ISSN: 1526-4726

https://doi.org/10.52783/jier.v3i2.88

Vol 5 Issue 1 (2025)

# An Employee Perspective of Digital Transformation-Motivation to Engage in Digital Organizational Change: An Exploratory Study in Indian Financial Sector

#### **Mohammad Bilal**

Management Development Institute, Gurgaon, Gurugram, India Ajay K. Jain

Management Development Institute, Gurgaon, Gurugram, India **Jyotsna Bhatnagar** 

Management Development Institute, Gurgaon, Gurugram, India John P. Ulhøi

Department of Management, Aarhus University, Denmark

#### **ABSTRACT**

# Purpose

Research on individual level antecedents of digital transformation in enterprises has until now been somewhat scarce and incomplete. To correct this imbalance, the present study examined the predictive ability of the three dimensions of Self Determination (Perceived Autonomy, Perceived Competence, and Perceived Relatedness), Distributed Leadership (DL) and Individual Readiness for Change, on Digital Transformation (DT) and the effect of DT on the Level of Innovation within Financial Services organizations in an emerging economy

# Design/methodology/approach

A survey-based empirical study was done on a sample of 122 middle-level executives from financial services sector in an emerging economy. For all constructs, items were measured on Likert scale. Further analysis and modeling of response data was done in SPSS

#### **Findings**

Results evidence that Perceived Competence, Perceived Relatedness, DL and Individual Readiness for Change predicted DT positively and DT also had a positive impact on the Level of Innovation within financial services organizations

# Originality/value

To the best of authors' knowledge, this study is perhaps the first to study the effect of employee level antecedents on DT

**Keywords**: Digital Transformation; Self Determination; Perceived Autonomy; Perceived Competence; Perceived Relatedness; Distributed Leadership; Individual Readiness for Change; Level of Innovation

# INTRODUCTION

Most organizational changes in recent years have been focused on advancing the digital capabilities of organizations. These digital transformations involve the implementation and use of new digital technologies to enable major business improvements (Haffke et al., 2016) and require employees to learn and use digital tools (Derks et al., 2016) so that they have the right level of readiness for change.

This view is supported by literature which shows that digital transformations significantly alter roles and responsibilities of employees (Verhoef et al., 2021). It gets further credence by a study

ISSN: 1526-4726

https://doi.org/10.52783/jier.v3i2.88

Vol 5 Issue 1 (2025)

done by MIT Sloan Management Review and Capgemini Consulting (Fitzgerald et al., 2013) which showed that 30% of the reasons for the failure of DT were related to lack of clarity among employees regarding their roles and responsibilities and also by another study done by Forbes (2019), which has reported that in 70% of the cases, the main cause for the failure of digitization initiatives has been associated with employees' reluctance to use digital technologies. Furthermore, this reluctance has been attributed to employees' fear of losing their jobs or that their tasks may undergo a radical change due to the application of digital technologies (Teevan et al., 2022). Although the truth value of such estimations, as reminded by Gigliotti et al. (2019), always can be challenged, the criticality of timely and effective implementation of changes and transformations cannot be doubted, thus directing the focus on the change readiness and motivations from the organizational members. There may, as this study will show, be other important factors, than fear and uncertainty, that may affect individual readiness to change.

Individual Readiness for Change is key to DT because organizations are transformed through their members (George & Jones, 2001). This, in turn, leaves some important roles of individuals, their readiness for change and how this readiness may be affected by how leadership is practiced in organizations. A successful change implementation is also affected by the practiced leadership which in turn impacts the employee's readiness for change. Leaders' characteristics can result in better implementation of the transformation initiatives taken by the organization (Higgs & Rowland, 2011). However, in today's business environment, since organizational functions are mostly spread across large teams as well as across geographies, it is difficult for one leader to effectively influence organizational change implementation. In such a scenario, a collective form of leadership involving more than just one leader, like Distributed Leadership, could possibly have a positive impact on large scale initiatives like DT by creating the right level of readiness for change among employees. DL is conceptualized as a concretive and conjoint effort of a group or network of individuals (Gronn, 2002). This collective, coordinative and collaborative way of leading organizational change initiatives like DT could possibly create the right level of readiness for change among employees. Research has also provided support to this rationale by documenting a shift of single leadership to shared leadership (Bush & Ng, 2019) supported by the new generation of employees and their need for autonomy (Liu et al., 2022).

Since the DL model is a collective effort, it is critical that everyone is motivated enough to participate whole-heartedly. In the context of work-organization, Self Determination Theory (SDT) (Ryan & Deci, 2000) is a motivational theory that proposes autonomy, competence and relatedness as three fundamental psychological needs and that satisfaction of these needs (or lack thereof) would positively or negatively affect motivation. To understand how to prepare and motivate organizational members to participate in DL practices, SDT was used as a theoretical framework of motivation to explain their psychological needs (Ryan & Deci, 2000).

Existing literature on DT tends to focus more on organizational level antecedents (Morakanyane, 2020; Dremel et al., 2017). Emerging research on individual level antecedents of DT has been rather limited.

To the best of our knowledge, there are no existing works on DT that have studied the individual level behavioral antecedents like self-determined motivation, DL and individual readiness for change.

