



The Role of Digital Transformation, Organizational Communication and Work Motivation in Improving Employee Performance

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ABSTRACT

This study examines the role of digital transformation, organizational communication, and work motivation in improving employee performance at PT. Inti Niaga Pranasari. The results show 1). Digital transformation has an impact on employee performance at PT. Inti Niaga Pranasari. 2). Organizational communication has an impact on employee performance at PT. Inti Niaga Pranasari. 3). Work motivation has an impact on employee performance at PT. Inti Niaga Pranasari. The purpose of this study is to evaluate the role of digital transformation, organizational communication, and work motivation in improving employee performance. The population involved in this study was 50 employees of PT. Inti Niaga Pranasari. Digital transformation forces organizations to keep up with rapid technological developments in order to survive in competition. Implementation of digital transformation can increase performance efficiency, revenue, and change organizational culture for the better. The digital transformation process is complex, difficult, and high-risk. Failure can be detrimental to the organization because it requires large investments in material and human resources. Human Resource Transformation in the digital era is becoming increasingly important as the role of technology in the world of work grows. Companies must be able to adapt quickly to changes in skills needed to face digital challenges. Competencies such as understanding data, analytics, and adapting to new technologies are becoming increasingly important. Furthermore, technology enables efficiency in employee management through process automation, such as payroll systems and data-driven performance management. These changes not only speed up administrative work but also improve the accuracy of employee development decisions

INTRODUCTION

Digitalization has ushered in a new era characterized by various innovations that provide high-quality solutions and deliver the best possible customer experience. Companies have become increasingly dependent on digital services to support their business activities, leading them to adopt digital technologies across all customer-related components, which has caused traditional business activities to become increasingly outdated. The digital era has generated various innovations aimed at producing high-quality digital solutions accompanied by an improved customer experience. The increasing dependence of society on digital services to support their activities has resulted in growing digital adoption across all customer segments (Muhammad Riduan, 2024). Digital transformation forces organizations to keep pace with rapid technological developments in order to remain competitive. The implementation of digital transformation can improve operational efficiency and revenue while also transforming organizational culture for the better. However, the digital transformation process is complex, challenging, and highly risky. Failure can be detrimental to an organization because it requires substantial investment in both material resources and human resources. Therefore, organizations need to identify appropriate strategies for digital transformation in order to avoid costly failures (Elma Oktaviani, 2023).

The development of human resources (HR) in the era of digitalization has become a major focus of attention for many companies. In this era, information and communication technology has transformed the way individuals and organizations work and interact. Human resources need to keep pace with technological developments and possess relevant digital skills in order to adapt to ongoing changes. Globalization has brought significant changes to the workplace, including the management of human resources. Therefore, strategies for developing HR competencies in the digital era are essential for addressing the challenges of globalization. Training and human resource development have a positive relationship with employee productivity. Training and development are efforts to improve employees' abilities and competencies so that they can adapt to changes occurring in the era of globalization (Angga Wahyudi et al., 2023). Human resource transformation in the digital era has become increasingly important as the role of technology in the workplace continues to expand. Companies must be able to adapt quickly to changes in the skills required to address digital challenges. Competencies such as data literacy, analytical skills, and the ability to adapt to new technologies have become increasingly important. In addition, technology enables greater efficiency in employee management through process automation, such as payroll systems and data-driven performance management. These changes not only accelerate administrative processes but also improve the accuracy of decision-making related to employee development (Ramadhan et al., 2024).

One of the companies engaged in the wholesale trade of household necessities and equipment, particularly detergent and soap products in Indonesia, is PT. Inti Niaga Pranasari, which is located in Bojonegoro, East Java Province. PT. Inti Niaga Pranasari is a distributor of soap and detergent products

from Wings, including well-known brands such as Daia, Ekonomi, Soklin, Nuvo, Giv, and So Soft. PT. Inti Niaga Pranasari offers various types of products, including the Rapika brand fabric softener. In addition, PT. Inti Niaga Pranasari also offers various bath soap products, such as Nuvo, Giv, K-Natural, and Proguard.

The concept of performance is largely contextual and has different indicators depending on the context. The concept of performance is abstract and requires a certain level of understanding by explaining its attributes in detail. Understanding performance is a way to predict future success (Amir, 2015). Performance refers to work achievement, work implementation, work accomplishment, work results, work performance, or job performance. Performance is closely related to productivity because it serves as an indicator of how efforts can be made to achieve a high level of productivity within an organization (Simamora, 2015). Performance is the result of work and work behavior achieved by an individual in completing the tasks and responsibilities assigned within a certain period (Kasim, 2019).

According to the results of an interview conducted by the researcher with one of the employees at PT. Inti Niaga Pranasari, the performance issue identified was a decline in work quality, reflected in work results that did not meet the quality standards expected by the company.

