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The Role of Readiness to Change in Fostering to change from Transformational Leadership, Self Efficacy, Behaviour on Performance in Digital Industry

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Abstract: The role of readiness to change in digital transformation is critical because it influences the success rate of accepting and implementing new technologies within an organization. Readiness to change allows individuals and organizations to adapt to environmental changes, overcome obstacles, and adopt changes more effectively This study distributed an online survey via Google Forms to 237 SME employee. After the survey was completed, data filtering and processing were carried out using SmartPLS The results demonstrate that attitude significantly affects performance. Studies consistently show that individuals with a good attitude can improve their performance. Similarly, the impact of attitude on readiness for change mirrors these findings: individuals with a positive attitude are more motivated and ready to embrace change, which in turn enhances their performance. Evidence shows that employees ready for change experience significant performance growth. In conclusion, readiness for change mediates the relationship between transformational leadership and performance. Employees need guidance and actions from leaders to reach optimal performance. Similarly, readiness for change mediates the relationship between attitude and performance. Furthermore, readiness for change also mediates the effect of selfefficacy on performance, highlighting that self-efficacy drives internal motivation towards goal achievement.

Keyword: Readiness for Change, Self Efficacy, Transformational Leadership, Performance, Transformation

INTRODUCTION

The shift in business practices since the onset of the pandemic has prompted many businesses to undergo transformation (Wijaya & Susilo, 2021). The theme of digital transformation has been extensively investigated by numerous academic researchers, focusing particularly on aspects of technology, strategy, and organization (Berghaus & Back, 2016); (Nadkarni & Prügl, 2021); (Zein et al., 2022). However, literature concerning factors involving

employees remains limited, despite these factors being deemed crucial for organizations to gain a competitive edge (Mukataeva et al., 2022); (Dwijendra et al., 2021) Although there is a limited amount of literature regarding employee aspects in digital transformation, the research focuses on the challenges employees face in adapting to digital changes and their impact on workplace dynamics and relationships. For instance, (Kohli & Johnson, 2011) highlight issues such as cultural conflicts and widening digital skill disparities. Furthermore, significant emphasis is placed on employees' soft skills, continuous learning, knowledge acquisition, and problem-solving abilities ((Foerster-Metz et al., 2018); (Börner et al., 2018); (Grundke et al., 2018). Therefore, further evaluation is needed regarding employees' readiness for digital transformation and its impact on work performance, even within the existing literature that focuses on employees.

Previous studies have identified several factors affecting employee readiness and performance in the context of digital transformation. In this digital era, significant business paradigm shifts occur where organizations are required to quickly adapt to technological advancements and changing consumer behaviors to remain relevant and competitive. Therefore, digital transformation becomes crucial in facing these challenges. Digital technology offers new opportunities for organizations, such as enhancing operational efficiency, improving customer experiences, and developing new business models. However, this transformation also brings challenges such as the need to change organizational culture, manage data security risks, and adapt regulatory policies. Digital transformation requires readiness and commitment from the entire organization, including top leadership. Transformational leadership is necessary to drive this change by guiding, inspiring, and motivating employees to adapt to the changes. Digital transformation is not just about adopting new technologies but also about creating added value for the organization and other stakeholders. Transformational leadership can help steer these transformation efforts towards achieving strategic goals and creating sustainable added value.

The role of readiness to change in digital transformation is critical because it influences the success rate of accepting and implementing new technologies within an organization. Readiness to change allows individuals and organizations to adapt to environmental changes, overcome obstacles, and adopt changes more effectively (Armenakis & Harris, 2002). Readiness to change helps in motivating individuals and organizations to accept and adopt the new technologies required in digital transformation (Holt et al., 2007). When individuals feel ready to change, they are more likely to be open to learning and using new technologies. With adequate readiness, individuals and organizations will be better able to integrate new technologies into their business processes, optimize efficiency, increase productivity, and create competitive advantages (SCHALK & ROE, 2007). Based on the above background, this study aims to further examine the influence of transformational leadership and readiness to change on the performance of employees in the manufacturing and digital service sectors at the SME scale in Jakarta.

