The internal validity of data collected from a single nation is robust; nevertheless, it is essential to note that the generalizability of the findings to other countries may be limited (Bell et al., 2022). Therefore, the potential limitations of this study lie in its exclusive focus on the ICT sector in Palestine, which may restrict the applicability of the findings to other companies or countries. Furthermore, this study deliberately omitted certain geographical regions inside Palestine, specifically the Gaza Strip and Jerusalem, to account for the unique political circumstances.

Another area for improvement is that while the questionnaire is a prevalent research method that facilitates respondents in delivering their answers, it possesses certain drawbacks, including the potential for respondents to misinterpret the questions and the absence of opportunities for probing to elicit further elaboration (Bryman, 2016). This could affect the accuracy of the results.

Another challenge was that the researcher had to convince managers and owners to complete the questionnaire, primarily due to the substantial volume of questionnaires received from students from various universities. Many of these applicants were affiliated with the same enterprises, which may be attributed to the limited market size.

Another concern from the managers was to approve the questionnaire before distributing it to ensure that it did not contain any sensitive questions, especially about their financial statements; this issue took time to get approved. Furthermore, this study was carried out amidst a State of war. Most employees encountered challenges in accessing their workplace, necessitating remote work arrangements. Completed questionnaires were perceived as the least preferred activity by the participants. Therefore, significant efforts were required to motivate individuals to complete the questionnaire.

5.5 Recommendations for Future Research:

The DT strategic HR management concepts and their application in the Palestinian market still need to be comprehended and implemented. This study utilized **seven** dimensions of digital transformation. Additional dimensions, such as the concept of an

ecosystem, could be incorporated to explore the interactions between ICT companies and their partners and the innovation of new products and services in collaboration with these partners. Furthermore, it is crucial to investigate other dimensions, such as the level of DT investment, especially in the IT infrastructure,

An additional facet that warrants consideration is the management of risks in the digital realm and its influence on the correlation between DT and organizational performance. Palestine is considered one of the most dynamic and uncertain places to operate a business. Thus, one further aspect recommended for further investigation pertains to business agility and its impact on the preparedness of the ICT sector to compete and prosper effectively in the era of digitalization. This entails promptly adapting to market fluctuations and capitalizing on rising prospects by implementing inventive digital enterprise solutions.

Furthermore, the present study found that the moderating effect of digital company culture did not yield statistically significant results. Therefore, it is imperative to provide a solid foundation for future research to ascertain the essential digital cultural values for facilitating digital transition. The inquiry pertains to whether adopting a DT strategy impacts corporate culture or if a digital corporate culture actively facilitates the DT process. Furthermore, this study employed quantitative techniques as its primary methodology. In forthcoming research endeavors, using a mixed methodological approach, incorporating case studies and field interviews alongside quantitative methods is advisable to get deeper insights into organizational performance, and informal dynamics. As DT was found to have a limited impact on company performance, it is recommended to conduct longitudinal research to capture the gradual evolution of DT and test the causal relationship between DT and company performance in the ICT sector. This could be achieved by collecting data related to the impact of DT on company performance over another period to track the changes.

This strategy has the potential to facilitate a more comprehensive understanding of the interconnections among the constructs under investigation. Finally, to augment the validation of the study model and its findings, other investigations could be undertaken in analogous contexts inside other developing countries.

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Appendices

الاستبيان:

عنوان الدراسة :

Title: The Impact of Digital Transformation on Company Performance; "The Mediating Role of Strategic Human Resource Management." Evidence from the Palestinian Information and Communication Technology Sector (ICT).

العنوان بالعربية: أثر التحول الرقمي على أداء الشركات " الدور الوسيط لإدارة الموارد البشرية الإستراتيجية" دليل من قطاع الإتصالات وتكنولوجيا المعلومات الفلسطيني.

الإستبيان

الجزء الأول: معلومات عامة تتعلق بالمجيب:

الجنس:

- ذكر.
- أنثى.

العمر:

- أقل من 30 سنة
- من 31-40 سنة.
- من 41 ل 50 سنة.
- من 51 ل 60 سنة.
- 61 سنة فأكثر.

المستوى التعليمي:

- توجيهي.
- دبلوم.
- بكالوريوس.
- ماجستير.
- دكتوراه.

