

Transformation Digital and Development Capability Employees: The Impact to Performance Organization through Improving Public Services (Studies Case on Badan Pendapatan Daerah Semarang)

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Abstract

This study looks at how to improve public services at the Regional Revenue Agency of Kota Semarang influenced by development ability employee and transformation digital. Service index public City Semarang is at on mark 78.5 from scale 100, Still in lower target nationally of 85.0. This has an impact on service inefficiency, with the potential for lost revenue of between 15 And 20 percent and time Wait average 45 minute for service Which Not yet digitized. To know whether There is connection causal between variables certain, study This using the approach quantitative and technique explanation. With technique sampling fed up, study This involving all staff Regional Revenue Agency City Semarang, which amount to 103 person. Structural Equation Modeling (SEM) was used to analyze the data. The questionnaire was developed using the Digital Competency Framework, Digital Public Service Innovation Framework, SERVQUAL, and Digital Performance Framework. Management use scale Likert 1-5. Studies This help develop digital transformation models and improving human resource capabilities in the public sector, especially in terms of regional revenue management.

Keywords: Employee Capacity Development, Digital Transformation, Improving Community Services, Organizational Performance.

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INTRODUCTION

Digital transformation of governance, especially in public services, is increasingly important to improve efficiency, effectiveness, and quality of services, as highlighted by the urgency for government organizations to adapt to these changes (Sun, 2024). In Indonesia, the Digital Government 2025 roadmap aims to comprehensively digitize public services, bringing opportunity And challenge for agency like Body Income Area (Wijaya *et al.*, 2024). The transition requires not only the adoption of digital technologies but also the development of employee capabilities to meet changing demands (Trung, 2024). Challenges such as data silos, security issues, and unequal access to technology must be addressed to ensure transparency and accountability in service delivery (Dunleavy & Margetts, 2023); (Azamat, 2023). Ultimately, a citizen-centered

governance model that promotes public participation and leverages data-driven technologies can enhance the effectiveness of digital governance initiatives.

The urgency of digital transformation in public services is underlined by the need to improve operational efficiency and reduce costs, with studies showing a potential increase of 45% in efficiency and 30-35% in cost savings (Azamat, 2023). However, successful implementation goes beyond technology adoption; it requires cultural and organizational change, emphasizing the importance of digital leadership and human resource readiness to embrace these changes (Ciancarini *et al.*, 2024). Integration service e-commerce exemplifies this transformation, facilitating faster and more transparent public service delivery, especially in rural areas (Danu *et al.*, 2023). A comprehensive model for digital

transformation in the public sector identifies key elements such as technology, citizen engagement, and organizational readiness, which collectively improve service quality and governance (Novianto, 2023). Thus, addressing both technological and human factors is critical to effective digital transformation in public services.

The gap between digital aspirations and the reality of implementation in Semarang City, as highlighted in the 2023 LKIP report, reveals significant challenges in achieving e-Government services. Which effective. With index service public 78.5, in lower target national 85.0, inefficiencies in service delivery have been proven, potentially leading to a 15-20% loss of revenue due to incomplete digitization of processes (Aditya & Ashari, 2023). Research shows that the implementation of e-Government systems, such as SIPKD, often encounters large gaps between design and implementation, especially in the information and personnel dimensions (Gusman & Kusuma, 2023). Furthermore, the development of a multidimensional model to assess e-Government service gaps suggests that systematic evaluation is essential to identify and address these differences (Mahlangu & Ruhode, 2020). Innovations such as the SIMPERDA program aims to increase order manage through technology, However effectiveness initiative the still depends on overcoming existing barriers to implementation (Ummah, 2019).

Digital transformation has evolved from simple digitization to a comprehensive overhaul of business models, organizational culture, and stakeholder interactions, emphasizing the need for approach strategic For manage change This in a way effective (Dong, 2024). Framework Transformation Digital McKinsey highlight four dimensions important: technology and data, processes and operations, organization and culture, and user experience, which are critical to successful transformation. In public services, the focus goes beyond operational efficiency to increasing public value through responsive and citizen-oriented services. Challenge like resistance to change, security cyber, and gap skills must be addressed, while opportunities include increased operational efficiency and customer interactions. personalized (Krymska *et al.*, 2024); (Vlasenko *et al.*, 2023). On Finally, transformation Well-managed digital can drive growth, competitiveness and sustainability in the private and public sectors (Veretyokhin, 2023).