Readiness to Change

Readiness for digital transformation can be understood as employees' willingness to allocate their energy and efforts to the process, which in turn influences their behavior (Höyng & Lau, 2023). It is important for leaders to have beliefs and perceptions aligned with their employees regarding the change, a concept known as dialectical change (van de Ven & Poole, 1995). Essentially, creating a state of readiness is necessary. Readiness is considered a key element that influences employees' initial support for the change (Armenakis et al., 2000). Organizational readiness is viewed as a collective asset, where team members feel committed to performance and confident in their collective ability to perform (Weiner, 2009). Additionally, a high willingness to change positively impacts organizational members, making

them more likely to initiate change and show greater cooperation and resistance, which in turn facilitates better implementation.

Dimensions of Readiness to Change

"Dimensions of readiness to change" refers to aspects or dimensions that must be considered when an individual or organization prepares for change. Here are some key dimensions often associated with readiness to change:

- 1. Awareness: Understanding the reasons behind the change, its importance, and the consequences of not making the change.
- 2. Willingness to Take Risks: The ability to take risks and step out of the comfort zone to achieve new goals or face new challenges.
- 3. **Skills and Capacity**: The technical readiness and human resources needed to implement the change. This can include new skills, knowledge, or capacity in terms of personnel, finance, and infrastructure.
- 4. **Stakeholder Support and Engagement**: The readiness of stakeholders to support and engage in the change. This includes top management, employees, customers, and others affected by the change.
- 5. **Leadership Commitment**: The readiness of leaders to lead and support the change. Leader commitment is crucial in guiding the organization through the change process and setting a positive example for team members.
- 6. **Organizational Culture**: A culture that supports innovation, learning, and adaptation. A culture open to change and valuing experimentation and mistakes as part of learning will accelerate readiness for change.
- 7. **Communication and Openness**: Effective and open communication about the reasons, goals, and process of change, as well as listening to feedback from organizational members.
- 8. **Supporting Systems and Processes**: Organizational systems, processes, and structures that support the implementation of change. This includes reward systems, performance assessments, and operational procedures that need to be aligned with the change goals.
- 9. **Resilience and Flexibility**: The ability of the organization to endure and adapt to challenges that may arise during the change process. This includes readiness to change direction if needed and learning from failures.
- 10. **Trust and Confidence**: The trust organizational members have in the goals, process, and leaders of the change. This trust enhances engagement and motivation to achieve the desired change.

Readiness to change can vary greatly from one situation to another, and it is important to consider each dimension holistically to increase the chances of success in implementing change.

Performance

Several studies have examined the relationship between high-performance work systems and the willingness to change, showing a linkage between readiness to change and performance, especially in the manufacturing industry context (Wibowo & Yuniarto, 2021); (Narbariya et al., 2022). (Silva et al., 2022) developed a model to help SMEs evaluate their digital transformation platforms from an employee perspective, confirming the close relationship between readiness and employee performance, as well as successful company growth. (Alqudah et al., 2022) showed how several theories can be used to analyze the causes and effects of employees' willingness to change. Additionally, the study evaluated the role of willingness in organizational change to improve employee performance. Therefore, the willingness to change positively influences work performance.

Self-Efficacy

Self-efficacy is a major factor influencing whether employees are ready for digital transformation. Self-efficacy refers to an individual's perception of their capacity to perform certain tasks (Ormrod, 2006) or efficiently use technological advancements. In other words, digital transformation self-efficacy refers to the individual's subjective belief that digital technology can be used easily (Oh et al., 2022), providing employees with confidence that they and the company can carry out digital transformation. This self-efficacy is particularly important for companies transitioning from traditional methods to digital transformation-based development. Low self-efficacy will cause employees to focus on their shortcomings and exaggerate the difficulty level of the change. Conversely, high self-efficacy will direct individuals' focus on the demands of the situation and motivate them to put more effort into overcoming obstacles (Bernerth, 2004). Therefore, self-efficacy also positively correlates with work performance (Matsunaga, 2021).

