

# The Effect of Digital Transformation on Employee Skills and Workforce Development

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**Abstract:** *Digital transformation has significantly reshaped organizational structures, operational processes, and workforce competencies across industries. The integration of advanced digital technologies such as artificial intelligence, automation, cloud computing, and data analytics has altered the skill requirements of employees and emphasized continuous workforce development. This study examines the effect of digital transformation on employee skills and workforce development practices within organizations. The primary objectives of the study are to analyze the impact of digital transformation on employee skill enhancement and to examine its influence on workforce development initiatives such as training, reskilling, and career advancement programs.*

*The study adopts a quantitative research approach using primary data collected through a structured questionnaire distributed to 120 employees across various departments. A five-point Likert scale was used to measure employee perceptions regarding digital transformation and skill development. Statistical tools such as percentage analysis, mean, standard deviation, correlation, and regression analysis were applied using SPSS software to test the relationship between variables.*

*The findings reveal that digital transformation has a significant positive impact on employee technical skills, digital literacy, and problem-solving abilities. A strong positive correlation was identified between digital transformation and skill enhancement. Regression analysis further indicates that digital transformation significantly influences workforce development practices, explaining a substantial proportion of variation in training and reskilling initiatives.*

*The study concludes that digital transformation not only improves operational efficiency but also acts as a catalyst for employee competency development and organizational growth. Organizations that strategically integrate digital initiatives with workforce development programs are better positioned to build a skilled, adaptable, and future-ready workforce capable of sustaining competitive advantage in the digital economy.*

**Keywords:** Digital Transformation, Employee Skills, Workforce Development, Digital Literacy, Skill Enhancement