In the digital age, employee capabilities go beyond mere technical skills to encompass analytical abilities, strategic thinking, and adaptability, which are critical to thriving in environment Which dynamic (Sanjayyana *et al.*, 2024). Research shows that organization with maturity digital tall apply program capability development comprehensive Which covers training technical, development leadership digital, and continuous learning initiatives (Wahdaniah *et al.*, 2023). These programs do not only increase competence

technical but Also grow soft skills Which important, like communication And breakdown problem, Which very important For navigate complexity place modern work (Sanjayyana *et al.*, 2024). Besides That, promote autonomy digital in among employees has been associated with increased innovative work behavior, suggesting that organizations should prioritize creating a supportive environment that encourages creativity and knowledge sharing (Huu, 2023). Ultimately, a holistic approach to employee development, integrating hard and soft skills, is critical to organizational success in the digital age (Sony & Mekoth, 2022).

Performance organization in service public can measured in a way effective through various dimensions, including operational efficiency, service quality, user satisfaction, and financial outcomes. Integration of e-services has been shown to improve citizen satisfaction and operational efficiency, as organizations public adapt with demands modern And challenge globalization (Batalli, 2015). In addition, establishing a coherent internal system for performance measurement is essential for sustainable public management, as it allows for continuous monitoring and improvement rather than just reporting results (Mihaiu, 2014). Empirical investigations highlight the importance of effectiveness, efficiency and quality in public service delivery, emphasizing the need for a robust measurement system to achieve high-quality results (Hookana, 2011). In addition, innovative management practices can significantly improve public services across sectors, strengthening the linkage between governance and performance metrics (Hartley *et al.*, 2008). Finally, specific models Which focus on satisfaction user in service health show that management strategy Which targeted can leading on improvement substantial in giving overall public health services and outcomes (Veruchka *et al.*, 2024).

The linkage between digital transformation, employee capability development, and organizational performance is critical to improving operational efficiency and stakeholder satisfaction. Successful digital transformation initiatives require strong alignment between digital strategy and relevant employee capability development, as evidenced by the need for a supportive organizational culture and effective change management strategies that address employee concerns (Palad, 2023). In addition, adaptive work patterns and stakeholder engagement significantly influence performance improvement during the transformation process. Draft ability transformation digital, Which covers skills digital savvy and organizational context, is very important to achieve competitive advantage and improve company performance (Sousa-Zomer *et al.*, 2020). In addition That, the interaction between organizational capabilities and business strategy digital very important For transformation digital Which effective, Which on Finally leading on improving organizational outcomes

(Submitted *et al.*, 2018) . Thus, organizations must strategically integrate these elements to realize the full benefits of digital transformation (Lu, 2024).

Although previous research has discussed the importance of technology integration and development HR in transformation digital, Still there is gap study in the specific context of implementation at the local government level in Indonesia. Therefore, this study for analyzing the existence of a relationship transformation digital and development ability employees on organizational performance in the context of public services in the city of Semarang. Specifically, this research This will answer question: (1) How influence transformation digital to organizational performance?(2) How influence development ability employee to organizational performance? and (3) How does it affect digital transformation and employee capability development together towards organizational performance?

The results of this study are expected to provide theoretical contributions to the development of literature. public sector digital transformation, as well as give practical implications for the government regions in implementing effective digital transformation by considering aspects of employee capability development.

Model Theoretical and Hypothesis Study Organizational Performance

The Digital Performance Management Framework offers a comprehensive approach to evaluating organizational performance in the digital age by integrating traditional metrics with modern digital indicators across seven interrelated dimensions. The framework emphasizes Financial Metrics, with focus on efficiency in utilization source Power digital, similar with Balanced Scorecards in strategic management (HM Aburas, nd). Digital Service Quality is highlighted as critical to sustaining competitive advantage, with technology adoption playing a critical role (Nudurupati *et al.*, 2016). Operational Excellence is achieved through internal process efficiency and automation, supported by an effective digital transformation strategy (Al-Ayed *et al.*, 2023). In addition That, Customer Experience is improved by evaluating user satisfaction, as demonstrated by successful companies such as Airbnb and Amazon (Barna, 2022). The framework also underlines the importance of Innovation & Learning, where digital transformation and big data analytics drive growth (Al-Ayed *et al.*, 2023). Digital Sustainability and Resilience are increasingly important, reflecting the need for ethical practices and adaptability in a rapidly changing environment (Chazhaev *et al.*, 2022). While comprehensive, challenges such as data security and large technology investments remain, requiring a culture of innovation and agility for long-term success.