Dimensions of Self-Efficacy

The variables in the concept of self-efficacy describe specific aspects that influence an individual's belief in their ability to achieve goals and overcome challenges. Here are some variables often examined in the context of self-efficacy:

- 1. **Personal Experience**: The individual's past experience in overcoming challenges or achieving goals.
- 2. Social Support: The support and encouragement received from friends, family, or mentors.
- 3. **Previous Achievements**: Past successes in similar tasks or situations that boost the individual's belief in their abilities.
- 4. **Role Models**: Observing others who succeed in similar situations, inspiring confidence in the individual's own abilities.
- 5. **Others' Opinions**: Feedback or opinions from others that can influence the individual's perception of their abilities.
- 6. **Environmental Conditions**: Environmental factors that facilitate or hinder the development of self-efficacy, such as organizational support or available resources.
- 7. **Ability**: The individual's assessment of their skills, knowledge, and capacity to complete tasks or face specific situations.
- 8. **Internal Control**: The individual's belief that outcomes depend on their actions and efforts rather than external factors.
- 9. **Planning and Goal Setting**: The individual's ability to plan actions and set realistic and measurable goals.
- 10. **Response to Failure**: How individuals interpret and respond to failure or obstacles in achieving goals, which can affect their level of self-efficacy.

Attitude

The second important factor to consider is employees' attitudes toward digital transformation, as the change process within a company requires appreciation of employees' attitudes towards change (FUGATE et al., 2008); (Frick et al., 2021). Digital technology plays a significant role in the shifting scenario known as "digital transformation." As a result, digital transformation can be seen as the operationalization of change readiness that considers specific technological difficulties, attitudes, and capabilities (Gfrerer et al., 2021). Attitude is an expression of words, movements, and actions about things, phenomena, and people with valuable judgments and comments, including perception, influence, and behavior. Therefore, employees' attitudes in the context of digital transformation reflect beliefs, judgments, or feelings about digital transformation (Altmann, 2008). If employees have a positive attitude

towards digital transformation, they are more likely to accept the forthcoming change, which will increase their digital engagement and readiness (MUEHLBURGER et al., 2022).

Dimensions of Behavior

Behavioral dimensions refer to various aspects or factors influencing individual behavior. Here are some often-considered behavioral dimensions:

- 1. **Cognitive**: This dimension includes mental processes that affect behavior, such as perception, thinking, beliefs, and judgments.
- 2. **Emotional**: Emotional factors such as mood, anxiety, fear, happiness, and satisfaction that influence individual behavior.
- 3. **Social**: This dimension involves social interactions and interpersonal relationships affecting behavior, such as peer influence, social support, and social norms.
- 4. **Physiological**: Physiological factors such as nutrition, sleep, physical activity, and health that influence individual behavior.
- 5. **Capability**: This dimension involves skills, knowledge, and the individual's capacity to perform an action or behavior.

Transformational Leadership

Leadership has been identified as a crucial component in implementing innovation, particularly digital transformation, and ensuring employee readiness for the upcoming transition through communication, coordination, and transition management (Oreg & Berson, 2019); (Frick et al., 2021). Leaders can also promote self-leadership by encouraging employees to act independently (Abdel-Ghany, 2014). Leaders also serve as role models for their subordinates, significantly influencing their behavior, effectively motivating and inspiring their employees by giving meaning to their work and providing challenging opportunities. They also encourage their employees to think creatively and generate innovative solutions to emerging problems (Ángeles López-Cabarcos et al., 2022), which subsequently enhances their performance. In the context of digital transformation, leaders have a more positive influence on employees' readiness for digital transformation. Companies undergoing digital transformation greatly benefit from the contribution of their human resources in both the process and the results of the transformation (Osmundsen et al., 2018). For the successful integration of digital transformation and the adoption of new technologies within their respective domains, managers must prioritize addressing employee issues and actively involve employees in the transition process (Mueller & Renken, 2017), such as informing, engaging, consulting, or working with relevant stakeholders.

