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# **The Impact of Digital Transformation on Organizational Performance at Aramco**

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## **Introduction:**

Digital transformation is the process of integrating a digital technologies into different areas in a organization. By doing so, it will change how organization operates and delivers value to customers. The digital transformation is a range of technologies innovations that includes artificial intelligent (AI), big data analysis, cloud computing, robotics, and Internet of things (IoT). With the evolving world, digital transformation has become not only a trend but a strategic move. It enables the organization to enhance operational efficiency, evolve decision-making, and stay competitive.

In the oil and gas sector, normally known for it is reliance on physical infrastructure and legacy systems. The increase pressure from market, regulatory needs, environmental concerns, and the increase push for more sustainable energy have made energy giants to invest heavily in digital transformation. Aramco, the world's largest oil and gas company, has become a leader in this area. Since launching the digital journey back in 2017, Aramco has set a range of initiatives aimed at revolutionizing different part of it is operations.

These initiatives consist of deployment of smart plant technologies, use of AI analytics for maintenance, blockchain applications for supply chain, and virtual reality (VR) platforms for employee training. Furthermore, Aramco's investment in digital twins and the Fourth Industrial Revolution (4IR) center demonstrates it is commitment to innovation and future proof.

The thesis goal is to go deep on how Aramco's digital transformation efforts impact organizational performance. Also, it will explore the company's alignment with Saudi Vision 2030. The study then will see how Aramco workforce are adapting to theese initiative. By covering these areas, the research will provides understandable insights into the role of digital transformation on the company and it is future.

## **Study Problem:**

Although Aramco's huge investment in the digital transformation, it will be difficult to measure the impact of these initiatives on the organizational performance. While digital transformation has become a common terminology across industries, its implementation in a big company such as Aramco poses unique challenges. The company operates across the globe, and it has multiple integrated systems, making this transformation a difficult task to be implemented. There will be questions regarding how well this digital transformation improved efficiency, productivity, and strategic agility.

One of the main challenges in evaluating this digital transformation initiative is the lack of performance indicator and measurement frameworks. In many cases, performance tools are implemented as outsource projects rather than embedded into the organizational processes. Furthermore, culture resistance to change, legacy systems, cyber security threats, and the lack of digital skills are major road blockers that might limit the effectiveness of this transformation.

The study aims to address the main issue, to an extent where the digital transformation influences organizational performance at Aramco, and what factors have enhanced or limited the success. The research will focus on the operational and strategic outcomes, to determine whether Aramco's initiatives are given the desired results and term of cost reduction in operations, decision-making, and sustainability.

Additionally, the study will explore how different departments across Aramco have followed and implemented the digital initiative. Did drilling, supply chain, or operations have advanced in digital transformation than others? In what role did the leadership play in implementing or resisting these initiatives?

By examining these questions, this study will fill the main gap in both academic and industrial practices.

Understanding these outcomes is important for Aramco's future also it will be useful for other companies going to replicate it success. This research ultimately aims to provide a framework that links digital investment to performance outcomes. It will offer evidence based on recommendation for future planning.

## **Study Significance:**

The importance of this study lies on the potential to contribute to both academic and practical businesses applications. From an academic point of view, this study will focus on the digital transformation within the oil and gas industry, a sector often not recognizable in the digital innovation studies. Most of the existing studies focuses on sectors like telecommunication, finance, retail, or healthcare. However, these sectors are more digitally agile. In our study Aramco, even with it is huge infrastructure and complex operation, it offers a significant case to examine. Also we will ask the question, how this digital transformation technologies are reshaping a traditional conservative industry?

This study also contribute to the theoretical frameworks in the digital transformation area such as resource based view (RBV), technology organization environment (TOE), and dynamic capabilities theory. These models provide a measurable robust through which we can analyze the drivers, enablers, and outcomes of the digital transformation in an organization. The study will show how useful and relevant these frameworks are by using them in a real world situation.

In addition, the results can be more helpful to policy makers, business CEOs, and experts in digital strategies. In this case for Aramco, the analysis gives a thorough look at it is digital transformation projects and how they affect important performance indicators. Here in this case, the study will give a visualization assessment of the digital transformation initiative at Aramco and the impact on key performance indicators. It will give us a understand on what has worked successfully and what did not work during this transition. By taking these we can have a clear plan for future investments, and also helps us make sure that the corporate achieve the goal in their transition.