المنصب:

- صاحب الشركة.
- نائب الرئيس التنفيذي.
- مدير عام.
- مدير دائرة.
- منصب إداري آخر.
- موظف عادي.

عدد سنوات الخبرة:

- أقل من سنة.
- من سنة – 5 سنوات.
- من 6 – 10 سنوات.
- من 11- 15 سنة.
- من 16 ل 20 سنة.
- أكثر من 20 سنة.

القسم الذي تعمل به في الشركة:_____

معلومات تتعلق بالشركة:

القطاع:

- الاتصالات والموبايل.
- مزود إنترنت.
- تطوير برامج.
- تكنولوجيا المعلومات.
- مقدمين تدريب مهني وتقني.
- أخرى.

حجم الشركة:

- أقل من 10 موظفين.
- من 10 --- 49 موظف.
- من 50 --- 100 موظف.
- أكثر من 100 موظف.

عمر الشركة:

- أقل من 5 سنوات.
- من 5 --- 10 سنوات.
- من 11---20 سنة .
- أكثر من 20 سنة.

مناطق خدمات الشركة:

- الضفة الغربية فقط.
- الضفة الغربية وقطاع غزة.
- الضفة الغربية والقدس.
- الضفة الغربية وأسواق خارجية.
- أسواق خارجية فقط.

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هل يوجد في الشركة دائرة تكنولوجيا معلومات؟
نعم ( ) ، لا ( )

الجزء الثاني ويقسم الى أربعة محاور:

- ✓ **المحور الأول : يهدف لقياس متغير التحول الرقمي.**
- ✓ **المحور الثاني: يهدف لقياس متغير الموارد البشرية الإستراتيجية.**
- ✓ **المحور الثالث: يهدف لقياس متغير الثقافة الرقمية.**
- ✓ **المحور الرابع: يهدف لقياس متغير الأداء المالي والتسويقي للشركة.**

الرجاء من حضرتكم وضع علامة(×) في المكان الذي يعبر عن وجهة نظرك بشأن كل من العبارات التالية:

المحور الأول: التحول الرقمي						
رقم العبارة	العبارات	درجة الموافقة				
		أوافق بشدة	أوافق	محايد	غير موافق	غير موافق بشدة
1.	تتمتع شركتنا برؤية استراتيجية واضحة تهدف إلى فهم الإحتياجات الرقمية.					
2.	لدى شركتنا استراتيجية واضحة للتحول الرقمي.					
3.	تتفهم الإدارة العليا قدرات التكنولوجيا الرقمية وكيفية دعمها لتحقيق أهداف المؤسسة.					
4.	الافتقار الى القيادة الرقمية لا يشكل عائقاً عند صياغة الاستراتيجيات.					
5.	لا تجد الشركة صعوبة في تطوير الإستراتيجيات الرقمية للشركة.					
6.	تقوم دائرة متخصصة بإدارة جهود التحول الرقمي.					
7.	تتعاون الشركة في تحقيق الأهداف الرقمية.					
8.	تقدم دوائر التحول الرقمي تقاريرها مباشرة إلى الإدارة العليا.					
9.	يتم تشغيل المشاريع الرقمية من خلال الهيكل التنظيمي للشركة.					
10.	تتضمن مقاييسنا التنظيمية مؤشرات الأداء الرئيسية ذات الصلة رقميًا (KPIs).					
11.	يتم استخدام الإدارة القياسية في مجالات إدارة الشركة وإدارة العمليات.					
12.	يتم تصميم الحلول الرقمية وفقًا لرحلة العميل الشاملة.					
13.	تعتبر الشركة العملاء جزء من العملية الرقمية.					
14.	يتم دائمًا تضمين الموظف الذي يعرف احتياجات العملاء في فريق المشاريع الرقمية.					
15.	يعتمد عمل الشركة على البيانات الضخمة.					
16.	يعتمد عمل الشركة على تحليل البيانات.					
17.	تستخدم الشركة تطبيقات الهواتف الذكية (Mobile Apps).					
18.	تستخدم الشركة الحوسبة السحابية (cloud computing).					
19.	تستخدم الشركة الإنترنت والاتصالات اللاسلكية.					
20.	لدينا أصول تكنولوجية كافية لتنفيذ الرؤية الاستراتيجية.					
21.	تشجع الإدارة العليا لشركتنا على خلق الأفكار الإبداعية.					
22.	يمكن لموظفينا مشاركة أفكارهم التطويرية مباشرة مع رؤسائهم.					
23.	تقوم شركتنا بعملية تقييم لمستوى الإبتكار.					