Dimensions of Transformational Leadership

In the context of transformational leadership, variables refer to various aspects that can be measured or observed in transformational leaders. Here are some dimensions of transformational leadership variables:

- 1. **Inspirational Vision**: The clarity, attractiveness, and inspiration of the vision presented by the leader.
- 2. Values-Based Leadership: The consistency of the leader in acting according to the values they advocate.
- 3. **Empowerment and Delegation**: The leader's ability to empower and support team members to take responsibility and initiative.
- 4. **Personal Engagement**: The level of personal involvement and concern of the leader for the needs, aspirations, and development of individuals in the team.
- 5. **Openness to Innovation**: The leader's ability to encourage and support innovation, experimentation, and the development of new ideas.

- 6. **Role Model**: The leader's consistency and integrity in acting as a role model consistent with the values and principles they advocate.
- 7. **Change Management Ability**: The leader's resilience and ability to face change, overcome obstacles, and lead organizational transformation.
- 8. **Collaborative Leadership**: The leader's ability to facilitate effective teamwork, collaboration among team members, and achieving common goals.
- 9. **Conflict Management**: The leader's ability to identify, manage, and resolve conflicts constructively and solution-oriented.

Seven hypotheses formulated to analyze the relationships between self-efficacy, attitude, leadership, employee characteristics, employee readiness, and work performance:

H1: Self-efficacy has an influence on performance.

- H2: Trasnformational leadership has influence on performance
- H3: Behaviour has influence on performance
- H4: Readiness for Change has influence on performance

H5:Self-efficacy has an influence on readiness to change.

H6:Transformational leadership has an influence on readiness to change.

H7: Attitude has an influence on readiness to change.

H8: Readiness for change had meadiating self efficacy on performance.

H9: Readiness for change had meadiating Transformational leadership on performance.

10: Readiness for change had meadiating attitude on performance.

Research Paradigm

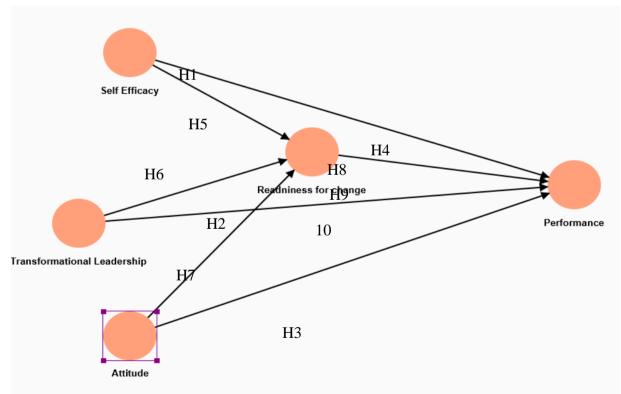


Figure 1. Constelatioon model

METHOD

This research uses a non-probability sampling method by conducting a survey of employees from various small and medium-sized enterprises (SMEs) with a purposive sampling technique. To ensure the representativeness of the sample, respondents were taken

from two sectors, namely manufacturing and services. The latest report on digital transformation in Indonesian companies highlights the dynamic nature of this transformation in the service and manufacturing sectors, making them the focus areas for examination. Additionally, to ensure a comprehensive understanding and objective assessment of digital transformation within the companies, only employees with a minimum of five years of service and who have held their current positions for at least 18 months were selected.

This study distributed an online survey via Google Forms to 237 SME employee. After the survey was completed, data filtering and processing were carried out using SmartPLS software. All validated measurements used a 5-point Likert scale ranging from "strongly disagree" (1) to "strongly agree" (5). The questions were modified to explicitly refer to leaders and the work environment, with some items replacing "digitalization" with the term "change" found in the original scale. Then, the results of the questionnaire will be tested using SMART PLS to further examine the inner and outer models (Wijaya, 2019).

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RESULTS AND DISCUSSION

Description of Respondent's Gender

The description of the frequency of respondents based on the gender of the respondents is shown in Table 2 below.

Table 2. Survey of Gender Respondent						
No	Gender Amount					
1	Man	75				
2	Woman	49				

Based on research data obtained from 124 respondents related to gender, it can be concluded that the majority of respondents are men, with a percentage of 60%, women with a percentage of 40% from a total of 100%.