Organizational performance encompasses multiple dimensions that reflect the effectiveness of an organization in achieving its goals. First, Operational efficiency is an important indicator, as it assesses the optimal use of resources, including time and labor, to maximize output. Second, Revenue targets further illustrate financial sustainability, indicating the organization's ability to meet its economic goals. Third, Public service effectiveness is critical to measuring how well an organization meets community needs. Fourth, community satisfaction serves as a benchmark for service quality and alignment with public expectations. Fifth, organizational sustainability and adaptability are critical to long-term relevance, enabling organizations to navigate changing environments and emerging challenges. Collectively, these aspects provide a comprehensive framework for evaluating organizational performance and guiding improvements in productivity and service delivery (Lajó, 2023).

Development Ability Employee

Employee skill development is essential to improving organizational performance and service quality, as evidenced by numerous studies. Training programs, such as those implemented at Nippon Garments Ltd., significantly increase employee motivation, productivity, and self-confidence, leading to improved performance outcomes (Baten, 2018). In addition, strategic human resource development in educational institutions has been shown to positively impact faculty performance and organizational competitiveness through initiatives such as mentoring and organizational learning (Falola *et al.*, 2016). In the context of a knowledge-based economy, managing employee competencies is critical to creating value and sustaining competitive advantage, emphasizing the need for organizations to focus on the skills of their workforce rather than just job roles (Ley, 2003).

Employee skills development in the digital era is essential to improving the quality of human resources, with several key competencies identified as important indicators. First, Information literacy and digital data management are fundamental, enabling employees to effectively process and utilize information in digital formats (Novichenko, 2020). Second, digital communication and collaboration skills are essential for efficient interaction across platforms, fostering teamwork and productivity (Demir, 2019). Third, Competencies in data security and privacy are increasingly important, as they protect organizational data from cyber threats (Varadaraj & Al Wadi, 2021). Fourth, technical problem-solving skills empower employees to navigate and resolve technological challenges. Fifth, digital content creation skills facilitate the creation of impactful digital materials that enhance communication within the organization (Abu Bakar *et al.*, 2020). Collectively, these competencies reflect the growing demands of the digital workplace and the need for continuous skills development.

H1: Development Ability Employee influential positive and significant towards Improving Services to the Community.

H2: Development Ability Employee influential positive and significant to Organizational Performance.

Digital Transformation

Digital transformation in public organizations includes not only the adoption of new technologies but also significant changes in organizational culture, processes, and citizen engagement. This transformation is critical to improving service delivery and operational efficiency, as evidenced by the integration of advanced technologies such as Big Data and cloud computing, which facilitate real-time data-driven decision-making and process automation (Chan, 2020). Successful implementation of digital transformation requires a comprehensive approach that includes administrative reengineering processes and cultivating an e-culture within the organization, as demonstrated by Telefonica’s transition to an e-Business model (Llopis *et al.*, 2004) . Furthermore, the challenges faced in public service delivery, such as cumbersome procedures and lack of standardization, highlight the need for a methodological framework to streamline these processes (Burba *et al.*, 2020). Finally, embracing digital transformation is essential for publics to improve service quality and overall performance, in line with contemporary governance demands (Kuhlmann & Heuberger, 2023).

Digital transformation fundamentally changes an organization's operations by integrating digital technologies to improve performance and value. First, integration technology in service process show How organization adopt and implement digital solutions for optimize various service processes to public (Yu *et al.*, 2019). Second, the establishment of an integrated digital infrastructure is essential to support overall operations, enabling organizations to become Digitally Integrated Organizations (DIOs) that can effectively implement strategic models (Alagoa, 2016). Third, automation of administrative tasks improves efficiency and accuracy, addressing the need for rapid response in a competitive

landscape. Fourth, digital-based data management enhances decision-making and service improvement through effective data utilization (Yu *et al.*, 2019). Fifth, continuous digital service innovation is essential for organizations to adapt to the evolving needs of society, fostering a culture of digital agility that supports sustainable organizational adaptability (Wunderlich & Beck, 2018).

H3: Transformation Digital influential positive and significant to Improvement Service to the Community.