24.	تتوفر لدى شركتنا الخبرة الرقمية.					
25.	تحتاج شركتنا إلى مهارات ذات رؤية/مبتكرة لتحديد الإستراتيجية الرقمية الصحيحة.					
26.	نقوم بتعيين المهام للموظفين بناءً على مستوى معرفتهم بالتحول الرقمي.					
27.	لدينا مواهب فنية للابتكار في الشركة.					
28.	لا نهتم بنقص المهارات الرقمية اللازمة لتنفيذ الإستراتيجية.					
29.	تستخدم الشركة البرمجة بشكل متزايد لتحسين أداء العمليات.					
30.	تستخدم الشركة البرمجة بشكل متزايد لتحسين فهم احتياجات العملاء.					
31.	تستخدم الشركة البرمجة بشكل متزايد لتحسين المعرفة بالمنتج.					
32.	تمتلك الشركة أصول ملكية فكرية كافية لتنفيذ الرؤية الإستراتيجية.					
33.	تستخدم الشركة البرمجة بشكل متزايد لتحسين التفاعل مع الموردين.					
المحور الثاني: الموارد البشرية الإستراتيجية						
1.	تحرص الشركة على تحليل بيئتها الداخلية للتعرف على نقاط القوة والضعف في الموارد البشرية لديها.					
2.	تقوم الشركة بتطوير استراتيجياتها لتعزيز أهمية الموارد البشرية في تحقيق تلك الاستراتيجيات.					
3.	تنسجم أنشطة التخطيط التي يقوم بها قسم الموارد البشرية مع تحقيق مهمة الشركة.					
4.	تقوم الشركة بتحليل بيئتها الخارجية لاستغلال الفرص وتجنب التهديدات المرتبطة بمواردها البشرية.					
5.	يتم تعديل خطط الموارد البشرية في ضوء التغيرات في البيئة الخارجية.					
6.	عمليات الاختيار والتوظيف في الشركة محايدة.					
7.	تعتمد الشركة طرقاً مهنية في عملية التوظيف.					
8.	نستخدم المقابلات أثناء عملية التوظيف والاختيار.					
9.	تحتاج الشركة إلى إيلاء المزيد من الاهتمام لكيفية اختيار الموظفين.					
10.	تعتمد جميع التعيينات في الشركة على الجدارة (أي يتم اختيار أفضل شخص للوظيفة بناءً على خصائصه).					
11.	تعمل الشركة على تحسين ظروف العمل لتحسين جودة أداء الموظفين.					
12.	لدى الشركة خطة لتحسين الرواتب لتشجيع مشاركة الموظفين في تحسين الجودة.					
13.	يرتبط نظام الحوافز في الشركة بأداء الموظفين.					
14.	لدى الشركة نظام واضح للحوافز والعقوبات.					
15.	تقييم الشركة هو أداة من أدوات إدارة الأداء.					
16.	تعمل أنظمة إدارة الأداء على تطوير كفاءات الأفراد، سواء القدرة الفردية أو كفاءة المنظمة.					

17.	تغطي سياسات تدريب وتطوير الموظفين جميع العاملين في الشركة.					
18.	يتلقى الموظفون التدريب طوال حياتهم المهنية.					
المحورالثالث: ثقافة الشركة الرقمية:						
1.	يتعاون فريق العمل وظيفيًا في مبادرات الابتكار والتحول الرقمي.					
2.	هناك توجه واضح للتغيرات التكنولوجية الرقمية داخل ثقافة الشركة.					
3.	تعد ثقافة الابتكار والتغيير الرقمي عملية طبيعية داخل الشركة.					
4.	تشارك الشركة الاستراتيجية الرقمية مع الموظفين، وتأخذ بالإعتبار اقتراحاتهم.					
المحور الرابع: الأداء المالي والتسويقي للشركة:						
1.	تحسن نمو مبيعاتنا في السنوات الثلاث الماضية.					
2.	زادت أرباحنا في السنوات الثلاث الماضية.					
3.	زادت حصتنا السوقية في السنوات الثلاث الماضية.					
4.	زاد لدينا العائد على الاستثمار في السنوات الثلاث الماضية.					
5.	زاد لدينا العائد على الأصول في السنوات الثلاث الماضية.					
6.	دخلنا حديثاً أسواقًا جديدة بسرعة أكبر من منافسينا.					
7.	قدمنا خدمات جديدة إلى السوق بشكل أسرع من منافسينا.					
8.	معدل نجاحنا في المنتجات أو الخدمات الجديدة أعلى من منافسينا.					

