International Journal of Sociotechnology and Knowledge Development
Volume 18 • Issue 1 • January-December 2026

Digitalization and Organizational Productivity:

The Mediating Role of Employee Change Management - A Theoretical Framework

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Received: September 16th, 2025 | **Accepted:** January 4th, 2026

ABSTRACT

Digital transformation is widely recognized as a critical driver of organizational productivity; however, its effectiveness largely depends on the successful management of employee change. This study examines the relationships between digitalization, employee change management, and organizational productivity while reviewing the key theoretical perspectives that underpin these linkages. This study develops a theoretical framework that explains how digitalization and employee change management jointly influence organizational productivity. Digitalization is grounded in the resource-based view, and employee change management is theoretically anchored in the theory of planned behavior. Organizational productivity is framed using socio-technical theory to emphasize the principles of joint optimization between social and technical subsystems. The proposed framework demonstrates strong applicability across diverse organizational and national contexts and contributes to the literature by integrating strategic digital investments, employee engagements, and productivity outcomes.

KEYWORDS

Digitalization, Organizational Productivity, Employee Change Management, Resource-Based View Theory, Theory of Planned Behavior, Socio-Technical Theory

INTRODUCTION

Growing competition pushes businesses to continuously develop and improve their operational strategies and procedures in order to remain competitive and adapt to changing market demands (Buer et al., 2020). In the context of the fourth industrial revolution, it is claimed that innovation propelled by information and communication technologies (ICTs) could drive organizations to higher levels of productivity and profitability (Khan et al., 2025). Information technology (IT) appears to be especially

DOI: 10.4018/IJSKD.400105

advantageous in enabling firms to develop and prosper by increasing revenue, lowering operational costs, and fostering sustainability (Tajudeen et al., 2022). Financial innovation, digitalization, and sustainable development are emerging as significant influences in the modern rapidly transforming global business landscape, influencing companies and industries while fueling economic growth (Abbas et al., 2024).

Digital transformation (DT) is described as the process of dramatically changing and improving the attributes of entities by way of the integration of information, processing, communication, and networking technologies (Vial, 2019). As explained by Manuel et al. (2024), to achieve the successful implementation of digitization, organizations must invest in staff training, empower employees, change organizational culture, and hire leaders who actively support digitization. This involves understanding how technology can drive growth, improve efficiency, and create value for businesses. DT is not just about adopting new tools and technologies; it is also about changing the mindset and culture of the organization. According to Yang et al. (2024), DT has become essential for organizations' existence rather than being a mere option. It is fundamental to enhancing the efficiency and effectiveness of organizational processes, thereby fostering increased productivity and performance. Nonetheless, despite considerable investments in DT programs, the relationship between DT and company productivity is lacking in current research (Schilirò, 2024; Tanushev, 2022). DT often influences the efficiency and output of these inputs, thereby affecting total factor productivity; and it not only encompasses the use of digital technologies and solutions, but also entails supplementary expenses and risks associated with business transformation for organizations (Yang et al., 2024).

Recent research findings suggest that corporate DT facilitates a comprehensive reconfiguration and improvement of business models, operational processes, products, and services, thus improving production capacity and market competitiveness (Leão & da Silva, 2021; Su & Yang, 2023). Commonly known artificial intelligence, blockchain, cloud computing, and big data technologies are vital in enhancing efficiency, fostering creativity, and facilitating new business models (Akter et al., 2022). Utilizing these technologies enables companies to formulate agile, data-informed strategies that efficiently address changing market demands, thereby securing sustainable competitive advantages in a rapidly changing digital environment (Wu et al., 2025).

The research also emphasizes the significance of human-centered transformation, managerial support, and the utilization of internal digital technologies for enhancing performance, underscoring its crucial role in organizational success within the dynamic digital environment (Arokiasamy et al., 2024; Wang et al., 2024). Therefore, it is imperative for firms to incorporate effective employee change management methods into their DT initiatives to navigate challenges, overcome resistance, and enhance agility. This integration not only enables simpler transitions, but also enhances the potential advantages of DT, including improved operational efficiency, productivity, and financial performance (Deep, 2023; Karakuş & Yalçın, 2024).

AIMS/PURPOSE

One of the primary goals of DT is to enhance organizational performance, making it a prominent area of research today (Hossain & Sultana, 2024; Li et al., 2024). Organizations and researchers are keen to understand whether organizations achieve improvements in financial performance, operational efficiency, or other metrics as a result of DT (Zareie et al., 2024; Nguyen et al., 2023; Scafarto et al., 2023).

DT is rarely easy to achieve, but effective change management can make the process feel less intimidating and highlight the benefits more clearly, increasing employee support and ensuring lasting change (Mutasa & Iyamu, 2023; Pacolli, 2022). Effective change management is critical in this setting because it enables firms to negotiate disruptions generated by new technology and process changes, manage resistance, and ensure smooth transitions (Parente, 2023). By applying effective employee