On a nation level, the study supports Saudi Arabia's vision 2030 plans, which emphasize innovation, sustainability, and digital transformation. As one of the most powerful company in the world, Aramco's transformation success can have a huge blueprint for other organizations in both public and private sector in Saudi Arabia. Therefore, this research positions Aramco not only a leader but also a role model in the digital transformation initiatives.

In summary, this study is important because it is the link between the academic theory in industrial practices. It offer insights that contribute to both the organizational advancement and nation development.

## **Study Objectives:**

The primary goal objective of this research is to go deep in the impact of digital transformation on organizational performance at Aramco. To achieve this, the study will focus on six objectives that will give understanding of how digital initiatives improved operational efficiency, innovation, and strategic planning.

### **1- Identify key digital transformation initiatives at Aramco:**

The study will layout different digital programs, tools, and strategies that Aramco has implemented. For example, AI analysis, smart plant operations, supply chain technologies, IoT integration, and digital workforce development.

### **2- Evaluate the impact of digital tools on organizational performance:**

This will include the evaluation of the impact of digital transformation on performance metrics such as operational efficiency, innovation output, decision making output, safety plans, and cost reduction.

### **3- Change management strategy analysis:**

A reliable change management is a critical in the success of digital transformation. This objective will go over how Aramco prepared it is workforce for the digital transformation. Also it will include the role of leadership in this shift, and employee engagement. Not to mention, the training that the workforce will have and the internal communication strategies.

### **4- The alignment with vision 2030:**

Aramco place as strategic role in Saudi Arabia's vision 2030. This study will explore how this digital transformation has aligned with the nations goals related to

a different areas such as sustainability, economic diversities, and digital implementation.

#### **5- Analyze challenges and barriers encountered during the implementation of digital transformation.**

This involves identifying organizational, culture, technical, and resources that influence the success or failure of the transformation efforts.

#### **6- Provide recommendations:**

Based on the findings, the research will provide recommendations regarding the digital transformation in Aramco or any other company.

With all of these objectives the study will guide into identifying effective plans, assisting areas of improvement, and contributing valuable knowledge to both academic and industrial level.

## **Study Questions:**

This research is following a set of carefully created questions designed to provide a deep understanding of how digital transformation has impacted organizational performance at Aramco. These questions will go over different areas including technological innovations, internal processes, strategic alignment and organizational structure.

### **1- What are the main digital transformation initiatives taking by Aramco?**

This question going to identify the different technologies, platforms, and programs that have been implemented at Aramco to enhance operational efficiency, sustainability, smart plan systems, and supply chain.

### **2- How did digital transformation influence organizational performance at Aramco?**

The study aims to see the benefit of digital transformation and different performance metric, such as cost reduction, operational reliability, employee productivity, decision-making effectiveness, and environmental sustainability.

### **3- What challenges and difficulties has Aramco faced during digital transformation?**

It include defining the technical, organizational, and human resources challenges. Also, it will cover the resistance to change, skills lackness, cyber security threats, and difficulties with the legacy systems during integration.

### **4- How effective are the change management strategies at Aramco in supporting of this digital transformation?**

Here it will cover the leadership involvement, employee awareness, and communication used to manage organizational change during this digital transformation.

#### **5- How do Aramco's digital initiatives aligned with Saudi division 2030?**

Since Aramco is a major player in Saudi Arabia's economy, this question will explore how the company's digital transformation has contributed to the national goal of the vision 2030.

#### **6- What roles do leaderships and decision makers play in the success or failure of the digital transformation initiatives?**

By going over this question, it will give understanding of how human and strategic element play in the digital transformation change.

Furthermore, these questions will give us a framework to analyze the digital transformation at Aramco.

## **Study Hypotheses:**

This study is defined by a set of hypothesis, the goal of these hypothesis are to explore the relationship between digital transformation and organizational performance at Aramco. These hypothesis are the column of the theory framework that we discussed about previously. The goal is to validate assumptions through both quantitative and qualitative data collection.

- 1- There is a positive relationship between digital transformation and organizational performance at Aramco. This include enhancement in productivity, cost efficiency, and environmental sustainability.
- 2- Digital transformation technologies at Aramco has a meaningful and measurable impact on operational efficiency. By increasing automation, reduction in unplanned downtime, and enhance process optimization.
- 3- Digital transformation has enhanced employee productivity and innovation in a positive way. Employees who have been using digital tools such as VR training, and AI platforms systems. Those will report high performance, creativity, and problem solving capabilities.
- 4- The change management practices has enhanced the succession of the digital transformation initiatives. These practices not only include clear communication, and leadership support. But also will show continuous employee enhancement.
- 5- The culture and leadership play a significant role in the success of digital transformation. A welcome culture and committed leadership enhance technology adoption and performance outcomes.

