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Assessing the Impact of Digital Transformation on Project Success: Evidence from Saudi Organizations

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1. Chapter 1: Introduction

1.1. Research Background

Digital transformation refers to the overall change an organization undergoes by integrating digital technologies throughout their operation and value delivery to their stakeholders, including adoption of: cloud-computing, artificial intelligence [AI], Big Data, the Internet-of-Things (IoT), and Agile management frameworks. Organizations around the globe are heavily investing into digital capabilities in order to achieve a competitive advantage, improve operational efficiencies, and enhance customer experience (Vial, 2019).

Project management is facing unprecedented changes due to digital transformation. Projects are the primary medium for organisations to deliver strategic change and, therefore, the successful (or unsuccessful) delivery of a project also has a significant impact on the overall performance of an organisation. More and more research and attention is being paid by academics and practitioners alike to exploring the intersection of digital tools, digital competencies, and project success, all of which traditionally are defined in terms of scope, cost, schedule, quality and stakeholder satisfaction (Shenhar & Dvir, 2007). Some research has identified that adopting digital project management tools such as project management platforms, real-time data dashboards and AI-supported scheduling tools either reduces the impact of delays on project outcomes, improves the level of project planning accuracy, increases the level of team collaboration and reduces scope creep on project outcomes (Alias et al., 2014).

While there is more research done on Digital Transformation (DT) in management than ever before, major gaps in knowledge about the nature of the impact DT has on projects' success - or whether findings in developed countries (like the US) can be applied to emerging economies (e.g., Saudi Arabia) - continue to exist. In addition, given that Saudi Arabia has made substantial investments (billions of dollars) toward developing DT as a part of the Vision 2030 national strategy, the country serves as an interesting and unexplored setting for our research questions (Saudi Vision 2030, 2016). Therefore, at the same time that major Saudi firms are undergoing DT initiatives, a significant number of them are also managing large, complex projects with a high level of importance to their countries' future development. (n=4).

Due to this strategic context, very little empirical research exists that explores the relationship between digital transformation and project success in Saudi Arabian organizations. Existing research predominantly focuses on firm-level success metrics from the perspective of digital transformation, including financial success, innovation, and business model shifts, whereas the project-level impacts of digital transformation have been studied much less (Matt et al., 2015). Moreover, given the distinctive institutional, cultural and regulatory characteristics of the Saudi business environment— such as public-private partnership dynamics, Saudization policies, and the impact that Islamic business ethics have on a business within the kingdom—it is likely that these factors would act as moderators in the relationship between digital practices and project outcomes; however, this has not been evaluated from an empirical standpoint (Al-Mudimigh et al., 2011).

This research study intends to fill the gap in the existing literature related to project success as it pertains to digital transformation by providing an empirical assessment of this phenomenon based on data collected from project management practitioners in Saudi Arabia. The study additionally employs two well-established theoretical models (TOE Framework [Tornatzky & Fleischer, 1990], Resource Based View [Barney, 1991]) and aims to provide empirical evidence in order to guide both academics and practitioners who are involved in leading projects in Saudi Arabia during a time of rapid digital transformation. This dissertation has been structured so the reader will have a better understanding about how project success is influenced by digital transformation; Chapter One introduces the research's background by providing an overview of key research components for readers wanting to engage with the material; Chapter Two provides the reader with an indepth discussion of existing literature related to the research.

1.2. Research Problem

Across the planet, companies are faced with not only managing an increasing number of large-scale (and increasingly intricate) projects but also dealing with disruption to their business models through rapid digital transformation. Despite widespread claims that digital transformation is a means to succeed at an organizational level, the specific ways in which digital transformation impacts project success remain both ambiguous, context-specific, and under-researched—especially when it comes to developing nations. The following section identifies the theoretical and practical gaps that underpin this research initiative.

1.2.1. Theoretical Gaps

A review of existing research has shown that many different factors contribute to a project's success (Müller & Turner, 2007). Some researchers are now looking into how digital technology affects a project's success; this area of study is still young, and currently the research is fragmented, with a variety of methods being used. Most of the existing empirical literature is based on research using one country and/or industry sample(s) from a developed economy; thus, it is difficult for the findings to be generalizable to emerging-market countries (Doherty et al., 2012). Finally, the theoretical mechanisms by which digital transformation is related to project success have not been fully articulated; for example, it is not clear if there are primarily efficiency gains from using digital tools (e.g., reduced labour) or if there is a capability development/service improvement aspect (e.g., from improving on-time delivery) or both. Very few studies exist that apply established technology adoption theories within a project management framework in order to understand how digital transformations lead to better project performance outcomes (Oliveira & Martins, 2011).

1.2.2. Practical Gaps

In Saudi Arabia, from a practical perspective, many organizations report that digital transformation initiatives result in limited improvements in the delivery of projects when compared to the significant investments made in new technologies. Many organizations continue to have difficulty integrating digital tools into their current project management practices, and the workforce of these organizations frequently lacks sufficient digital competencies to realize the advantages associated with emerging technology (PMI, 2021). In addition, there are no empirical benchmarks or measures available for use by decision-makers regarding which of the dimensions of digital transformation are most closely associated with success in their projects in Saudi Arabia and therefore, they do not have a framework for making evidence-based decisions about the relative importance of their digital investments in their countries. This means that organisations may be spending large amounts of money on digital capabilities that do not generate significant gains in project results, or alternatively, they may not invest in high-value digital practices because they do not have any evidence to support them.

The primary research question of this research study is "to what extent has digital transformation impacted project success in Saudi organisations?"

1.3. Research Significance

The theoretical and practical significance of this study can be appreciated in the following ways?

1.3.1. At the Theoretical Level

This research aims to advance the knowledge in a number of pertinent areas. To start with, this is a contribution to the empirical literature that aims to fill the need for research on the field of digital transformation within project management-fringe read literature. Theoretically, it is an empirical analysis that assesses how various dimensions of digital transformation such as strategy, culture, technology adoption, and capability affect project success criteria. Second, it contributes to the geography and cultural homogeneity of the research literature already published on topics of project success in Saudi Arabia, thus informing a wider project towards the universality of theory. The study brings together two theoretical frameworks (TOE & RBV) into a single construct with respect to project management. This new synthesis can be used as a basis for further research in this area. It should also encourage additional empirical research into the organizational and environmental antecedents of project success (Jugdev & Müller, 2005).

1.3.2. At the Practical Level

The practical implications of this research are likely to be of benefit to numerous stakeholder groups. The results will provide an empirically-based framework for Saudi project managers and executives to identify which dimensions of digital transformation are most closely related to project success. Ultimately, this framework will assist them in making more focused and cost-effective determinations with respect to their digital investments. Policymakers and government agencies responsible for implementing Saudi Arabia's Vision 2030 will be able to utilize the findings of this study to help shape programs and standards for developing a digitally ready public sector in Saudi Arabia. The results of this research should also assist consulting firms and training providers by funding their digital skills development initiatives. The study will provide the Arab world at large with contemporary region-specific evidence to tailor the application of global best practices to local organizational realities.

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