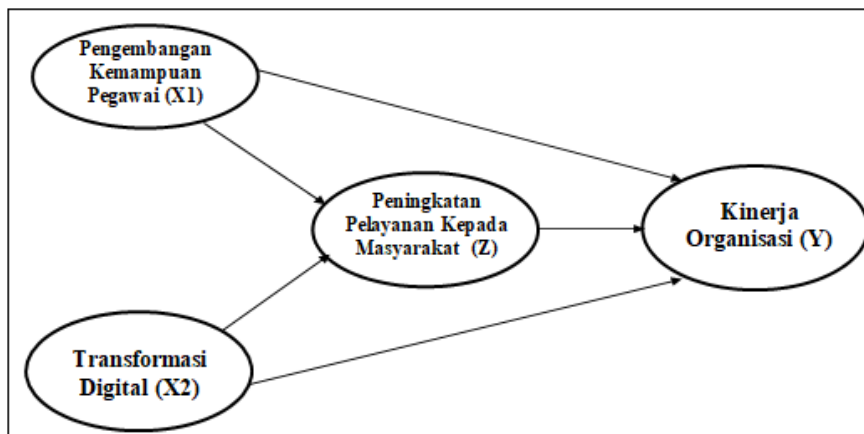
H4: Transformation Digital influential positive and significant to Performance Organization.

Improvement Service to Public

Improving public service delivery through employee capability development and digital transformation is critical to improving organizational performance in public sector organizations. Research shows that effective digital transformation requires a diverse set of competencies among employees, which can be developed through structured training and communities of practice that encourage knowledge sharing (Edelmann *et al.*, 2023). Public service quality, measured by speed, accuracy, and responsiveness, reflects the success of an initiative (Boyne, 2003). For example, skilled employees using integrated digital systems can significantly improve service delivery, making it more accessible and efficient (Edelmann *et al.*, 2023). In addition, public service motivation and job satisfaction are important factors influencing organizational performance, suggesting that a motivated workforce is more likely to engage in effective service improvement efforts (Komalasari *et al.*, 2009). Thus, a holistic approach that combines technological advancements with a deep understanding of community needs is critical to achieving sustainable improvements in public service quality (Negrut, 2008).

H5: Improvement Service to Public influential positive and significant to Organizational Performance.

Model empirical



Method Study

The purpose of this study is to determine the causal relationship between employee capability development and digital transformation on organizational performance through improving public services. This study uses a quantitative approach by measuring variables and analyzing data statistically.

This study involved all 103 employees of the Semarang City Regional Revenue Agency, including leaders, heads of divisions/sections, implementing staff, and service officers. This study used a saturated sample or census of the entire population because the population was not too large. This was done to obtain a complete picture of all factors studied by all Bapenda staff.

Data were collected through a questionnaire instrument with a Likert scale from 1 to 5, where 1 indicates strongly disagree and 5 indicates strongly agree. The theories used, such as the Digital Performance Management Framework for organizational performance, SERVQUAL for service improvement, the Digital Capabilities Framework for employee capability development variables, and the Public Service Digital Innovation Framework for digital transformation, are the sources of questionnaire indicators.

Structural Equation Modeling (SEM) was used with AMOS or LISREL software to analyze the data. SEM was chosen because of its ability to test complex research models simultaneously and analyze variables that cannot be measured directly (unobserved variables). Instrument validity and reliability tests, SEM assumption tests, measurement model analysis, and structural model analysis to test research hypotheses are all results of the analysis.

RESULTS AND DISCUSSION

Respondent Characteristics

Respondents used is all over employees of the Semarang City Regional Revenue Agency. The profile of the respondents in this study shows a diversity of demographic characteristics and backgrounds. Of the 103 respondents, there was a gender balance with 45 males (43.69%) and 58 females (56.31%). The majority of respondents had an economics/accounting educational background (74.3%) and a bachelor's degree (56.2%). Most respondents (88.6%) held positions other than managerial positions. In terms of work experience, 43.8% had worked for 5 years or more. The largest age

group was 21-40 years (40.0%). This profile reflects that respondents have a relevant educational background, indicating the potential for professional maturity in the organization. This diversity provides a rich perspective for research on employee capability development, digital transformation, improving public services, and organizational performance in the era of digital transformation.

Reliability and validity

For measurement models indicators, individual item reliability, internal reliability or combined, average variables extracted, and validity discriminant is all components being evaluated. In category convergent validity, three criteria First entered.

Convergent Validity

Test results, item reliability (validity of each indicator), reliability composite, and *average variance extracted* (AVE), are used for evaluate how much Good existing indicators can explain dimensions. In other words, a higher level of convergent validity tall show that dimensions own more Lots ability for implement variable its latent.