- 6- Digital transformation that aligned with the Saudi Arabian vision 2030 are more likely to be beneficial to the company. In this case Aramco alignment with the nation practices enhance access to resources and capabilities.
- 7- The difference in adapting the digital transformation between department results and variation on performance. Departments who have adopted these initiatives will have more significant outcomes in performance more than others who did not achieve these goals.

These hypothesis assumptions will take us into the successful or failure of Aramco's journey in adapting these digital transformation journey.

## **Previous Studies:**

Digital transformation has become a pillar in modern organizations strategies, specially in companies where they rely on old technologies. There are many studies suggest that digital transformation has a meaningful influence on performance, operation, and strategic capabilities in different industries. Some of these industries such as banking, healthcare, education, telecommunication, and retail. However, there are fewer studies covering the oil and gas sector. This sector is complex with a huge infrastructure and culture may delay the digital implementation adoption.

There are studies suggests that digital tools such as AI, internet of things IoT, and big data analysis have a huge influence on performance indicators.

For example, a McKenzie 2022 shows that oil and gas companies who have adopted predictive analytics saw decrease up to 40% reduction in equipment failure, and 20% increase in the up time of the assets. Another example, shell used drones to inspect line cuts which resulted in 50% increase in both safety and efficiency.

Aramco has moved with the global trends in adopting it is own customized digital transformation. For instant, Uthmaniyah smart plant is a flagship example. It has adopted advanced sensor integration, drones, and real time analysis to enhance operations. Also Aramco has mentioned the use of blockchain for supply chain management and has issued a deducted industrial revolution (4IR) to study and explore artificial intelligent AI, robotics, and advanced manufacturing tech technologies.

Another study from ArXiv, and Rimini Street have mentioned the increase of the usage of argument reality (VR/ VA) in training employees, development, and research. By using these tools it has showed an increase in employees productivity, preparedness, and reduce training cost. Also it has created a more safe environment to test and train. In our study Aramco is investing in these areas.

## **Theoretical Foundations of the Study:**

This study focuses on theoretical frameworks that shows the relationship between digital transformation and organizational performance. These theories serve the foundation of the digital tools, capabilities, and organizational element aligns that shape performance outcomes. The core of theoretical points include resource based view (RBV), technology organization environment (ToE), and dynamic capability theory.

### **1- Resource based view (RBV) :**

The organization's competitive advantage relies from the resources that are valuable, rare, inimitable, and none substitutable. In Aramco huge investment in the digital transformation such as artificial intelligence AI, big data, Internet of things, and employee digital skill shows us a strategic resources. By adapting these technologies it will improve decision-making, cost reduction, and innovation. Which all will enhance the competitive advantage for Aramco. This theory supports that the smart move of digital transformation will contribute in the long-term value by utilizing the unique resources within the company's operation and strategic planning.

### **2- Technology organization environment (ToE):**

The technology organization environment (ToE) framework will provide a technology adoption understanding which has three context:

- a- Technological: compatibility, availability, and noticeable benefits of digital tech technologies.
- b- Organizationl: culture, leadership support, internal structure, and resource availability.
- c- Environmental: market competition, regulatory policies, and internal/external pressure.

Technology organization environment, in the case of Aramco it will show and explain how the investment of digital transformation are shaping with vision 2030 goals.

### **3- Dynamic capabilities theory:**

This theory highlights the ability of the organization on adapting, integrate, and restructuring internal/external component in response to the change environment. The creation of the 4IR centers and smart plant initiative in Aramco's approach

demonstrate how the dynamic capabilities enable company to become more competitive in the energy sector.

With all of these frameworks from the theoretical points of this research, will enable the exploration of how the strategic role of digital transformation at Aramco is shaping.

## **Methodology and Research Methods:**

This study is a mix method research created to get a complete understanding of how digital transformation influence organizational performance at Aramco. The use of both quantitative and qualitative approach will give a better and more balance analysis. It will also give numerical evidence and more insights.