# THEORETICAL BACKGROUND AND HYPOTHESES DEVELOPMENT Self Determination and Distributed Leadership

SDT (Ryan & Deci, 2000) argues that higher forms of motivation require the satisfaction of

ISSN: 1526-4726

https://doi.org/10.52783/jier.v3i2.88

Vol 5 Issue 1 (2025)

psychological needs for autonomy, competence, and relatedness. Studies have shown positive relations between autonomous motivation and need satisfaction and various individual and organizational outcomes (Broeck et al., 2010). It can therefore be argued that internal sources of motivation are required for an employee to get engaged in DL practices at group or organizational level.

Need for autonomy: SDT distinguishes autonomy from independence, noting that one can, for example, be autonomously dependent, or forced into independence (Ryan & Deci, 2006). The concept of being autonomously dependent has affinity with Gronn's (2002) concepts of 'interdependence' and 'concerted action' as key properties of DL. Recent work shows that individuals are more prone to depending upon others who support their autonomy (Ryan & Deci, 2006). According to Hackman and Oldham (1975, p. 162), autonomy is: "The degree to which the job provides substantial freedom, independence, and discretion to the employee in scheduling the work and in determining the procedures to be used in carrying it out." It follows that that when individuals feel that they are in control of their own actions and that their actions are unforced and not compromising their basic values or interests, the need for autonomy is met. As an organizational, contextual condition, autonomy enables employees to attempt new ways of accomplishing their work, to take initiative and to participate in leadership tasks. Hence, we assume that an individual's autonomy - which should be similar to collectively perceived autonomy – as a feature of organizational structures is likely to facilitate employee activity in leadership tasks while bureaucratic and strong hierarchical structures may hamper active participation in leadership functions.

Combining the arguments for autonomous motivation and requirements for DL, the following hypothesis is proposed:

Hypothesis 1: High level of Perceived Autonomy will lead to increase in participation in DL practices

Need for Competence: The need for competence is defined as individuals' inherent desire to feel effective in interacting with the environment (Deci & Ryan, 2000). Competence satisfaction allows individuals to adapt to complex and changing environments, whereas competence frustration is likely to result in helplessness and a lack of motivation (Deci & Ryan, 2000). The need for competence is met, when individuals experience that their actions are based on self-confidence and effectiveness. In this context, it may be argued that the concept of DL promotes "leaderful" organizations through concurrent, collective and compassionate leadership (Raelin, 2003). It is therefore proposed that competencies required are far greater than any one person is able to possess, therefore, leadership may no longer be exclusive to any one individual, but distributed amongst members of organization. Combining the arguments for competence need and conditions for DL, leads to the following hypothesis:

Hypothesis 2: High level of Perceived Competence will lead to increase in participation in DL practices

Need for Relatedness: The need for relatedness is satisfied when people experience a sense of communion and develop close and intimate relationships with others (Deci & Ryan, 2000). The idea is consistent with concepts in organizational psychology such as social support (Viswesvaran et al., 1999) and loneliness at work (Wright et al., 2006). Further, studies have shown that when employees experience a feeling of being connected in the digital workplace, they tend to demonstrate higher work performance and well-being (Selimovic et al., 2021). DL is

ISSN: 1526-4726

https://doi.org/10.52783/jier.v3i2.88

Vol 5 Issue 1 (2025)

conceptualized as group activity that works through and within relationships, rather than an individual action (Woods et al., 2004). Participation in DL practices is thus likely to facilitate in satisfying one's need for relatedness. Combing arguments for the need for relatedness with conditions for DL, the following hypothesis is proposed:

Hypothesis 3: High level of Perceived Relatedness will lead to increase in participation in DL practices

# Distributed Leadership and Individual Readiness for Change

Effective leaders who serve as change agents tend to give support that eventually refine the basic values, beliefs, and attitudes of the employees so that they are prepared to acquire and know the change efforts (Voet et al., 2016).

The growing literature on distributed leadership, especially in the context of organizational change, attests to its importance (Mayrowetz, 2008; Woods et al., 2004). Current research on DL, for example, suggests a positive relationship between DL and organizational change and improvement (Harris, 2007); organizational turnaround (Fink, 2011); efficiency and effectiveness (Mayrowetz, 2008); human potential and development (Mayrowetz, 2008). Literature has also highlighted the positive impact of DL on organizational members' self-efficacy and motivation (Heck & Hallinger, 2009). Such previous studies infer the possible influence of DL to motivate organizational members' readiness to change.

Readiness to change occurs when the organizational members are receptive to the organizational changes due to the leaders' influence and their frequent interaction with subordinates (Holt et al., 2017). This is because a continuous interaction among members potentially changes organizational members' change belief in terms of attitudes, feeling, and thoughts when they face the organizational changes based on the motivation theory of Bandura (1986).

According to DL theory, distributed leaders help their followers by motivating them, preparing them for adapting the whole change process and involving them in process of decision-making processes and analyzing the employee's interests for development of their potential (Aurora et al., 2019). This leads to the following hypothesis:

Hypothesis 4: High level of participation in DL practices will lead to higher Individual Readiness for Change

#### **Individual Readiness for Change and Digital Transformation**

In the case of transformational changes, the organizations' structure, processes and culture are likely be altered (Kuntz & Gomes, 2012) and thus require a reconsideration of attitudes, beliefs and values (Bartunek, 1988). Hence, readiness for change is considered as an important factor for successful change initiatives (Raffertyet al., 2013). Sufficient level of readiness is required for both before and during change implementation process to achieve a smooth transition (Choi & Ruona, 2011). On the other hand, when level of readiness is low then efforts to implement change face resistance (Prochaska et al., 2015). So, all in all employees' readiness for change has a direct impact on the implementation of digital transformation. Based on above literature, following hypothesis is proposed:

Hypothesis 5: High Individual Readiness for Change has a positive effect on Digital Transformation

ISSN: 1526-4726

https://doi.org/10.52783/jier.v3i2.88

Vol 5 Issue 1 (2025)

# **Digital Transformation and Level of Innovation**

In the recent past, many innovations in products, services and business models are attributed to the enabling role of new digital technologies such as social media and mobile platforms, the cloud, embedded devices, big data, analytics, and artificial intelligence. The multifaceted and complex phenomenon of DT refers to the "rapid and widespread adoption and application of digital technologies in commercial setting" (Kretchmer and Khashabi, 2020, p. 86.). It has been argued that cutting-edge digital technologies, which could potentially differentiate the firm's business, transactions and operations [Nwankpa & Datta, 2017) are viewed as a key imperative for firms seeking to remain competitive and retain market positions (Yoo et al., 2012). There is also empirical evidence to show that transformation driven by a mix of digital and human capabilities, is a strong driver of innovation (Nwankpa & Roumani, 2016). Organizations that integrate digital technologies are able to introduce new practices, routines, and innovative initiatives within their business operations and value chain (Díaz-Chao, et al., 2015). According to (Nwankpa & Merhout, 2020), investment in digital technologies, such as analytics and big data, can facilitate the creation of new ideas and communications among business partners in the value chain. A report from a recent PDW at the Academy of Management addressing the intersection of digital innovation and digital transformation, led the Chairs to emphasize, that there are "strong connections between the two phenomena exist" (Drecshler et al., 2020, p. 23). Therefore, on the basis of the above findings, it is hypothesized that,

Hypothesis 6: Digital Transformation will lead to high level of innovation within organizations

#### **METHOD**

# **Participants and Procedure**

One of the main drivers of digital economy development is the financial sector, (Schepinin & Bataev, 21–22 November 2019.) in which firms have been faced with the dramatic and relatively recent emergence of new technology innovations, and process disruptions (Gomber et al., 220–265, 2018), which have significantly altered the nature of jobs.

The sample consisted of 122 Financial Services professionals across junior level (Digital Transformation experience <5 years), middle level (Digital Transformation experience 6-10 years) and senior level (Digital Transformation experience >10 years). The organizations, within the private sector, were located in three different cities in North India. The employees were in the 25- to 45-year age group, and had spent at least 1 year in the same organization. Almost all of them were married and had a graduate degree or diploma in Technology or Engineering. Because India is a culturally diverse and large country, we collected the data from North Indian organizations to control for cultural differences in work values and physical characteristics of the respondents.

Data was collected by the first author by administering online questionnaires, with the consent of the relevant representatives of the employer as well as the respondents. The participants were chosen randomly from banks and financial services companies dealing in a variety of financial products and belonged to different functions/departments, which had been involved in creating and implementing innovative digital solutions. The data for the study reported in this article were collected as part of a pilot study.

#### Measures

The following questionnaire measures were used to obtain data on the variables included in the study: Perceived Autonomy (PAUT), Perceived Competence (PCOM), Perceived Relatedness (PREL), Distributed Leadership (DL), Individual Readiness for Change (IRFC),

ISSN: 1526-4726

https://doi.org/10.52783/jier.v3i2.88

Vol 5 Issue 1 (2025)

Digital Transformation (DT) and Level of Innovation (LOI). PAUT, PCOM, PREL, were conceptualized as independent variables; DL, IRFC, DT and LOI were conceptualized as dependent variables. Self-report measures were used to obtain the data.

PAUT (7 items), PCOM (6 items) and PREL (8 items) were measured through a 21 item questionnaire adapted from the work of Deci et al. (2001). DL was measured through a questionnaire consisting of 7 items adapted from the work of Jonsson et al. (2016). IRFC was measured through a questionnaire adapted from the work of Bouckenooghe et al. (2009). DT was measured through the 3 item scale developed by Aral & Weill (2007). LOI was measured through a questionnaire consisting of 6 items adapted from the work of Bearing Point. Management and Technology Consultants (2011), Elenkov & Manev (2005) and Jung et al. (2008).

The questionnaires appear in Table 1 with their usable factors and loadings. A summary for ready reference is presented in Table 2, which shows (i) the major constructs used in the study, (ii) their factor-analytically derived dimensions, (iii) the number of items constituting the factors, and (iv) Cronbach's alpha coefficients indicating the internal consistency for the respective factors. The measures used in this study were borrowed from their original sources and adapted for the Indian work setting via exploratory factor analysis technique. All survey items were rated on a 7-point Likert-type scale ranging from 1 (*true to almost no extent*) to 7 (*true to a very great extent*). Results of factor analyses were based on principal factoring and Varimax rotations option of the SPSS-X statistical analysis package program. The sections that follow provide a brief description of factors extracted by factor analysis according to the criterion of factor loadings greater than or equal to .30 and Cronbach's alpha reliability coefficient greater than or equal to .70.