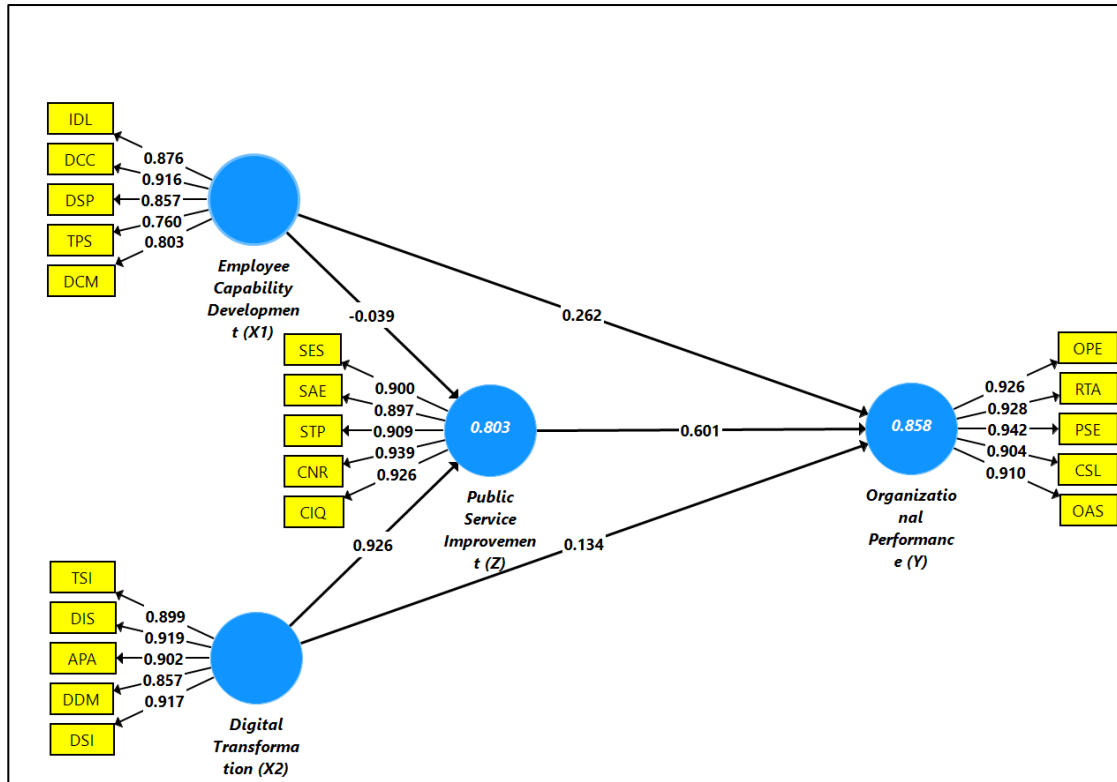
a. Reliability Item

Reliability, or validity indicator, If the factor addition own value above 0.7, indicator the considered ideal for measure construct. But mark factor filling standard above 0.5 still can accepted. On the other hand, the value factor filling standard below 0.5 can issued from Chin's model (1998):

No There is remaining required Because all over addition worth more of 0.7, as shown in the figure above. Therefore that, every indicator can used for explain every variable hidden, including performance organization, improvement performance employee, development ability employees, and digital transformation.

b. Composite Reliability

Reliability construct or reliability composite can done with statistics *Cronbach's alpha*. In matter reliability composite, value reliability Actually a construct measured, while *Cronbach's alpha* is the lower limit. According to the rule of thumb, the value reliability composite and cronbach's alpha must the same with 0.6. More value from 0.60 shows that structure the own reliability tall.



Picture 1: Standardized Loading Factor Inner and Outer Model

Table 1: Results Composite Reliability

	Cronbach's Alpha
Digital Transformation (X2)	0.941
Employee Capability Development (X1)	0.901
Organizational Performance (Y)	0.956
Public Service Improvement (Z)	0.951

Source: Results Processing Data 2024

Table 1 above shows that the composite reliability value for digital transformation is 0.941; employee capability development is 0.901; organizational performance is 0.956; service improvement is 0.951. All factor it seems own reliability or reliable, because four latent have mark Cronbach's Alpha above 0.6.

Big capable variants described by the items compared with variance caused by measurement error called Average Variance Extracted (AVE). The standard is that construct own validity good convergence If AVE value is above 0.5. This show that latent variables have ability for explain more from half from difference between the indicator than average.

Table 2: Results Average Variance Extracted (AVE)

	Average Variance Extracted (AVE)
Digital Transformation (X2)	0.808
Employee Capability Development (X1)	0.713
Organizational Performance (Y)	0.850
Public Service Improvement (Z)	0.836

Source: Results Processing Data 2024

Table 2 above show AVE value of digital transformation 0.808, development ability 0.713, performance organization 0.850, and increase service 0.836. Construct has good convergent validity, because fourth variable has an AVE above 0.5, which indicates that latent variables can explain more from half the variance of the indicators.