One of the possible ways to improve employee performance is through work motivation. Motivation can be defined as the enthusiasm, spirit, and driving force that encourages an individual to work. Work motivation serves as a stimulus or incentive for each employee to perform their duties and achieve predetermined goals. Employees with high levels of motivation tend to be more enthusiastic and energetic in carrying out their work. However, it cannot be denied that, in practice, many employees experience low or declining levels of motivation. Work motivation is particularly important for individuals who wish to sustain their careers, develop professionally, and advance to higher career levels. Without adequate work motivation, it is difficult to achieve high levels of job performance (Buidiman et al., n.d.). Motivation consists of a set of attitudes and values that influence individuals in pursuing specific objectives in accordance with their personal goals. These attitudes and values act as forces that encourage individuals to behave in ways that facilitate goal attainment. Such motivational forces consist of two components: the direction of work behavior, which refers to working toward achieving objectives, and the intensity of behavior, which reflects the degree of effort exerted by an individual at work. Motivation also encompasses unique feelings, thoughts, and past experiences that form part of the internal and external relationships within an organization (Husnah et al., 2022).

Research conducted by Indriyani and Amini (2020) explains that work motivation has a positive and significant effect on employee performance. Based on the calculation of the correlation coefficient, the obtained value of r_{xy} was 0.947. This indicates that the independent variable, namely work

motivation, has a correlation coefficient of 0.947 with employee performance. Therefore, it can be concluded that there is a very strong correlation between work motivation and employee performance.

Research conducted by (Irawan et al. n.d.) explains that motivation can improve employee performance by providing opportunities for development and growth, role stability, and opportunities to participate in the decision-making process. Employees will have greater confidence and stronger commitment to the company, thereby improving their performance.

Based on the findings from an interview conducted by the researcher with one of the employees at PT. Inti Niaga Pranasari, several issues related to work motivation at the company were identified. These include a lack of recognition, where employees feel that their efforts and achievements are not adequately appreciated, either formally (through rewards and bonuses) or informally; unclear objectives, where employees do not fully understand the company's targets or direction; and an excessive workload.

However, research conducted by (Tanjung et al. n.d.) explains that work motivation does not have a significant effect on employee performance. The results of the study show that the work motivation variable (X_1) has a t-count value of -0.016 , which is lower than the t-table value of 1.697 ($-0.016 < 1.697$), with a significance value of 0.987 , which is greater than the 0.05 significance level. Therefore, the study supports the first hypothesis, which states that "There is no positive and significant effect of work motivation on employee performance."

One of the possible ways to improve employee performance is through communication. Communication can be defined as the process of exchanging information by sending and receiving messages between two or more individuals in order to achieve a shared understanding through various forms of communication, including verbal, written, and nonverbal signals (Siregar, 2021). The communication process within an organization plays a crucial role in achieving organizational objectives effectively and efficiently. To optimize this role, organizational communication also needs to consider the methods and media used for communication, including communication between superiors and subordinates as well as among subordinates, in order to prevent errors in conveying information or messages within the organization. Therefore, the role of organizational communication needs to be understood by all relevant parties. When communication is carried out effectively, relationships between superiors and subordinates, as well as among subordinates, can be established harmoniously (Nainggolan, 2021).

Research conducted by Alfiza Rahmadani (2014) explains that communication has a positive effect on employee performance. The results of the study show that the simple linear regression analysis produced the equation $\hat{Y} = 5.6 + 0.87X$, indicating a positive effect of communication on employee performance. The correlation analysis

yielded an r value of 0.78, indicating a strong and positive relationship between variable X , namely communication, and variable Y , namely employee performance. The coefficient of determination analysis shows that 60.84% of the variation in employee performance can be explained by communication, while the remaining 39.16% is influenced by other factors that were not examined in this study. Based on the results of the questionnaire processing and analysis, the researchers concluded that communication has a positive effect on employee performance.

Based on the results of an interview conducted by the researchers with one of the employees at PT. Inti Niaga Pranasari, a communication issue identified within the company was the lack of clarity in work instructions provided by superiors to subordinates, which resulted in employees not fully understanding the tasks they were expected to perform.

However, research conducted by (Silalahi et al. n.d.) explains that communication (X_1) has a negative and significant partial effect on employee performance (Y). The results show that the t -count value is lower than the t -table value ($-2.610 < 1.671$) and that the significance value is greater than 0.05 ($0.083 > 0.05$). Regarding the implementation of communication among employees, leaders should pay greater attention to communication between employees and ensure that they are able to communicate clearly and effectively to prevent misunderstandings and ensure that all tasks can be carried out properly. This can also create a pleasant communication environment for both parties. Effective communication can further facilitate cooperation and strengthen commitment in achieving the company's objectives.