| Table 1. Summary of Factor Analysis Results |  |         |  |  |
|---|--|---------|--|--|
| Factor and Item no.                         | Item   | Loading |  |  |
| Factors of Self Determination Questionnaire |  |         |  |  |
| Factor 1-PAUT                               |  |         |  |  |
|   | "Free to express my ideas and opinions on the job"     | 0.65    |  |  |
|   | "Have to do what I am told"                            | 0.75    |  |  |
|   | "My feelings are taken into consideration at work"     | 0.75    |  |  |
|   | "Feel like I can pretty much be myself at work"        | 0.60    |  |  |
| Factor 2-PCOM                               |  |         |  |  |
|   | "People at work tell me I am good at what I do"        | 0.53    |  |  |
|   | "Do not get much of a chance to show how capable I am" | 0.78    |  |  |

https://doi.org/10.52783/jier.v3i2.88

Vol 5 Issue 1 (2025)

|               | "Often do not feel very capable"                                     | 0.62 |
|---------------|--|------|
| Factor 3-PREL |  |      |
|               | "Get along with people at work"                                      | 0.77 |
|               | "Keep to myself when I am at work"                                   | 0.60 |
|               | "People at work care about me"                                       | 0.83 |
|               | "Not many people at work that I am close to"                         | 0.74 |
|               | Factor of DL Questionnaire   |      |
| Factor 4-DL   |  |      |
|               | "Participated in setting goals for the development of unit"          | 0.75 |
|               | "Have contributed in promoting proposals for the unit"               | 0.88 |
|               | "Have had the responsibility for organizing work tasks at the unit?" | 0.75 |
| Factor        | r of Individual Readiness for Change Questionnaire                   | 2    |
| Factor 5-IRFC |  |      |
|               | "Reluctant to accommodate and incorporate DT changes into my work"   | 0.93 |
|               | "DT changes will have a negative effect"                             | 0.92 |
|               | "Plans for future improvement will not come too much"                | 0.88 |
|               | "Resistant to DT changes"  | 0.85 |
|               | "DT projects will not do much good"                                  | 0.82 |
|               | Factor of DT Questionnaire   |      |
| Factor 6-DT   |  |      |

ISSN: 1526-4726

https://doi.org/10.52783/jier.v3i2.88

Vol 5 Issue 1 (2025)

|              | "Firm is driving new business processes<br>built on technologies such as big data,<br>analytics, cloud, mobile and social media<br>platform"               | 0.83 |
|--------------|--|------|
|              | "Firm is integrating digital technologies such as social media, big data, analytics, cloud and mobile technologies to drive change"                        | 0.94 |
|              | "Business operations are shifting toward<br>making use of digital technologies such<br>as big data, analytics, cloud, mobile and<br>social media platform" | 0.92 |
|              | Factor of Level of Innovation  |      |
| Factor 7-LOI |  |      |
|              | "Increase in revenue and profit from products and services implemented through DT"   | 0.84 |
|              | "Higher rate or return from products and services implemented through DT"  | 0.84 |
|              | "Increase in new customers from products and services implemented through DT"  | 0.87 |
|              | "Increase in market share growth from products and services implemented through DT"  | 0.85 |
|              | "Increase in annual number of product improvements due toDT"   | 0.90 |
|              | "Increase in annual number of patents due to DT"   | 0.84 |
|              |  |      |

| Table 2. Summary of Factors and Reliability of Scales |        |              |                     |  |
|---|--------|--------------|---------------------|--|
| Variable  | Factor | No. of items | Cronbach's<br>Alpha |  |
| Self Determination                                    | PAUT   | 4            | 0.79                |  |
|   | PCOM   | 3            | 0.64                |  |
|   | PREL   | 4            | 0.74                |  |
| Distributed Leadership                                | DL     | 3            | 0.76                |  |

ISSN: 1526-4726

https://doi.org/10.52783/jier.v3i2.88

Vol 5 Issue 1 (2025)

| Individual Readiness for Change | IRFC | 5 | 0.83 |
|---------------------------------|------|---|------|
| Digital Transformation          | DT   | 3 | 0.88 |
| Level of Innovation             | LOI  | 6 | 0.93 |

# Self Determination

The study yielded three significant factors on factor analysis-Perceived Autonomy (.83), Perceived Competence (.70), Perceived Relatedness (.74).

The nature of the factor structure of the three obtained factors indicates that the first factor's structure perhaps relates to Self Determination skill arising out of the opportunity to do things independently rather than by bound by rigid rules and guidelines. The factor structure of the second factor suggests that Self Determination skill through a certain level of ability to drive things without anyone's help. The factor structure of the third factor indicates association and affiliation with the organization and its people.

#### Distributed Leadership

The study yielded one usable factor-Distributed Leadership (.79). The factor structure indicates employees' level of involvement in key organizational activities.

# Individual Readiness for Change

The study yielded one usable factor-Individual Readiness for Change (0.83). The factor structure indicates employees' level of readiness for an organizational change like digital transformation.

# Criterion Variable: Digital Transformation

The study yielded one usable factor (.88). The factor structure indicates transformation through digital enhancements.

# Consequent Variable: Level of Innovation

The study yielded one usable factor (.91). The factor structure indicates novelty in produts and services.

#### **RESULTS**

The conceptual scheme of the present study includes seven major constructs, namely, Perceived Autonomy, Perceived Competence, Perceived Relatedness, DL, Individual Readiness for Change, DT and Level of innovation. On factor analysis, Perceived Autonomy, Perceived Competence, Perceived Relatedness, Distributed Leadership, Individual Readiness for Change, Digital Transformation and Level of Innovation yielded one factor each. To determine the strength of relation among the predictor variables and one factor of Digital transformation, Correlation Analysis in SPSS and Structural Equation Model (SEM) were used. Results show the significant impact of the independent variables on Digital Transformation in this sample. The general statistics and correlation pertaining to the variables appear in Table 3, and the hypothesis testing results appear in Table 4.