Description of Respondent's Education Level

The description of the frequency of respondents based on the education level of the respondents is shown in Table 3

NoLevel of educationAmount1Senior high school37	
1 Senior high school 37	
2 Graduate 74	
3 Post Graduate 13	

. 1

Based on Table 2, it can be concluded that the majority of respondents have an undergraduate education background with a percentage of 60%, followed by high school education at 30% and Post Graduate for the rest, accounted for 13%

Data Analysis and Interpretation

Data analysis in this study used SMART PLS with the following research model

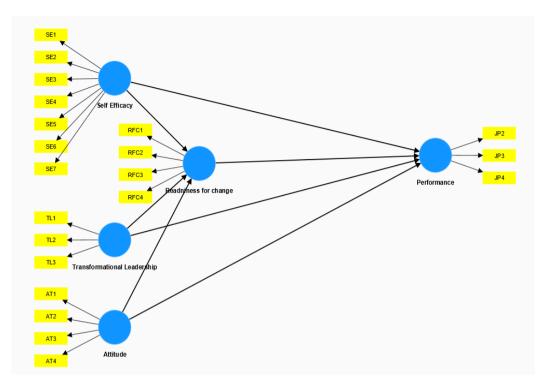


Figure 2. SMRATPLS output

This section must answer the problems or research hypotheses that have been formulated previously. In this section, there are two main part to be analyzed, it including inner model and outer model

Outer Model

In the outer model test, several stages will be carried out, namely validity testing and reliability testing

• Validity test convergent validity test

Table 4. Convergent valuaty rest					
	Cronbach's	Composite reliability	Average variance extracted		
	alpha	(rho_a)	(AVE)		
Attitude	0,734	0,766	0,612		
Performance	0,687	0,652	0,587		
Readniness for change	0,748	0,714	0,624		
Self Efficacy	0,709	0,763	0,664		
Transformational					
Leadership	0,675	0,741	0,714		

Table 4. Convergent Validity Test

According to the convergent validity test carried out in Figure 4 below, it shows that the AVE value has met the valid requirements, which is above the value of 0.5 (Wijaya, 2019).

Table 5. Discriminant valuity rest				
			Self	Transformational
	Attitude	Performance	Efficacy	Leadership
Attitude	0,641			
Performance	0,514	0,563		

Table 5. Discriminant Validity Test

Readniness for change	0,612	0,743		
Self Efficacy	0,684	0,712	0,731	
Transformational				
Leadership	0,537	0,674	0,681	0,725

Furthermore, it can be concluded that they have met the validity requirements (Wijaya, 2019).

• Reliability Test

The value of the reliability test can be seen in Figure 6, show that each variable has exceeded the reliable requirements, which is above 0.6 (Wijaya, 2019).

Table 6. Reability Test					
	Cronbach's alpha	Composite reliability (rho_a)	Average variance extracted (AVE)		
Attitude	0,734	0,766	0,612		
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Transformational					
Leadership	0,675	0,741	0,714		

Inner Model Test

The Inner test model show R square value and significance test.

	R-square	R-square adjusted
Performance	0,223	0,187
Readniness for change	0,747	0,738

Based on the results of the R square test, it can be concluded that performance had been exoplain 18.7% and Readiness for change can be elucide in this study by 73.8%, and 26.2% can be concluded by other variable excluded in this study

Table 8. Sample Significance Test

	T statistics (O/STDEV)	P values
Attitude -> Performance	2,862	0,010
Attitude -> Readniness for change	3,965	0,000
Readniness for change -> Performance	3,543	0,003
Self Efficacy -> Performance	0,707	0,480
Self Efficacy -> Readniness for change	2,158	0,004
Transformational Leadership -> Performance	0,964	0,335
Transformational Leadership -> Readniness for change	3,145	0,000

Thereby, on the results of the study, there are five hypotheses were accepted. the value of the significance test can be shown by the amount of P-value<0,05. The result of attitude affect performance is shown by (Dalal, 2012); (Emre TAŞGİT et al., 2023) that also had the similar result that people with good attitude can improve their performance. The effect of attitude to readiness for change is also had same result from (Marvin & Volino Robinson, 2018); (Bornheimer, 2019) the attitude shows their motivation, when they had a good attitude, it will ready for doing changes. Therefore readiness for change had an effect fo better performance it was depicted from (Masduki Asbari et al., 2021); (Alqudah et al., 2022) that shows employee with their readiness will significantly grow their performance. In this study Self efficacy form each employee also had a significant effect to readiness for change it shows self-efficacy as a drive for their change at work.