One of the ways that companies can improve employee performance is through digital transformation. Digital transformation refers to the process by which an organization changes its operations from manual processes to digitalized processes by utilizing digital technologies. The primary objectives of this transformation are to improve efficiency, foster innovation, and create additional value for the organization (Juidijanto et al., 2024). Digital transformation requires individuals to rethink existing processes and envision new processes and decision-making approaches. Many companies establish new digital departments and employ digital specialists across various divisions with the aim of driving their digital transformation strategies. Digitalization also contributes to increased productivity, cost reduction, and innovation, which further influence the digital transformation process. Digital transformation not only brings changes to industries but also has an impact on society. Therefore, the importance of digital transformation has become increasingly evident. Technology is regarded as a key driver of digital transformation and is considered to have significant social and institutional implications (Andi Asari, 2023).

Several studies conducted by Widodo et al. (2024) explain that the implementation of digital transformation within companies provides significant benefits for employees, particularly by increasing their

confidence in their digital skills and their ability to adapt efficiently to technological changes. The success of digital transformation is also associated with the proactive role of company management in providing the training and resources necessary to improve employees' digital skills. Research conducted by Isnawati and Waskito (2024) indicates that digital transformation has a positive and significant effect on employee performance. The results show that digital transformation has a p-value of 0.008, indicating that the value is below the 0.05 significance level.

Based on the results of an interview conducted by the researcher with one of the employees at PT. Inti Niaga Pranasari, the digital transformation issues identified at the company include unequal access to technology, data security and privacy concerns, insufficient human resource skills, and the complex integration of existing systems with new technologies.

However, research conducted by (Wijaya et al. n.d.) explains that digital transformation does not have a significant effect on employee performance. The results show that the regression coefficient for the digital transformation variable is 0.005, indicating that digital transformation does not have a significant effect on employee performance.

LITERATURE REVIEW

Employee Performance

The concept of performance is largely contextual and has different indicators depending on the context. The concept of performance is abstract and requires a certain level of understanding by explaining its attributes in detail. Understanding performance is a way to predict future success (Amir, 2015). Performance is the result of work and work behavior achieved in completing assigned tasks and responsibilities within a certain period (Kasmir, 2019).

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Work Motivation

Motivation can be defined as the enthusiasm, spirit, and driving force that encourages an individual to work. Work motivation serves as a stimulus or incentive for every employee to perform their duties and achieve predetermined goals. With high levels of motivation, employees tend to be more enthusiastic and energetic in carrying out their work. However, it cannot be denied that, in reality, many employees experience low or declining levels of motivation.

Work motivation is particularly important for individuals who wish to maintain their careers, develop professionally, and advance to higher career levels. Without work motivation, it is difficult to achieve high levels of job performance (Buidiman et al., n.d.).

Motivation is a set of attitudes and values that influence individuals to achieve specific objectives in accordance with their goals. These attitudes and values serve as forces that encourage individuals to behave in ways that help them achieve their objectives. Such motivation consists of two components: the direction of work behavior, which refers to working toward the achievement of goals, and the strength of behavior, which reflects the level of effort exerted by an individual in performing their work. Motivation encompasses unique feelings, thoughts, and past experiences that form part of the internal and external relationships within the company (Huisnah et al., 2022).

Communication

The communication process within an organization plays a crucial role in achieving organizational objectives effectively and efficiently. To optimize this role, organizational communication also needs to consider the methods and media used in communication, including communication between superiors and subordinates as well as among subordinates, in order to prevent errors in conveying information or messages within the organization. Therefore, the role of organizational communication needs to be understood by all relevant parties. When communication is carried out effectively, relationships between superiors and subordinates, as well as among subordinates, can be established harmoniously (Nainggolan, 2021). Communication can be defined as the process of exchanging information by sending and receiving messages involving two or more individuals in order to achieve a shared understanding through various forms of communication, including verbal, written, and nonverbal signals (Siregar, 2021).

Digital Transformation

Digital transformation, often referred to as Digital Transformation, describes an organization's journey in transforming its operational processes from manual processes into digitalized processes by utilizing digital technologies. The primary objectives of this transformation are to improve efficiency, create innovation, and add value to the organization (Juidijanto et al., 2024).

Digital transformation requires individuals to rethink existing processes and envision new processes and approaches to decision-making. Many companies establish new digital departments and employ digital specialists across various divisions with the aim of driving digital transformation strategies. Digitalization also contributes to increased productivity, cost reduction, and innovation, which in turn influence the digital transformation process. Digital transformation not only brings changes to industries but also has an impact on society. Therefore, the importance of digital transformation has become increasingly evident. Technology is considered a key driver of digital transformation and is regarded as having significant social and institutional implications (Andi Asari, 2023).