ISSN: 1526-4726

https://doi.org/10.52783/jier.v3i2.88

Vol 5 Issue 1 (2025)

Table 3. Means, Standard Deviations, Reliabilities, and Correlations Among the Variables (N 122) 3 4 5 7  $\mathbf{M}$ SD 1 2 6 1. PAUT 6.34 0.47 **2. PCOM** 5.78 0.96 -0.02.30\*\* 3. PREL 6.40 0.50 0.00 .26\*\* 4. DL 6.62 0.49 0.05 .23\* 5. IRFC 6.29 0.49 0.09 0.03 .32\*\* 0.12 .29\*\* 6. DT 6.74 0.49 0.03 0.15 0.11 .22\* .27\*\* **7. LOI** 6.73 0.06 0.04 0.10 .18\* .80\*\* 0.46

Note. Means and standard deviations are based on a 7-point scale. PAUT Perceived Autonomy; PCOM Perceived Competence; PREL Perceived Relatedness; DL Distributed Leadership; IRFC Individual Readiness for Change; DT Digital Transformation; LOI Level of Innovation

Inspection of the table indicates that two (Perceived Competence and Perceived Relatedness) out of the three dimensions of Self Determination, Distributed Leadership, Individual Readiness for Change and Level of Innovation were positively and significantly correlated.

| Table 4: Hypothesis Testing Results for Model |                                       |   |  |              |                       |                  |
|---|---------------------------------------|---|--|--------------|-----------------------|------------------|
| Hypotheses                                    | Relationships                         |   | Standardized<br>Regression<br>Coefficients | P-<br>values | Hypothesis<br>Results |                  |
| H1  | Autonomy                              | > | Distributed<br>Leadership                  | -0.011       | 0.903                 | Not<br>Supported |
| H2  | Competence                            | > | Distributed<br>Leadership                  | 0.134        | <.05*                 | Supported        |
| Н3  | Relatedness                           | > | Distributed<br>Leadership                  | 0.233        | <.05*                 | Supported        |
| H4  | Distributed<br>Leadership             | > | Individual Readiness for Change            | 0.319        | ***                   | Supported        |
| Н5  | Individual<br>Readiness for<br>Change | > | Digital<br>Transformation                  | 0.224        | <.05*                 | Supported        |
| Н6  | Digital<br>Transformation             | > | Level of Innovation                        | 0.753        | ***                   | Supported        |

Fit indices: Chi-square/df=1.098; NFI=.928; GFI=.971; AGFI=.931; CFI=.993; RMSEA=.028

**SEM Model** 

<sup>\*\*.</sup> Correlation is significant at the 0.01 level (2-tailed).

<sup>\*.</sup> Correlation is significant at the 0.05 level (2-tailed).

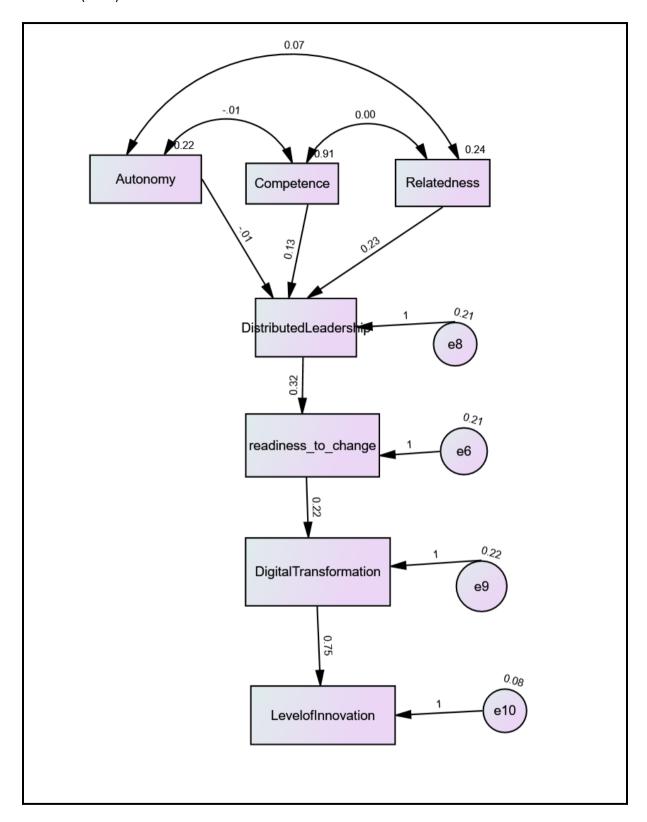
<sup>\*</sup> p .05. \*\* p .01.

