

Midocean University

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**The Impact of Digital Transformation on
Performance of Traditional Companies**

تأثير التحول الرقمي على أداء الشركات التقليدية

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بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

شكر و تقدير

الحمد لله الذي علم بالقلم، علم الإنسان ما لم يعلم
الصلاة والسلام على نبينا محمد وعلى آله وصحبه و سلم أجمعين
أود أن أعرب عن خالص شكري وامتناني لكل من ساهم في إنجاز هذا
البحث الأكاديمي لكونها رحلة بحثية مليئة بالتحديات والإنجازات، ولم
يكن من الممكن تحقيق هذا العمل دون دعمكم ومساندتكم أخص
بالشكر أستاذي الفاضلان / الفيصل عبد الحميد، فايز الجراد
الذين تقدما الي بالتوجيه والإشراف القيم على هذا البحث.
كما أتوجه بالشكر إلى جامعة الجميع الذكية من أساتذة و منسوبي إدارتها
وكل من قدم لي المساعدة والنصيحة خلال فترة البحث ولا أنسى أن
أشكر أصدقائي وزملائي على دعمهم وتشجيعهم المتواصل.

إهداء

إلى رفيق الدرب وصديق الأيام جميعا بجلوها ومرها
زوجي الغالي

إلى من ساندوا خطاي المتعثرة، وإلى رمزي العطاء والمحبة
امي و ابي

إلى من حلت بركة وجودهم في حياتي، ومن ملأت ضحكاتهم الجميلة عمري
ابنائي الاعزاء

إلى الذين يفرحهم نجاحنا ويحزنهم فشلنا
إخوتي الأعزاء

إلى الذين ما انفكوا يوماً عن تقديم العون والمساعدة والدعم لي في أحلك الظروف
الأصدقاء الأوفياء

اهدي هذا العمل المتواضع لكم و نسأل الله ان يجعله نبراسا لكل طالب علم.

Table of Contents

Abstract.....	6
Introduction.....	7
Chapter One: Purpose of Study.....	10
Type of Study.....	10
Study Importance.....	11
Study Objectives.....	11
Study Questions.....	11
Study Hypothesis.....	12
Study Methodologies.....	13
Chapter Two: Digital Transformation.....	15
Impact of Digital Transformation on the traditional Companies..	18
Literate Reviews.....	20
Study Implications.....	22
Chapter three: Study limitations.....	24
Results.....	25
Recommendations.....	26
References.....	27

Abstract:

I explore here the impact of Digital Transformation upon the processes, tools, and outcomes of project management. I aim to add to previous research on changes in project management drawing from a modification of existing models of Digital Transformation; My objective is to identify the main dimensions and scope of such impact. A qualitative research design is pursued through a cross-sectional study. The research is constructed as follows:

Abstract, Introduction purpose, Objectives, Questions, Hypothesis, the theoretical framework and the main themes. I demonstrate the result of research. My investigation has been conducted on a sample of around traditional companies and on the analyses of their perception of the most important aspects of Digital Transformation.

Introduction:

By analyzing the development of project management in traditional Companies as a particular area of knowledge, it is relatively easy to notice it's multithreading and multidimensionality. Moreover, it can be noticed that the research topics are related to the modern topics of management studies, resulting from the straight for-ward assumption that projects fit into the conditions of the organization they are performed. It is, therefore, not surprising that the interest in new technologies and digital transformation is also manifested in project research. The broadly understood processes of Digital Transformation inspire topical research on changes in project management.

With the acceleration of the digitalization process, a new round of scientific and technological revolution as well as industrial transformation and development led by cloud computing, industrial Internet, artificial intelligence, and other digital technologies transformation advancing with the spread of coronavirus disease 2019 (COVID-19) and the support of government policies, Digital Transformation has finisher integrated with the real economy. To optimize the efficiency of resource allocation and build a new type of competitive advantage for enterprises. digital transformation provides a new choice for Traditional companies to improve quality, increase efficiency, reduce costs, and minimize storage.