Hypotheses

Although this article examines the direct effects of the variables, previous researchers have not yet analyzed the effects of digital transformation, communication, and work motivation on employee performance. Figure 1 illustrates the effects of digital transformation, communication, and work motivation on employee performance.

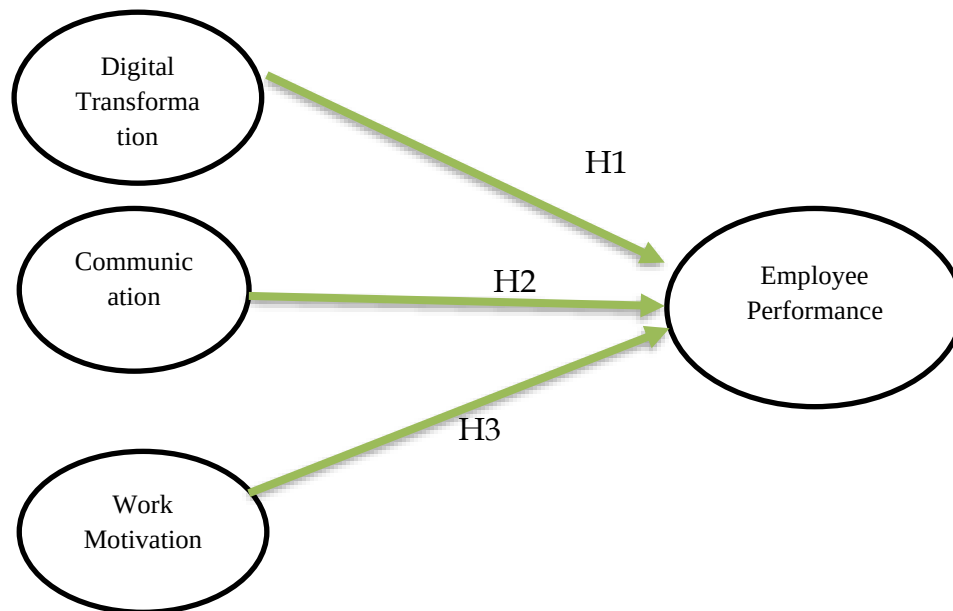


Figure 1. Conceptual Framework
Sources: Theory Proposed by the Researchers

Digital Transformation And Employee Performance

Digital transformation, often referred to as Digital Transformation, describes an organization's journey in transforming its operational processes from manual processes into digitalized processes through the utilization of digital technologies. The primary objectives of this transformation are to improve efficiency, foster innovation, and add value to the organization (Juidijanto et al., 2024).

Digital transformation requires individuals to rethink existing processes and envision new processes and approaches to decision-making. Many companies establish new digital departments and employ digital specialists across various divisions with the aim of driving digital transformation strategies. Digitalization also contributes to increased productivity, cost reduction, and innovation, which in turn influence digital transformation. Digital transformation not only brings changes to industries but also has an impact on society. Therefore, the importance of digital transformation has become increasingly evident. Technology is considered a key driver of digital transformation and is regarded as having significant social and institutional implications (Andi Asari, 2023).

Several studies conducted by Widodo et al. (2024) indicate that the implementation of digital transformation within companies provides significant benefits to employees, particularly by increasing their confidence in their digital skills and their ability to adapt efficiently to

technological changes. The success of digital transformation is also associated with the proactive role of company management in providing the training and resources necessary to improve employees' digital skills. Research conducted by Isnawati and Waskito (2024) indicates that digital transformation has a positive and significant effect on employee performance. The results show that digital transformation has a p-value of 0.008, indicating a value below the 0.05 significance level.

Based on the results of an interview conducted by the researcher with one of the employees at PT. Inti Niaga Pranasari, the digital transformation issues identified at PT. Inti Niaga Pranasari include gaps in access to technology, data security and privacy concerns, insufficient human resource skills, and the complex integration of existing systems with new technologies.

However, research conducted by Wijaya et al. (n.d.) explains that digital transformation does not have a significant effect on employee performance. The results show that the regression coefficient for the digital transformation variable is 0.005, indicating that digital transformation does not have a significant effect on employee performance.

H1: Digital transformation has a positive and significant effect on employee performance.

Communication On Performance

Several approaches may be used to improve employee performance, one of which is communication. Communication can be defined as the process of engaging in interaction by sending and receiving messages involving two or more individuals to achieve a shared understanding through various forms of communication, including verbal, written, and nonverbal signals (Siregar, 2021). The communication process within an organization plays a crucial role in achieving organizational goals effectively and efficiently. To optimize this role, organizational communication also needs to consider the methods and media used in communication, including communication between superiors, between superiors and subordinates, and among subordinates, in order to prevent errors in conveying information or messages within the organization. Therefore, the role of communication within an organization needs to be understood by all parties involved. When communication is carried out effectively, relationships between superiors and subordinates, as well as among subordinates, can be established harmoniously (Nainggolan, 2021).