<sup>\*</sup>Significant at the .05 level

ISSN: 1526-4726

https://doi.org/10.52783/jier.v3i2.88

Vol 5 Issue 1 (2025)



**Table 5. Structural Equation Modeling Results** 

ISSN: 1526-4726

https://doi.org/10.52783/jier.v3i2.88

Vol 5 Issue 1 (2025)

| Goodness of Fit indices                         | Value | Cut-off for Good Fit                       |
|---|-------|--|
| X2/Degree of Freedom                            | 1.098 | 1 <x2 degree="" of<br="">Freedom&lt;5</x2> |
| CFI (Comparative Fit Index)                     | 0.993 | 0.95 <cfi<1< td=""></cfi<1<>               |
| NFI (Normed Fit Index)                          | 0.928 | 0.95 <nfi<1< td=""></nfi<1<>               |
| RFI (Relative Fit Index)                        | 0.874 | 0.95 <rfi<1< td=""></rfi<1<>               |
| IFI (Incremental Fit Index)                     | 0.993 | 0.95 <ifi<1< td=""></ifi<1<>               |
| TLI (Tucker-Lewis Fit Index)                    | 0.987 | 0.95 <tli<1< td=""></tli<1<>               |
| RMSEA (Root Mean Square Error of Approximation) | 0.028 | RMSEA<0.08                                 |
| RMR (Root Mean Square Residual)                 | 0.02  | RMR<0.08                                   |

#### DISCUSSION AND CONCLUSION

This research can be seen as a response to recent call for more insight in individual-level motivations, cognition, and on how digital transformation and innovation management interlink. This was done by examining the, until now, unexplored differential strength of association of the three dimensions of Self Determination Theory (Perceived Autonomy, Perceived Competence, and Perceived Relatedness), DL and Individual Readiness for Change during DT, and also the association of DT with the Level of Innovation within organizations. The overall results show that four out of five predictors had a strong link with DT. Moreover, DT had a strong association with Level of Innovation. For seeking an explanation of these finds, it is important to understand DT as an organizational change process. DT brings about disruptive changes which have a significant impact on an organizational member's roles and responsibilities. As a result of DT, employees need to undergo continuous reskilling and realignment to other functions. In such an environment of significant change, where the entire business models are under pressure for being re-invented, it is very critical that the organizational members are adequately motivated, involved and ready for the change. The latter can be facilitated though distributed leadership. The two dimensions of Self Determination Theory (SDT)-Perceived Competence and Perceived Relatedness significantly predict DL. Leithwood et al. (2009b, p.1) suggest that, for the majority of authors, DL can be considered to incorporate shared, democratic, dispersed and other related of leadership. Overall, Perceived Competence Relatedness explained 36% of the variance in DL. Perceived Autonomy was not found to be a significant predictor of DL. A possible explanation for this may be that too much independence without any supervision and control could lead to an organizational member doing things which are not aligned to the larger organizational DT goals. That said, autonomy is also associated with important culture values that cannot be left out of the autonomy phenomenon (Jones, 1995).

Further, DL was found to be positive predictor of Individual Readiness for Change, which represents a state of mind in which one feels geared up to embrace and align to any kind of change. It is possible only when one has significant participation in the planning and execution of change, as has been advocated by the concept of DL. Lastly, DT positively predicted Level of Innovation. This could be because DT creates an environment of novel business models (Davenport & Westerman, 2018,).

# IMPLICATIONS, LIMITATIONS AND FUTURE RESEARCH

This research contributes to the literature on individual level antecedents of digital

ISSN: 1526-4726

https://doi.org/10.52783/jier.v3i2.88

Vol 5 Issue 1 (2025)

transformation by revealing new nuances on employee level motivation and readiness for change. First, by combining theories of Self-Determination and DL new nuances are revealed which help better to understand what motivates participation in distributed leadership practices. Second, how increased DL paves the way for increased readiness for change at the level of the individual organizational member. Thirdly, as the variables included in the former are all nested within the individual members, this fact opens for important and useful interventions.

From the point of view of managers and relevant consultants too, the results have implications. To ensure that, at the individual level, employees embrace the digital transformation and engage in adopting new technologies in their respective fields, it is important that managers consider their concerns and include them as active parts of the transformation (Petrikina et al., 2017), for instance, by applying distributed forms of leadership and by informing, consulting, involving, or collaborating with these internal stakeholders. If employees are offered the opportunity to participate in change processes, they demonstrate increased readiness for the new processes and in turn, increase goal achievement (Petrikina et al., 2017).

There are also important limitations and future research needs associated with this study. First, in addition to the two dimensions of SDT, there could be other individual level factors that enhance an individual's participation in DL practices and Individual Readiness for Change. These need to be explored and tested further. Second, from a practical management point of view, it might be relevant to management if employees could be trained well in advance of the planned DT initiatives and thus an opportunity to involve them right from the early stages of DT planning and implementation. This would ensure that organizational members feel motivated, competent and also have a feeling of relatedness during such transformation efforts.

Third, all predictor variables are within-individual skills. There is a need to learn more about inter-individual-level variables, because an individual influences the environment and is influenced it in return. Fourth, it could be interesting if future research moves beyond the examination of the impact of the dimensions of SDT on DT at the individual level and measure it at the level of work teams because organizations increasingly tend to move towards work teams as the basic structural unit. Fifth, future research could also examine the links between Self-Determination and DT in work teams with the team as a unit of analysis. Sixth, in future research it could be considered to include other samples other industries, which are witnessing significant DT. Last, it could be worthwhile to add variables that influence Individual Readiness for Change and that may be amenable to training and interventions that could be useful from an applied perspective.