Digital transformation provides a new choice for Traditional companies to improve quality, increase efficiency, reduce costs, and minimize storage. Digital transformation connotes the innovative and principled application of Digital Transformation by enterprises, and it is a strategic adjustment made by enterprises to improve their business models, industrial models, and processes, thereby finally breaking the old concept and establishing a new system. According to the survey of the "Analysis Report on Digital Transformation for Traditional companies are at the initial stage of digital transformation. Because digital transformation is a huge systematic project and Traditional Companies often encounter problems such as inadequate professional capabilities and insufficient internal and external resources, the overall level of digital transformation is low. Moreover, even if Traditional Companies invest a lot of money in digital transformation, it does not seem to have an immediate effect. In addition, existing research has no clear conclusions on the impact of digital transformation on the performance of Traditional companies.

Chapter One

Purpose of Study

My objective is to identify the main dimensions and scope of **Impact of Digital Transformation on the traditional Companies, especially in (managing its projects)**. Therefore, our research proposes a relationship between digital transformation and the Management performance of firms. In terms of Management performance, some studies have found that there is a positive correlation between the level of enterprise digitalization and enterprise management performance. However, Management performance depends on the size of research and development expenditure. For Traditional Companies with limited resources, if they cannot continuously invest, Management performance will decline in the later stage.

Type of Study:

A qualitative research design is pursued through a cross-sectional study. The research proposes a relationship between digital transformation and firm in-novation performance.

Based on the text analysis of the annual reports of Traditional companies, this paper first quantitatively measures the intensity of the digital transformation of Traditional companies.

Study Importance:

The research analyzes the impact of digital transformation on the performance of Traditional companies from three dimensions: operational, and Management

Objectives of study:

- To know what is traditional companies.
- To know what is Digital transportation.
- To identify the main dimensions and scope of Impact of Digital Transformation on the traditional Companies.
- To develop the level of management of the company.

Study Questions:

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Study Hypothesis

Hypothesis 1. Digital transformation is positively correlated with operational performance.

Digital Transformation and Organizational Financial Performance. Financial performance entails whether a business strategy and its implementation and execution contribute to the ultimate business performance. Financial performance can fully express the composition of the return on shareholders' equity, as well as the effects of cost control, asset utilization and management, and capital allocation. Financial performance is broader and more complex than operational performance. Enterprises carry out digital transformation to not only reduce costs; but also create incremental values.

Hypothesis 2. Relationship exists between digital transformation and Management performance.

Digital Transformation and Organizational Management Performance. Some scholars conducted a questionnaire survey on companies from different industries by telephone and found that digital transformation

Hypothesis 3. Relationship exists between digital transformation and Management performance.

Methodologies:

Sample and Data Collection.

There are listed companies according to the relevant literature suggestions and combined with the research needs of this paper, the research deleted companies with missing key data, we delete companies with abnormal indicators. Finally, this study selects traditional companies from 2018 to 2020.

Chapter Two

Digital Transformation:

Digital technology is the foundation of digital transformation. It is a significant positive correlation between the adoption of Digital Transformation and firm performance. Existing studies have found that the use of Digital transformation can help improve the performance of enterprises, including operational, Management performance. Role of Digital transformation in realizing enterprises' internal operations has attracted extensive attention. Rapid development of Digital Transformation has penetrated all types of organizations, showing a strong development potential, not only supporting operations; but also bringing Management s in products, services, and models.

From this perspective, digital transformation not only helps to optimize operations; but also facilitates business growth through value creation, which in tum improves profits. Unlike before, digital transformation involves not only the technology; but also the rebuilding of vision, processes, capabilities, organizational structure, and culture. Benefits and costs of digital transformation differ from those of Traditional information technology use, and the digital transformation of manufacturing has an impact on organizational performance. Owing to a lack of resources and limited in digital transformation, Traditional Companies are still uncertain about the impact of digital . Owing to a lack of resources and limited in digital transformation, Traditional Companies are still uncertain about the impact of digital transformation on organizational performance.