إنتهت الأسئلة،

العنوان: أثر التحول الرقمي على أداء الشركات " الدور الوسيط لإدارة الموارد البشرية الإستراتيجية"، دليل من قطاع الإتصالات وتكنولوجيا المعلومات الفلسطيني.

اسم الطالب: ساند محمد حسين سلحوت

لجنة الأطروحة: د.جون لبنسكي، د. فريد سلاك، د. أيمن عرموطي

ملخص

هدفت هذه الدراسة إلى تقييم أثر التحول الرقمي على أداء الشركات، واستكشاف الدور الوسيط المحتمل لإدارة الموارد البشرية الاستراتيجية على العلاقة بين التحول الرقمي وأداء الشركات في قطاع الإتصالات وتنكنولوجيا المعلومات الفلسطيني. استخدمت الدراسة ثقافة الشركة الرقمية كعامل إعتدال بين التحول الرقمي وأداء الشركات. وبما أن قطاع تكنولوجيا المعلومات والاتصالات يضم شركات تكنولوجيا المعلومات والاتصالات من مختلف الأحجام والأعمار، فقد تم استخدام عمر الشركة وحجمها كمتغيرات ضابطة . أجريت هذه الدراسة في الفترة ما بين أيلول 2023 وتشرين ثاني 2024 . وتكون مجتمع الدراسة من موظفين في مناصب إدارية عليا وأصحاب أعمال، وبلغ حجم العينة 364 مشاركًا. وكان المنهج المستخدم في هذا البحث هو المنهج الوصفي التحليلي، وتم تحليل البيانات باستخدام نمذجة المعادلات الهيكلية باستخدام Smart PLS4 لاختبار فرضيات الدراسة.

توصلت الدراسة إلى أن جميع أبعاد التحول الرقمي المستخدمة في الدراسة تؤثر بشكل ايجابي ذو دلالة إحصائية على أداء شركات تكنولوجيا المعلومات والاتصالات. كما ويؤثر التحول الرقمي أيضًا بشكل إيجابي ذو دولالة إحصائية على إدارة الموارد البشرية، كما وتؤثر الموارد البشرية الإستراتيجية بشكل إيجابي ذو دلالة إحصائية على أداء شركات تكنولوجيا المعلومات والاتصالات. كما يؤثر التحول الرقمي على أداء شركة تكنولوجيا المعلومات والاتصالات من خلال الدور الوسيط لإدارة للموارد البشرية الإستراتيجية وتوصلت الدراسة أيضاً بأن عامل الاعتدال وهو ثقافة الشركة الرقمية لا يؤثر على العلاقة بين التحول الرقمي وأداء الشركات.

وكانت أهم توصيات الدراسة: يجب أن يكون لدى شركات تكنولوجيا المعلومات والاتصالات الفلسطينية رؤية استراتيجية رقمية للتحول الرقمي، وتقييم وتحسين رؤيتها وأهدافها واستراتيجياتها.

وينبغي لشركات تكنولوجيا المعلومات والاتصالات أن تستثمر في التكنولوجيا والقدرات الرقمية للنهوض بالتحول الرقمي. ويجب على قطاع تكنولوجيا المعلومات والاتصالات زيادة مشاركة العملاء وتدريب القوى العاملة. ويجب عليهم أيضًا تقييم هيكلهم التنظيمي وإجراء التعديلات اللازمة لمواءمته مع استراتيجيات التحول الرقمي وتبني أساليب تكنولوجية جديدة، كما عليهم التأكيد على أهمية الثقافة الرقمية وتطوير مهارات وتطوير مهارات الموظفين للبقاء على اطلاع على الاتجاهات الرقمية.

الكلمات المفتاحية: التحول الرقمي، إدارة الموارد البشرية الإستراتيجية، ثقافة الشركة الرقمية، أداء الشركات، قطاع الاتصالات وتكنولوجيا المعلومات.