#### REFERENCES

- 1. Haffke, I., Kalgovas, B. J., & Benlian, A. (2016). The Role of the CIO and the CDO in an Organization's Digital Transformation.
- 2. Derks, D., Bakker, A. B., Peters, P., & van Wingerden, P. (2016). Work-related smartphone use, work–family conflict and family role performance: The role of segmentation preference. *Human relations*, 69(5), 1045-1068.
- 3. Verhoef, P. C., Broekhuizen, T., Bart, Y., Bhattacharya, A., Dong, J. Q., Fabian, N., & Haenlein, M. (2021). Digital transformation: A multidisciplinary reflection and research agenda. *Journal of business research*, *122*, 889-901.
- 4. Fitzgerald, M., Kruschwitz, N., Bonnet, D., & Welch, M. (2014). Embracing digital technology: A new strategic imperative. *MIT sloan management review*, 55(2), 1.
- 5. Morgan, B. (2019), 100 Stats on Digital Transformation and Customer Experience, Forbes.

ISSN: 1526-4726

https://doi.org/10.52783/jier.v3i2.88

Vol 5 Issue 1 (2025)

- 6. Teevan, J., Baym, N., Butler, J., Hecht, B., Jaffe, S., Nowak, K., Sellen, A., and Yang, L. (Eds.). Microsoft New Future of Work Report 2022. Microsoft Research Tech Report MSR-TR-2022-3 (https://aka.ms/nfw2022). 2022
- 7. Gigliotti, R., Vardaman, J., Marshall, D.R., & Gonzalez, K. (2019). The role of perceived organizational support in individual change readiness. *Journal of Change Management*, 19(2), 86-100.
- 8. Higgs, M., & Rowland, D. (2011). What does it take to implement change successfully? A study of the behaviors of successful change leaders. *The Journal of Applied Behavioral Science*, 47(3), 309-335.
- 9. Gronn, P. (2002). Distributed leadership as a unit of analysis. *The leadership quarterly*, 13(4), 423-451.
- 10. Bush, T., & Ng, A. Y. M. (2019). Distributed leadership and the Malaysia Education Blueprint: From prescription to partial school-based enactment in a highly centralised context. *Journal of educational administration*.
- 11. Liu, H., Gao, S., Xing, H., Xu, L., Wang, Y., & Yu, Q. (2022). Shared leadership and innovative behavior in scientific research teams: a dual psychological perspective. *Chinese Management Studies*, 16(2), 466-492.
- 12. Ryan, R. M., & Deci, E. L. (2000). Self-determination theory and the facilitation of intrinsic motivation, social development, and well-being. *American psychologist*, 55(1), 68
- 13. Morakanyane, R., O'Reilly, P., McAvoy, J., & Grace, A. (2020). Determining digital transformation success factors.
- 14. Dremel, C., Wulf, J., Herterich, M. M., Waizmann, J. C., & Brenner, W. (2017). How AUDI AG established big data analytics in its digital transformation. *MIS Quarterly Executive*, 16(2).
- 15. Ryan, R. M., & Deci, E. L. (2006). Self-regulation and the problem of human autonomy: Does psychology need choice, self-determination, and will?. *Journal of personality*, 74(6), 1557-1586.
- 16. Van den Broeck, A., Vansteenkiste, M., De Witte, H., Soenens, B., & Lens, W. (2010). Capturing autonomy, competence, and relatedness at work: Construction and initial validation of the Work-related Basic Need Satisfaction scale. *Journal of occupational and organizational psychology*, 83(4), 981-1002.
- 17. Hackman, J. R., & Oldham, G. R. (1976). Motivation through the Design of Work: Test of a theory. *Organizational Behavior & Human Performance*, 16, 250-279.
- 18. Deci, E. L., & Ryan, R. M. (2000). The what and why of goal pursuits: Human needs and the self-determination of behavior. *Psychological inquiry*, 11(4), 227-268.
- 19. Raelin, J. A. (2003). *Creating Leaderful Organizations: How to bring out leadership in everyone*. Berrett-Koehler Publishers.
- 20. Viswesvaran, C., Sanchez, J. I., & Fisher, J. (1999). The role of social support in the process of work stress: A meta-analysis. *Journal of vocational behavior*, 54(2), 314-334.
- 21. Wright, J. W., Davies, K. F., Lau, J. A., McCall, A. C., & McKay, J. K. (2006). Experimental verification of ecological niche modeling in a heterogeneous environment. *Ecology*, 87(10), 2433-2439.
- 22. Selimovic, J., Pilav-Velic & Krndzija, L. (2021). Digital workplace in the financial service sector: Investigating the relationship between employees' expectations and intension. *Technology in Society*, 66. <a href="https://doi.org/10.1016/j.techsoc.2021.101640">https://doi.org/10.1016/j.techsoc.2021.101640</a>.
- 23. Van der Voet, J. (2016). Change leadership and public sector organizational change: Examining the interactions of transformational leadership style and red tape. *The American Review of Public Administration*, 46(6), 660-682.
- 24. Mayrowetz, D. (2008). Making sense of distributed leadership: Exploring the multiple

ISSN: 1526-4726

https://doi.org/10.52783/jier.v3i2.88

Vol 5 Issue 1 (2025)