1. Discriminant Validity

With compare AVE value with square correlation interconstruct, check validity discriminant from the measurement model reflective, which is assessed based on loading cross -loading. The cross-loading measure checks correlation indicator with the construction alone and with construct from another block. We can explain

variable distant indicator more big than variable indicator construct other with validity good discriminant.

Below This is mark validity given discriminant for each indicator.

Table 3: Discriminant Validity

	Digital Transformation (X2)	Employee Capability Development (X1)	Organizational Performance (Y)	Public Service Improvement (Z)
WHAT	0.902	0.690	0.795	0.786
CIQ	0.858	0.654	0.866	0.926
CNR	0.831	0.608	0.825	0.939
CSL	0.787	0.683	0.904	0.852
DCC	0.820	0.916	0.815	0.744
DCM	0.526	0.803	0.519	0.427
DDM	0.857	0.658	0.689	0.745
DIS	0.919	0.693	0.796	0.826
DSI	0.917	0.710	0.825	0.854
DSP	0.654	0.857	0.663	0.597
IDL	0.696	0.876	0.705	0.616
OAS	0.820	0.668	0.910	0.825
OPE	0.873	0.794	0.926	0.845
PSE	0.764	0.694	0.942	0.824
RTA	0.781	0.710	0.928	0.790
SAE	0.750	0.577	0.783	0.897
SES	0.852	0.681	0.844	0.900
STP	0.797	0.562	0.781	0.909
TPS	0.453	0.760	0.435	0.332
TSI	0.899	0.719	0.814	0.810

Source: Results Processing Data 2024

Table 3 above show that, if compared to with variable other, value validity discrimination, also known as factor shelter, have more correlation big with each variable. On the other hand, the indicator for each of its variables. This show that placement indicators on each variable has done with Correct.

Analysis Inner Model

The R-Square value was obtained from the processed data with the smartPLS 3.0 program, such as y. The R-Square value for endogenous latent variable of 0.75 indicates that the model substantial (good), moderate (moderate), or weak (bad) indicates the model. Size proportion variation influenced (endogenous) values that can explained by the variables that influence it (exogenous).

Table 4: Results R²

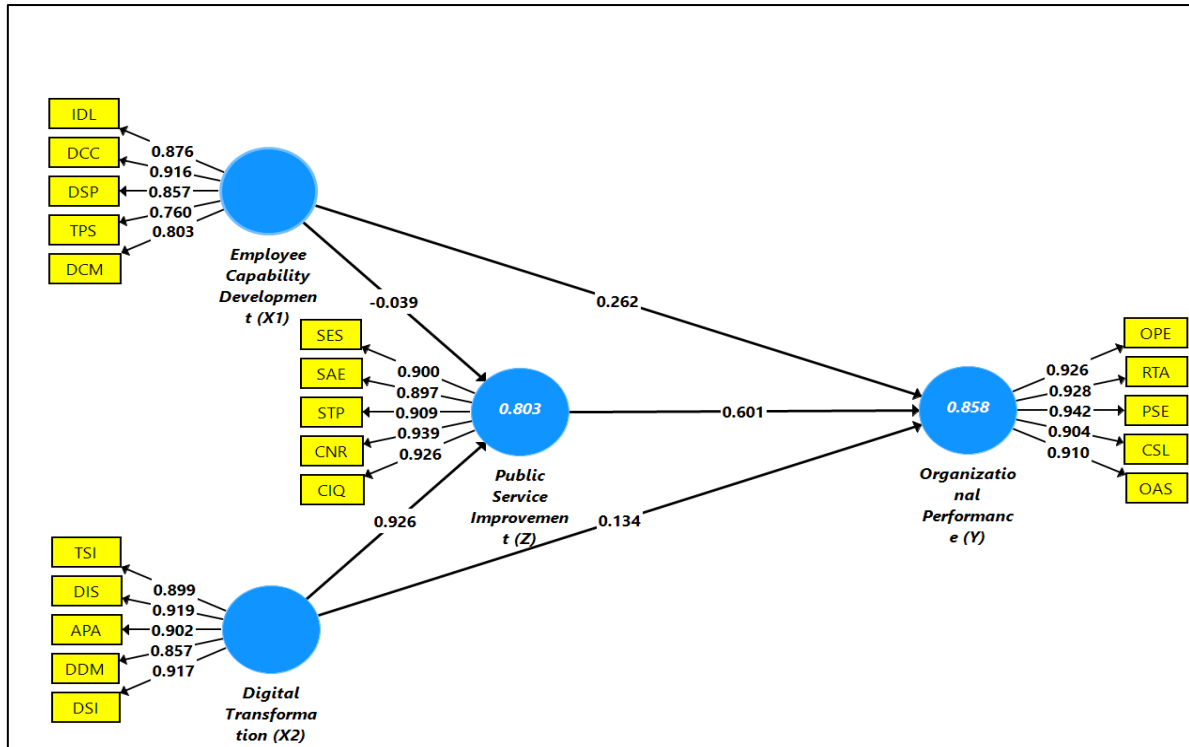
	R Square	Adjusted R Square
Organizational Performance (Y)	0.858	0.854
Public Service Improvement (Z)	0.803	0.799