The study conducted by Alfiza Rahmadani (2014) explains that communication has a positive effect on employee performance. The results of the study show that the simple linear regression analysis produced the equation $\hat{Y} = 5.6 + 0.87X$, indicating a positive effect of communication on employee performance. The correlation analysis resulted in an r-value of 0.78, indicating a strong and positive relationship between variable X, namely communication, and variable Y, namely performance. The coefficient of determination analysis shows that variations in employee performance can be explained by communication by 60.84%,

while the remaining 39.16% is influenced by other factors not examined in this study. Based on the processing and calculation of the questionnaire data, the author concludes that communication has a positive effect on employee performance.

Based on the results of an interview conducted by the researcher with one of the employees of PT. Inti Niaga Pranasari, communication within PT. Inti Niaga Pranasari involves unclear instructions regarding work assignments from superiors to subordinates, causing subordinates to have an incomplete understanding of the tasks they are required to perform.

However, the study conducted by Silalahi et al. (n.d.) explains that communication (X1) has a negative and significant partial effect on employee performance (Y). The results show that the calculated t-value is lower than the t-table value ($-2.610 < 1.671$), with a significance value greater than 0.05 ($0.083 > 0.05$). In the implementation of communication among employees, leaders should pay greater attention to ensuring that employees are able to communicate clearly and effectively with one another so that misunderstandings can be avoided and all tasks can be carried out properly. This can also create a pleasant communication environment for both parties. Effective communication will facilitate cooperation and strengthen commitment in achieving the company's objectives.

H2: Communication has a positive and significant effect on performance.

Motivation on Performance

One of the approaches that may be used to improve employee performance is work motivation. Motivation can be defined as a drive, enthusiasm, and force that encourages an individual to work. Work motivation serves as a stimulus or encouragement for every employee to perform their duties and achieve predetermined goals. With high motivation, employees tend to be more enthusiastic and passionate about their work. However, in reality, many employees experience low or declining levels of motivation.

Work motivation is essential for individuals who wish to remain committed to their careers, develop their careers, and even achieve higher career positions. Without work motivation, it is unlikely that employees will be able to achieve high levels of work performance (Buidiman et al., n.d.). Motivation is a series of attitudes and values that influence individuals to achieve specific objectives in accordance with their goals. These attitudes and values constitute a driving force that encourages individuals to behave in ways that help them achieve their objectives. This drive consists of two components: the direction of work behavior, which refers to working toward achieving goals, and the strength of behavior, which refers to the level of an individual's effort in performing their work. Motivation encompasses unique feelings, thoughts, and past experiences that form part of the internal and external relationships within an organization (Huisnah et al., 2022).

Their study conducted by Indriyani and Amini (2020) explains that work motivation has a positive and significant effect on employee performance. Based on the calculation of the correlation coefficient, the obtained r -value (r_{xy}) is 0.947. This indicates that the independent variable, namely work motivation, has a very strong correlation with employee performance. Therefore, it can be concluded that there is a very strong relationship between work motivation and employee performance.

Their study conducted by (Irawan et al. n.d.) explains that motivation can improve employee performance by providing opportunities for development and growth, role stability, and opportunities to participate in the decision-making process. Employees will have greater confidence and commitment to the company, thereby improving their performance.

Based on the findings from an interview conducted by the researcher with one of the employees of PT. Inti Niaga Pranasari, the phenomenon of work motivation at PT. Inti Niaga Pranasari includes a lack of recognition, where employees feel that their efforts and achievements are not adequately appreciated, either formally (through rewards or bonuses) or informally. In addition, unclear objectives cause employees to have difficulty understanding the company's targets or strategic direction, while excessive workloads also contribute to the issue of work motivation.

However, the study conducted by (Tanjung et al. n.d.) explains that work motivation does not have a significant effect on employee performance. The results of this study show that the work motivation variable (X_1) has a calculated t -value of -0.016, which is lower than the t -table value of 1.697 ($-0.016 < 1.697$), with a significance value of 0.987, which is greater than the 0.05 significance level. Therefore, this study supports the first hypothesis, which states that "There is no positive and significant effect of work motivation on employee performance."

H3: Motivation has a positive and significant effect on performance.

METHODOLOGY

This study employs a quantitative approach, while the population of this study consists of 50 employees of PT. Inti Niaga Pranasari. The sample used in this study comprises all 50 employees of PT. Inti Niaga Pranasari. The data analysis method used is SmartPLS. Since the population size is less than 100, the entire population was used as the sample (Ghozali, 2014).