On the contrary, two hypotheses were rejected, self efficacy doesn't effect on performanc, because from this situation the employee doesn't made a change and transformational leadership also doesn't affect performance, from this situation the employee need someone to get them a new perspective at work doing a change for a better performance.

	T statistics (O/STDEV)	P values
Self Efficacy -> Readniness for change -> Performance	2,411	0,001
Transformational Leadership -> Readniness for change ->		
Performance	3,247	0,002
Attitude -> Readniness for change -> Performance	2,914	0,001

Table 9. Meaditing Test

Based on the table, it was concluded that readiness for change mediating transformational leadership to performance. Similar resut from (Hariadi & Muafi, 2022); (Reni Rosari & Miftachul Mujib, 2023) The employee need a real action to guide them in reaching their best performance and readiness for change mediating attitude to performance (Nigel Mantou Lou & Nourollah Zarrinabadi, 2022); (Tang ShuPeng & Jamalsafri Bin Saibon, 2022), at this point the readiness for change can altered employee attitude to linked them for performance. In furthermore readiness for change also had mediating effect on sef efficacy to performance. Self efficacy is a driver from their internal motives to reach the goal

CONCLUSION

The results demonstrate that attitude significantly affects performance. Studies consistently show that individuals with a good attitude can improve their performance. Similarly, the impact of attitude on readiness for change mirrors these findings: individuals with a positive attitude are more motivated and ready to embrace change, which in turn enhances their performance. Evidence shows that employees ready for change experience significant performance growth.

Additionally, self-efficacy among employees plays a crucial role in their readiness for change, serving as a driving force for their willingness to adapt and improve at work. However, two hypotheses were rejected: self-efficacy alone does not directly affect performance without the mediation of change readiness, and transformational leadership does not directly enhance performance without guiding employees towards new perspectives and changes.

In conclusion, readiness for change mediates the relationship between transformational leadership and performance. Employees need tangible guidance and actions from leaders to reach optimal performance. Similarly, readiness for change mediates the relationship between attitude and performance, illustrating that readiness for change can transform employee attitudes to link them with enhanced performance. Furthermore, readiness for change also mediates the effect of self-efficacy on performance, highlighting that self-efficacy drives internal motivation towards goal achievement.

Organizations should invest in programs that cultivate positive attitudes among employees. Training and development initiatives that focus on enhancing job satisfaction, motivation, and a positive work environment can lead to improved employee performance

The effect of attitude on readiness for change underscores the importance of fostering a positive attitude to facilitate change initiatives. Companies should focus on change management strategies that build and maintain positive attitudes, making employees more receptive to change and thereby enhancing organizational agility and performance. The other point in this study reveals that readiness for change mediates the relationship between transformational leadership and performance. This suggests that transformational leaders should not only inspire but also actively guide employees through changes to achieve better performance. Leadership development programs should train leaders to foster change readiness and provide practical guidance for employee. Therefore, Given that readiness for change significantly boosts performance, organizations should prioritize strategies that prepare employees in the change process, and providing support during transition While self-efficacy alone does not directly impact performance without readiness for change, it remains a crucial driver of internal motivation. Industries should implement initiatives that build employees' self-efficacy, such as offering challenging tasks, providing constructive feedback.

Furthermore, Readiness for change mediates the effect of attitude on performance, indicating that industries should integrate attitude enhancement with change readiness programs. Workshops, seminars, and coaching sessions aimed at building a positive outlook and preparing employees for change can be highly effective Understanding that transformational leadership does not directly affect performance without guiding employees to new perspectives highlights the need for tailored interventions. Leaders should be equipped with tools to provide personalized support and guidance to employees, fostering an environment where change readiness can thrive.

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