Source: Results Processing Data 2024

According to table 4 above, the influence of X1, X2, and Z on Y with The r-square value of 0.858 indicates that variation the values of X1, X2, and Z are 85.8%, or this model is substantial (good), and variation The value of X1 and X2 of 14.2% is influenced by other variables. In addition that is, the influence of X1 and X2 on Z with The r-square value of 0.803 indicates that variation the values of X1 and X2 are 80.3% or in other words that the model is substantial (good), and 19.7% is influenced by other variables.

Hypothesis Testing

Testing This done for know coefficient structural model path. Research This share testing hypothesis into two categories: influence direct and influence No directly. The goal is for test significance every connection or testing hypothesis. The following path coefficient image show hypothesis test results influence direct and indirect directly, after the data is processed using the smartPLS 3.0 program:



Picture 2: T- Value

Results of the hypothesis test influence direct shown in the following path coefficient table:

Table 5: Path Coefficient

Coefficients a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3,790	1,051		3.606	.000
	Employee Capacity Development	-.057	.072	-.054	-.798	.427
	Digital Transformation	.889	.065	.932	13,778	.000

a. Dependent Variable: Improving Services to the Community

Coefficients a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.094	.971		-.096	.923
	Employee Capacity Development	.257	.062	.240	4.123	.000
	Digital Transformation	.149	.096	.154	1,554	.123
	Improving Services to the Community	.614	.087	.605	7,031	.000

a. Dependent Variable: Organizational Performance

In Table 5 Development Ability Employee own beta coefficient -0.054 with mark significance of 0.427 (>0.05), and Digital Transformation has beta coefficient 0.932 with mark significance 0.000 (<0.05), and both show influence positive and significant to improvement service to society. Furthermore, Employee Capacity Development has a beta coefficient of 0.240 with a significance value of 0.000 (<0.05), meaning it has a positive and significant effect on organizational performance, Digital Transformation has a beta coefficient of 0.154 with a significance value of 0.123 (>0.05), meaning it does not have a significant effect on

organizational performance and Improving Community Services has a beta coefficient of 0.605 with a significance value of 0.000 (<0.05), meaning it has a positive and significant effect on organizational performance. This means that we can conclude that in the first model, only Digital Transformation that has influence significant to improvement service to society. And in the second model, Development Ability Employees and Improvement Service to the Community to have influence significant, while Digital Transformation does not significant to performance organization. Influence the biggest in the second model

indicated by the variable Improvement Service to the Community with beta coefficient 0.605.

DISCUSSION

The Influence of Employee Capacity Development on Improving Community Services and Organizational Performance

Findings study that development skills employee No in a way significant increase quality service society, as indicated by the beta coefficient of -0.054 and the value significance 0.427, indicating disconnection between training and application practical in service public. This in line with research by Foedjiawati and Yeanakis, which highlights gap between perception employees and experience customer in giving service, emphasize the need intervention development organization For bridge gap This (Foedjiawati, 2017). However, the impact positive development skills in performance organization, with beta coefficient 0.240 and value significance of 0.000, supported by several research. Yusuf and Abiddin's research underline role important training in increase performance work and achieve objective organization, shows that training is predictor significant performance employee (Yusuf & Abiddin, 2018).

Likewise, Igbaekemen emphasize that training and development is base For competence employees and growth organization, highlighting the need improvement sustainable skills For fulfil condition ongoing work develop (Igbaekemen, 2014). Mansour's study is more carry on strengthen connection positive between training and performance employees, strengthening idea that effective training programs are essential For increase productivity and maintaining superiority competitive (Mansour, 2013). Findings This in a way collective show that temporary development skills Possible No in a way direct increase quality service, it in a way significant contribute to performance and effectiveness organization in a way overall.