Operational Definition of Variables

Table 1. Operational Definitions of Variables

Variable	Research Indicators	Item
Digital Transformation (Isnawati, 2024)	Digital Mindset	The company prioritizes digitalization to optimize its products (X1.1). The company utilizes digital technology to manage data for decision-making (X1.1.2).

		The company systematically collects and analyzes data (X1.2).
	Digital Practices	Employees possess the skills required to carry out digital transformation (X1.2.2)
	Data Access Integration	The company has integrated operational performance data (X1.3).
		Employees have access to flexible computing and storage resources (X1.3.2).
Total Item		6
Communication (Mangkunegara, 2020)	Ease of Access to Information	I can easily obtain information from my coworkers (X2.1).
	Level of Understand	I feel that I do not fully understand the messages conveyed by my superiors (X2.2).
	Changes in Attitude	The company provides training to employees in accordance with current developments (X2.3).
Total Item		3
Performance (Rivai, 2017)	Work Quality	I always minimize the level of errors in performing my work (Y1.1). I recognize the importance of accuracy in completing my work (Y1.1.2).
	Quantity	The quantity of my work meets the work standards expected by the company (Y1.2).
	Timeliness	I complete my work efficiently and do not delay my tasks (Y1.3).
Total Item		3
Work Motivation (Hasibuan, 2020)	Physiological Needs	You are satisfied with the bonus provided by the company (X3.1).
	Safety Needs	Health benefits are one of the factors that motivate you to work (X3.2).
	Social	You feel that your presence is accepted and valued by the company (X3.3).

Esteem	You work diligently when your work receives appreciation from your leader or superior (X3.4).
Total Item	4

Measurement Of Indicators/Dimensions

Employee Performance

The concept of employee performance was measured using a scale developed by Rivai (2017), consisting of three items: 1. Quantity, 2. Timeliness, and 3. Quality. The scale was anchored on a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree).

Work Motivation

Work motivation was measured using a scale developed by Hasibuan (2020), consisting of four items: 1. Physiological needs, 2. Safety needs, 3. Social needs, and 4. Esteem needs. The scale was anchored on a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree).

Communication

Communication was measured using a scale developed by Mangkuinegara (2020), consisting of three items: 1. Ease of obtaining information, 2. Level of message understanding, and 3. Changes in attitude. The scale was anchored on a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree).

Transformasi Digital.

Digital transformation was measured using a scale adopted from Isnawati & Waskito (2024), consisting of three items: 1. Digital mindset, 2. Digital practices, and 3. Data access integration. The scale was anchored on a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree).

RESULT

Figure 2 presents the correlation matrix of all variables in this study. The results show that the relationship between Digital Transformation and Employee Performance has a positive coefficient. The analysis indicates that the path coefficient is 0.493, with a t-statistic of 3.428 ($p = 0.001$). These results demonstrate that Digital Transformation has a significant effect on Employee Performance, indicating that the digital transformation implemented by PT. Inti Niaga Pranasari has a positive impact on employee performance.

Communication has a positive coefficient in relation to employee performance. The results show that communication has a path coefficient of 0.023, with a t-statistic of 0.367 ($p = 0.001$). These results indicate that communication has an effect on employee performance, suggesting that the communication between superiors and subordinates at PT. Inti Niaga Pranasari has an impact on employee performance.

Work motivation has a positive coefficient in relation to employee performance. The results show that work motivation has a path coefficient of 0.460, with a t-statistic of 3.285 ($p = 0.002$). These results indicate that work motivation has an effect on employee performance, suggesting that the motivational efforts implemented by the managers of PT. Inti Niaga Pranasari have an impact on employee performance.

Table 1. Path coefficient test results

Relationship between variables	Original Sampel	t-statistic	P-Values
Digital Transformation on Employee Performance	0.493	3.428	0.001
Communication on Employee Performance	0.460	3.285	0.001
Work Motivation on Employee Performance	0.493	0.376	0.002