- usages of the concept in the field. Educational Administration Quarterly, 44(3), 424-435.
- 25. Harris, A. (2007). Distributed leadership: Conceptual confusion and empirical reticence. *International Journal of Leadership in Education*, 10(3), 315-325.
- 26. Fink, D. (2011). Pipelines, pools and reservoirs: Building leadership capacity for sustained improvement. *Journal of Educational Administration*.
- 27. Heck, R. H., & Hallinger, P. (2009). Assessing the contribution of distributed leadership to school improvement and growth in math achievement. *American educational research journal*, 46(3), 659-689.
- 28. Holt, N. L., Neely, K. C., Slater, L. G., Camiré, M., Côté, J., Fraser-Thomas, J., ... & Tamminen, K. A. (2017). A grounded theory of positive youth development through sport based on results from a qualitative meta-study. *International review of sport and exercise psychology*, 10(1), 1-49.
- 29. Bandura, A., & Cervone, D. (1986). Differential engagement of self-reactive influences in cognitive motivation. *Organizational behavior and human decision processes*, 38(1), 92-113.
- 30. Aurora Bernardo, M., Nest, T. V. D., & Smith, L. (2019). Conceptualising leadership for principals of Catholic schools in Aotearoa New Zealand. *International Studies in Catholic Education*, 11(1), 80-95.
- 31. Kuntz, J.R.C. & Gomes, J.F.S. (2012) Transformational change in organisations: a self-regulation approach. *Journal of Organizational Change Management*, 45(1), 143-162.
- 32. Bartunek, J.M. (1988). The dynamics of personal and organisational reframing. In Quinn, R.E. & Cameron, Eds, Paradox and transformation: toward a theory of change in organization and management (pp. 137-162), Cambridge, MA: Balinger Publishing Company.
- 33. Rafferty, A. E., Jimmieson, N. L., & Armenakis, A. A. (2013). Change readiness: A multilevel review. *Journal of management*, 39(1), 110-135.
- 34. Choi, M., & Ruona, W. E. (2011). Individual readiness for organizational change and its implications for human resource and organization development. *Human resource development review*, 10(1), 46-73.
- 35. Ramo, D. E., Young-Wolff, K. C., & Prochaska, J. J. (2015). Prevalence and correlates of electronic-cigarette use in young adults: findings from three studies over five years. *Addictive behaviors*, 41, 142-147.
- 36. Kretschmer, T., & Khashabi, P. (2020). Digital transformation and organization design: An integrated approach. *California Management Review*, 62(4), 86-104.
- 37. Nwankpa, J. K., & Datta, P. (2017). Balancing exploration and exploitation of IT resources: The influence of Digital Business Intensity on perceived organizational performance. *European Journal of Information Systems*, 26, 469-488.
- 38. Yoo, Y., Boland Jr, R. J., Lyytinen, K., & Majchrzak, A. (2012). Organizing for innovation in the digitized world. *Organization science*, 23(5), 1398-1408.
- 39. Nwankpa, J. K., & Roumani, Y. (2016). IT capability and digital transformation: A firm performance perspective.
- 40. Díaz-Chao, Á., Sainz-González, J., & Torrent-Sellens, J. (2015). ICT, innovation, and firm productivity: New evidence from small local firms. *Journal of Business Research*, 68(7), 1439-1444.
- 41. Nwankpa, J. K., & Merhout, J. W. (2020). Exploring the effect of digital investment on IT innovation. *Sustainability*, *12*(18), 7374.
- 42. Schepinin, V., & Bataev, A. (2019, March). Digitalization of financial sphere: challenger banks efficiency estimation. In *IOP conference series: materials science and engineering* (Vol. 497, No. 1, p. 012051). IOP Publishing.
- 43. Gomber, P., Kauffman, R. J., Parker, C., & Weber, B. W. (2018). On the fintech

ISSN: 1526-4726

https://doi.org/10.52783/jier.v3i2.88

Vol 5 Issue 1 (2025)

- revolution: Interpreting the forces of innovation, disruption, and transformation in financial services. *Journal of management information systems*, 35(1), 220-265.
- 44. Deci, E. L., Ryan, R. M., Gagné, M., Leone, D. R., Usunov, J., & Kornazheva, B. P. (2001). Need satisfaction, motivation, and well-being in the work organizations of a former eastern bloc country: A cross-cultural study of self-determination. *Personality and social psychology bulletin*, 27(8), 930-942.
- 45. Bouckenooghe, D., Devos, G., & Van den Broeck, H. (2009). Organizational change questionnaire—climate of change, processes, and readiness: Development of a new instrument. *The Journal of psychology*, 143(6), 559-599.
- 46. Aral, S., & Weill, P. (2007). IT assets, organizational capabilities, and firm performance: How resource allocations and organizational differences explain performance variation. *Organization science*, 18(5), 763-780.
- 47. Elenkov, D. S., & Manev, I. M. (2005). Top management leadership and influence on innovation: The role of sociocultural context. *Journal of management*, 31(3), 381-402.
- 48. Jung, D. D., Wu, A., & Chow, C. W. (2008). Towards understanding the direct and indirect effects of CEOs' transformational leadership on firm innovation. *The leadership quarterly*, 19(5), 582-594.
- 49. Leithwood, K., Harris, A., & Hopkins, D. (2008). Seven strong claims about successful school leadership. *School leadership and management*, 28(1), 27-42.
- 50. Jones, J.F. (1995). Self-access and culture: Retreating from autonomy. *ELT Journal*, 49(3), 228-234.
- 51. Davenport, T. H., & Westerman, G. (2018). Why so many high-profile digital transformations fail. *Harvard Business Review*, 9(4), 15.
- 52. Petrikina, J., Krieger, M., Schirmer, I., Stoeckler, N., Saxe, S., & Baldauf, U. (2017). Improving the readiness for change-addressing information concerns of internal stakeholders in the Smartport Hamburg.