- **Research Design:**

The study will take a bath of exploration perspective design. It is going to explore and uncover different areas in relationships, while given a clear understanding in the Aramco's digital initiatives. This mixture method give triangulation, enhancing the validity of finding.

- **Quantitive Components:**

A tailored questionnaires will be sent to employees at different levels and different departments involved in this digital transformation project. The survey will include different questions some of our multiple-choice questions, performance rating indicators. The goal is to see how digital transformation initiatives have affected different area in the organization in efficiency, productivity, innovation, and employees satisfaction.

- **Qualitative Component:**

Interviews will be taking with department heads, project managers, digital transformation experts. This will help us show the difference of the digital transformation at Aramco strategy culture adoption, implementation barriers, and the factors which are difficult to capture in the survey.

- **Population and Sampling:**

The study aiming to target a sample of employees at Aramco's which are engage in the digital transformation project. By taking a random sampling to ensure the real representation across different sectors some of them from technical, operational, and administrative department. By doing this we will have a comprehensive ideas from departments with different degrees in the digital transformation understanding.

- **Data Collection and Analysis:**

Surveys will be shared electronically, while the interviews will be conducted via Zoom or in person. The results will be analyzed using Excel sheet and different AI tools. The results data will show us if there is any pattern or differentiation in any area.

By taking this mythology design we are going to capture and measure the impact of the digital transformation at Aramco.

## **Study Tools:**

To ensure accurate and comprehensive data collection, the study aims to use different tools to both quantitative and qualitative methodologies. These tools are selected based on the reliability, and the relevance to the research. Also it will be selected based on the effectiveness of addressing the study objectives.

### **1. Survey questionnaire:**

A structure questionnaire will be developed and sent to Aramco's employees who are involved or affected by this digital transformation project. As we mentioned before the survey will contain different questions some of are multiple-choice questions, performance rating indicators, and likert scal. So we can measure the results of this digital transformation. These stools will be tested to ensure the easiness of understanding before they are sent.

### **2. Interview guidelines:**

For the qualitative area, a instructor interview guidelines will be followed to make sure the understanding and alignment with key stakeholder such as digital transformation experts, senior managers, and HR.

### **3. Statistical analysis:**

The data collected from the surveys will be put onto a tools to analyze the quantitative information. A different method such as correlation, frequency analysis and regression analysis will be taken into microscope in this study to uncover the pattern link between digital transformation in organizationl performance.

### **4. Qualitative analysis tool:**

A transcript from the interview will be taken and analyzed using different tools, some of which will be manual and some will be using some digital tools. By doing this we will get to uncover trends, and quantitative findings.

#### **5. Documentation review:**

Companies' reports, newsletters, and performance dashboards will be reviewed to validate the output from the other methodologies. This will enrich the findings while doing this analysis.

By using these tools we will ensure data reliability, validity and in-depth exploration of the digital transformation effect on the organizational performance at Aramco.

## **Study Limitations:**

While this research goal is to give a comprehensive findings on the impact of digital transformation at Aramco, it is important to acknowledge that there are certain limitation that might affect the scope of the study.

### **1- Limited Access to Internal Data:**

As Aramco one of the biggest companies in the world has different layers of confident confidentially. To access these files we might need a special exemption to get a full access. This might limit the ability to get a complete assessment of the organizational performance.

### **2- Survey and Interviews Responses:**

Surveys and interviews participants may provide an accurate responses, either intentionally or restrictions. Employees may give a positive feedback regarding the digital transformation due to loyalty to the organization or fear of miss presentation. This might affect the accuracy of our study.

### **3- Time Constraints:**

To get more data and interviews this may take a long time and a huge effort. As you are aware the allocated time for this research is limited. Not to mention the digital transformation is a long process, and evaluating the impact on a short period of time may not give an accurate representation. We only go to capture a snapshot of the ongoing transformation.

### **4- Company Specific Context:**

As you're aware the scale of a company such as Aramco may limit us to find a smaller company that is going on a similar path in this digital transformation. It will be way better to get a similar organization to see the relevance between companies.

#### **5- Technology Rapid Changes:**

It is well known that the fast change in technologies that go in the 20th century is extremely incredible. However, this might be disadvantage in this study. For example the evolve technologies might be outdated once the study is conducted.

#### **6- Culture Factor:**

The organizational and the country culture may play a big role in the digital transformation of Aramco. This may vary between one country to another and between one company culture to another one.

By recognizing this limitations, the study will give a transparent findings, while it will also give a advantage for future research.

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