Status of the research on the relationship between enterprise digital transformation and performance is reflected in industry reports. For example, Accenture has cooperated with the National Industrial Information Security Development Research Center to conduct a research on the digital transformation index of enterprises. In 2020, "Enterprise Digital Transformation Index" was released. Notably, only 11% of enterprises have produced good results after digital transformation. Operational performance is better in terms of profitability, growth, and response to external shocks, while the digital transformation practices of most companies have not yet yielded substantial results. However, these survey reports do not systematically study the theory, mechanism, and mode of digital transformation. Moreover, owing to the different indicators used and varying evaluation methods, the obtained results are inconsistent. limited in digital transformation, Traditional Companies are still uncertain about the impact of digital transformation on organizational performance. limited in digital transformation, Traditional Companies are still uncertain about the impact of digital transformation on organizational performance. Information Security Development Research Center to conduct a research on the digital transformation index of enterprises. In 2020, "Enterprise Digital Transformation Index" was released.

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From 2018 to 2020 of the digital transformation of most Traditional companies. Markets provide strong support for this article. Traditional companies are the main force in the development of the digital economy and the main battlefield of digital transformation. In china, State has been issued relevant policies to support the digital transformation of Traditional Companies, providing us with a good empirical research environment. Our research enriches the literature on the impact of digital transformation on organizational performance and helps organizations set digital transformation goals by exploring the differential impact of digital transformation on operational, and Management performance. Relationship between digital transformation and management performance resolves the theoretical and practical debates on the innovative value of digital transformation. It is found that for Traditional companies, the impact of digital transformation on operational and Management performance in traditional companies is more evident than Management performance.

Impact of Digital Transformation on the traditional Companies, especially in managing its projects.

According to the above-demonstrated results, the most important aspects considered as the impact of Digital Transformation on project management are as follows:

1) Access to data on the course of the project possible for the entire team implementing the project, regardless of the place of working (working groups involved in the project, having quick and easy access to the necessary data collected in the "cloud," can carry out their tasks without having to delay them in time due to the lack of the necessary information, as it used to be when the workflow of data in a "paper" form was functioning, the speed of data processing and its quality ensuring better management decisions, as well as access to external data, essential for the implementation.

2) Project Digital management processes (The use of digital technology greatly facilitates project management. Digital programs are tools for effective planning, management, and control, thanks to which they increase their efficiency, contribute to their development, and increase profits.), embracing communication processes (the use of tools supporting modern communication in project management is necessary in this case). 3) Internal communication in project teams (Communication with

the entire team is responsible for project implementation can take place in real time without the need to meet in one place. Currently, we can easily send technical documentation of any size, view it, and edit it on screen, our mobile devices and with external stakeholders (partners who thanks to new technologies, have the opportunity to co-create and improve products.

4) Project Management Methodology, or rather its change toward the introduction of agile approaches the first thing we notice is the widespread use of agile methodologies in the area of project management. It is clearly visible that this approach to projects is becoming more and more popular not only in the area of companies who may be most interested especially in the industry, but also in completely different environments such as banks or in various industries.

5) Possibility of ensuring greater customer orientation (They also allow the customer to constantly involve the customer in every stage of the business through websites, applications, notifications, fun pages, promotions, etc. They also give them the opportunity to have a real impact on certain activities, because you must be aware of this, that nowadays customers are not just passive consumers. They expect almost partnership treatment.).

6) Process optimization (consists in changes related to clearing business processes and liquidating information soils), soiling the time of their implementation (process automation allows for

shortening the time of carrying out a given task, which in turn translates into the entire project) and improved monitoring (Virtually, all processes are controlled by indicators, and the results are analyzed).