Source: Smart-PLS 4.0

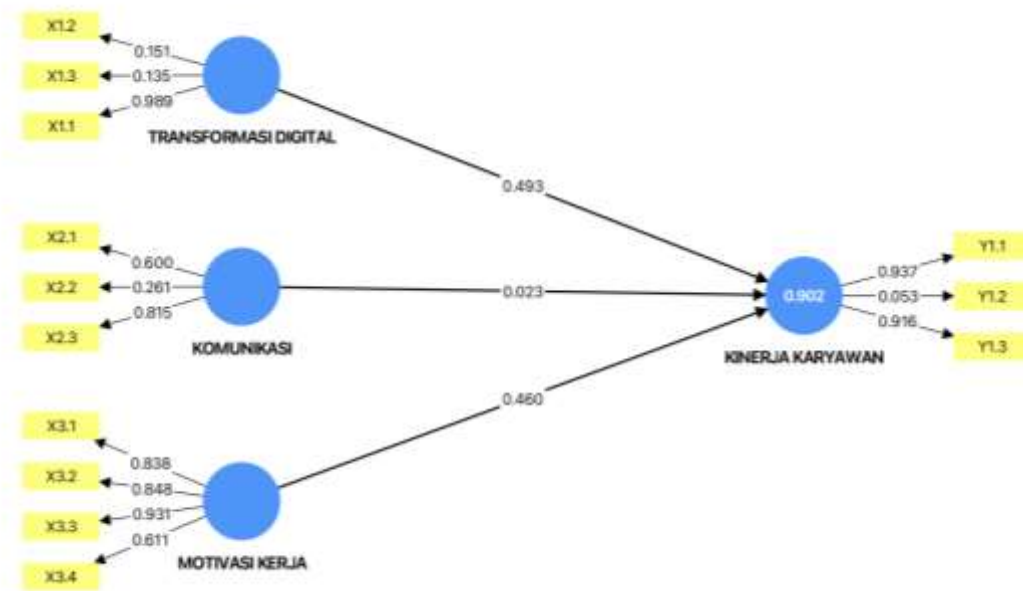


Figure 2. Bootstrap Model Measurement

In Figure 2, the measurement model results show that the loading factor, as indicated by the external loading values of all indicator items for each variable, demonstrates that all variables in this study are valid.

Discriminant Validity

The discriminant validity test in this study was conducted to determine the cross-loading and Average Variance Extracted (AVE) values, with the aim of assessing whether the indicators are valid in explaining or reflecting their respective latent variables. Discriminant validity was assessed using the square root of the Average Variance Extracted (AVE). The results of the discriminant validity test are presented below.

Table 3 Discriminant validity value

Variable	AVE	Digital Transformation	Communication	Performance
Digital Transformation	0,320	0.320		
Communication	0,475	0.348	0.925	
Performance	0.573	0.490	0.555	0.590
Work Motivation	0.918	0.890	0.664	0.435

Source: Smart-PLS 4.0

Note: The diagonal values represent the square root of the AVE. The off-diagonal coefficients represent the correlation coefficients between constructs. AVE = Average Variance Extracted.

A measurement model is considered to have adequate discriminant validity if the AVE value is greater than 0.50 and the square root of the AVE for each construct is greater than its correlation coefficients with other constructs. Since the Employee Performance construct has an AVE value of 0.573, its square root should be approximately 0.757. Therefore, it can be concluded that the construct demonstrates adequate discriminant validity. Table 4.10 shows that the overall results of the discriminant validity test indicate that the discriminant values of each variable are higher than the correlations between variables.

Reliability Test

The reliability test is a method used to measure a questionnaire consisting of indicators of construct variables. A questionnaire is considered reliable if the respondent's answers to the statements are consistent or stable over time (Ghozali, 2014).

Table 4. Reliability Test

Variable	Composite Reliability	Cronbach alpha	Description
Digital Transformation	0.815	0.843	Reliable
Communication	0.708	0.832	Reliable
Work Motivation	0.800	0.840	Reliable
Employee Performance	0.859	0.845	Reliable

Source: Smart-PLS 4.0

Table 4 presents the results of the construct reliability test, showing that all values exceed 0.70. Therefore, it can be concluded that all measurement models used in this study demonstrate high and satisfactory reliability.

Analisis R-Square

Another assessment can be conducted through several calculations, including the model's coefficient of determination (R^2). The model's coefficient of determination is calculated using all coefficients of determination (R^2) in the model. The following are the results of the R^2 calculation:

Table 5 R-Square Measurement Results

Variable	R^2	R Square adjusted
Employee performance	0.902	0.896

Source: Smart-PLS 4.0

In Table 5, the R -square results show that 90.2% of the variance in employee performance can be explained by digital transformation, communication, and work motivation, while the remaining 9.8% is explained by other variables.

DISCUSSION

The Effect of Digital Transformation on Employee Performance

The results of the study indicate that Digital Transformation has a positive and significant effect on employee performance. The findings demonstrate that digital mindset, data integration, and digital practices are important factors in improving employee performance. The analysis shows that the path coefficient is 0.493, with a t -statistic of 3.428 ($p = 0.001$). These results confirm that digital transformation has an effect on employee performance, indicating that the digital transformation implemented by PT. Inti Niaga Pranasari has a positive impact on employee performance.