Literatures Reviews:

Some studies have also found that the level of enterprise digitization is positively correlated with enterprise Management performance; and that the promotion effect of enterprises that have set up a digital resource information-sharing platform is more significant.

Some papers have found that digital transformation in manufacturing has a significant impact on enterprise performance, but the effect has a lag, that is, the first-order lag term of digital transformation significantly improves enterprise performance. Other studies have focused on the impact of a particular technology on a firm's Management performance studies find that organizational change derives from specific Digital Transformation However, the current digital transformation process involves a variety of Digital Transformation to form a competitive advantage over the adoption of a single technology.

Related Research has been validated in digital Transformation. Use of comprehensive assessments in the digital transformation of Traditional Companies remains to be verified and Management performance. From the perspective of cost and benefit theory, we explore the impact mechanism of digital

transformation on operational and management performance. In terms of operational performance, digital transformation improves the efficiency of the main business by investing in Digital Transformation. Moreover, the greater the digital transformation, the stronger the "**synergies**" generated across digital businesses. Therefore, our research proposes that digital transformation has a positive impact on the operational managerial performance of companies. Digital transformation also has a positive impact on management performance. However, the high cost of Digital Transformation and rising management costs reduce the company's profit, and it takes a certain period for the marginal benefit to exceed the marginal cost to generate a positive net benefit.

Study Implications:

Implementation of digital transformation by Traditional Companies is an important strategic choice for their sustainable operation and growth in the rapidly developing digital economy era. Performance of digital transformation is also a core focus, but related research is still in the exploratory stage. Based on a cost-benefit analysis framework, this paper explores the relationship between digital transformation and operational, and management performances in traditional companies.

It is a relationship between digital transformation and company management performance. Summarily, it is easier for Traditional Companies to improve their operational performance through digital transformation, but the impact on company Management.

Chapter Three

Limitations and further research:

There are some limitations in the study such as Regional and limited sample size for Traditional companies. Future studies may consider using larger samples on a larger scale to improve the generalizability of the conclusions. Another limitation of this study is that only performance indicators are used to measure the digital transformation effect. Future research should consider the performance indicator system, and its internal and external environmental and conditional factors that affect company performance to establish conclusions that are more comprehensive. Finally, digital transformation is a long-term systematic project. Current digital transformation of Traditional Companies is uneven, and future research can support a targeted performance evaluation system based on the actual situation and deployment plan of each enterprise.

Results:

Results of this study have important practical implications. First, the digital transformation of Traditional companies requires higher costs, but it helps to improve operational performance and organizational resilience will increase the confidence of managers and decision-makers of Traditional Companies in their pursuit of digital transformation.

Relationship among digital transformation, Operation and Management performance means that digital transformation contributes in improving of management performance, but it will decline in the later stage. Relationship between digital transformation and management performance is significant. It is also means that digital development and transformation is slow and the cycle is long, and Traditional Companies with limited resources are often eager to see results.

In this case, Companies will feel that digital deployment is "failed" in the short term, and digital value is often affected by management. Questions from employees and weak sustainability of digital transformation create a vicious circle. For Traditional Companies, it is more suitable to adopt the strategy of "overall planning and local first" Starting from sales and procurement, it can reduce costs and quickly increase efficiency, thereby building confidence, and promoting it to the entire enterprise.

Recommendations:

- Conduct a thorough analysis of what constitutes a traditional company in your specific context. This will help tailor digital transformation strategies to fit the unique characteristics and needs of these companies.
- Educate stakeholders about digital transformation. Ensure that management and employees have a clear understanding of digital transformation, including its benefits and implications for the company's operations and strategy.
- Create a detailed digital transformation roadmap. Outline key steps, milestones, and resources needed for implementing digital technologies, ensuring alignment with the company's strategic goals.
- Evaluate the current level of management and readiness for digital transformation. Use a maturity model to assess how prepared different management levels are for adopting digital technologies, and tailor change management initiatives accordingly.

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