The Effect of Communication on Employee Performance

The results of the study indicate that Communication has a positive effect on employee performance. The findings demonstrate that ease of obtaining information, changes in attitude, and the level of message understanding are important factors in improving employee performance. The results show that communication has a path coefficient of 0.023, with a t -statistic of 0.367 ($p = 0.001$). These findings indicate that communication has an effect on employee performance, suggesting that the communication between superiors and subordinates at PT. Inti Niaga Pranasari has an impact on employee performance.

The Effect of Work Motivation on Employee Performance

The results of the study indicate that work motivation has a positive and significant effect on employee performance. The findings demonstrate that physiological needs, safety needs, social needs, and esteem needs are important factors in improving employee performance. The results show that work motivation has a path coefficient of 0.460, with a t -statistic of 3.285 ($p = 0.002$). These findings confirm that work motivation has a significant effect on employee performance, indicating that the motivational efforts implemented by the managers of PT. Inti Niaga Pranasari have a positive impact on employee performance.

This study examines the role of digital transformation, organizational communication, and work motivation in improving employee performance at PT. Inti Niaga Pranasari. The results show that: 1) Digital Transformation has an effect on employee performance at PT. Inti Niaga Pranasari. 2) Organizational Communication has an effect on employee performance at PT. Inti Niaga Pranasari. 3) Work Motivation has an effect on employee performance at PT. Inti Niaga Pranasari.

Digital transformation compels organizations to keep pace with rapid technological developments in order to remain competitive. The implementation of digital transformation can improve operational efficiency, increase revenue, and foster a more positive organizational culture. However, the digital transformation process is complex, challenging, and involves significant risks. Failure to implement digital transformation effectively can negatively affect organizations, as it requires substantial investment in both material resources and human capital. Human Resource Transformation in the digital era has become increasingly important as technology continues to play a greater role in the workplace. Companies must be able to adapt rapidly to changes in the skills required to address digital challenges.

Competencies such as data literacy, analytical skills, and the ability to adapt to new technologies have become increasingly essential. In addition, technology enables more efficient employee management through the automation of processes such as payroll systems and data-driven performance management. These changes not only accelerate administrative processes but also improve the accuracy of decision-making related to employee development. The purpose of this study is to identify the roles of digital transformation, organizational communication, and work motivation in improving employee performance. This study aims to provide valuable contributions and recommendations for future research by academics regarding the concepts of digital transformation, organizational communication, and work motivation in enhancing employee performance, which are expected to have a positive impact on employee performance.

CONCLUSION AND RECOMMENDATION

This study concludes that digital transformation, organizational communication, and work motivation play important roles in improving employee performance at PT. Inti Niaga Pranasari. The findings demonstrate that digital transformation has a positive and significant effect on employee performance. The implementation of digital technologies, digital practices, and data integration can support employees in completing their tasks more efficiently and adapting to changes in the workplace. The analysis reports a path coefficient of 0.493, a t-statistic of 3.428, and a p-value of 0.001.

Organizational communication also has an effect on employee performance. Effective communication, particularly the ease of obtaining information, understanding messages, and communication between superiors and subordinates, contributes to the effective completion of employees'

responsibilities. The findings indicate that improving the clarity and effectiveness of communication can reduce misunderstandings and support cooperation within the organization.

Furthermore, work motivation has a positive and significant effect on employee performance. Physiological, safety, social, and esteem needs are important aspects of employee motivation. Employees who receive appropriate recognition, support, and incentives are more likely to demonstrate enthusiasm and commitment in performing their work. The study reports a path coefficient of 0.460, a t-statistic of 3.285, and a p-value of 0.002.

Overall, digital transformation, organizational communication, and work motivation collectively provide a substantial contribution to employee performance. The R-square value of 0.902 indicates that 90.2% of the variance in employee performance can be explained by the three variables examined in this study, while the remaining 9.8% is attributable to other factors outside the research model.

SUGGESTION

Based on the findings, several suggestions can be proposed. First, PT. Inti Niaga Pranasari should continue strengthening its digital transformation strategy by improving employees' digital competencies through regular training and development programs. Particular attention should be given to digital skills, data management, system integration, data security, and employee access to appropriate technological resources, as these issues were identified in the study.

Second, the company should improve organizational communication by establishing clearer work instructions and ensuring that information from superiors is properly understood by employees. Regular communication, feedback mechanisms, and more effective communication channels can help reduce misunderstandings and improve coordination among employees.

Third, management should strengthen employee motivation through appropriate recognition, rewards, career development opportunities, supportive working conditions, and clearer organizational targets. These measures are particularly relevant because the study identified inadequate recognition, unclear objectives, and excessive workloads as issues affecting employee motivation.

Finally, future researchers are encouraged to examine other factors that may influence employee performance because 9.8% of the variance remains unexplained by the variables included in this study. Future studies could use larger samples, involve employees from different organizations or industries, and incorporate additional variables to provide a broader understanding of the determinants of employee performance.

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