The Impact of Digital Transformation on Improving Community Services and Organizational Performance

Digital transformation shows influence strong positive and significant to improvement service to society, with beta coefficient 0.932 and value significance 0.000 (<0.05). Findings This confirm that implementation digital technology, process automation and systems integrated contribute substantially to increase quality service public. This is in line with Chan's research (2020) which emphasizes importance digital transformation in increase efficiency and effectiveness service public. On the other hand, digital transformation does not show influence significant to performance organization in a way directly, with beta coefficient 0.154 and value significance 0.123 (>0.05). This indicates that benefit digital transformation more seen in the aspect improvement service compared to metrics performance organization in a way Overall. Findings This recommend that organization need focus initiative

digital transformation on improvement quality service as track for increase performance organization.

The finding that digital transformation significantly improves service quality but not directly organizational performance aligns with broader research on the topic. Digital transformation, through technologies such as big data, cloud computing, and IoT, has been shown to improve customer service capabilities by enabling behavioral data analytics and intelligent services, which enhance customer engagement and satisfaction (Yu *et al.*, 2019). This is in line with the observed improvements in public service quality, as digital tools streamline processes and increase efficiency. However, the direct impact on organizational performance metrics may be less clear because the benefits of digital transformation often manifest in specific areas such as customer service or CSR performance rather than overall organizational metrics (Na *et al.*, 2022).

Furthermore, the broader economic impact of digitalization, as seen across sectors, suggests that while digital transformation is critical for innovation and competitiveness, its direct impact on performance metrics may require a more integrated approach and time to materialize (Neamțu *et al.*, 2019). Therefore, organizations should focus digital transformation efforts on improving service quality, which can indirectly lead to improved organizational performance over time.

The Impact of Improving Community Services on Organizational Performance

Improvement service to public show influence the strongest positive and significant to performance organization, with beta coefficient 0.605 and value significance 0.000 (<0.05). Findings This confirm that quality service public is factor key in push performance organization in a way overall. This is in line with research by Edelmann *et al.*, (2023) which shows that service effective public contribute significant to achievement objective organization. The size influence This show that improvement service to public play a role as an important mediator in connection between digital transformation and performance organization. Although digital transformation is not own influence significant direct to performance organization, its influence become significant when mediated through improvement service to society. This is emphasize importance focus on improvement quality service as the main strategy in increase performance organization sector public.

Connection between improvement service to society and performance organization is a focus area important, as proven by influence significant positive from quality service on metrics performance. This is in line with findings of Edelmann *et al.*, (2023), which emphasize role service effective public in reach objective organization. The importance of quality service more carry on supported by Grenier and Martin, who argue For

approach systemic and contextual to performance in organization health, highlights the need practice collective and tools precise measurement For increase delivery service (Grenier *et al.*, 2013). Likewise, Milana's study on Establishment General Syria For Insurance underline challenge in quality service, express gap between expected and received services, and suggest areas for improvement repair in organization public (Milana, 2018).

Balanced Scorecard approach discussed by Ardansyah and Mardatila also emphasizes importance indicator non-financial performance, such as satisfaction customers, in evaluate performance organization (Ardansyah & Mardatila, 2013). Furthermore, the evaluation House Sick philanthropy by Carneiro da Cunha and Corrêa highlight lack in management and control, shows that improvement quality service can increase efficiency organization (Cunha & Corrêa, 2013). Lastly, Gomes *et al.*, propose a set indicator for management performance city, which reflects need will customized tools For measure effectiveness service public. In collective, study This underline role important quality service as a mediator in connection between digital transformation and performance organization, advocate focus strategic in improving service for push success sector public.

CONCLUSION

Study This produce a number of findings important related connection between development ability employees, digital transformation, improvement service to society, and performance organization at the Semarang City Regional Revenue Agency.

First, development ability employee own influence direct positive and significant to performance organization, but No own influence significant to improvement service to society. This is indicates that although development ability employee contribute to effectiveness organization in a way overall, still required effort more carry on for translate improvement capability the to in repair quality service.

Second, digital transformation shows influence strong positive and significant to improvement service to society, but No own influence significant direct to performance organization. Findings This show that implementation more digital technology effective in increase quality service public, which in tum contribute to the improvement performance organization.

Third, improvement service to public proven own influence the strongest positive and significant to performance organization. This is confirm role central quality service public in push performance organization in a way overall and indicates that improvement service play a role as an important mediator in connection between digital transformation and performance organization.

Research model show ability strong predictive with high R-square value indicates that variables studied capable explain part big variation in performance organization and improvement service to community. Findings This give implications practical for management organization sector public to: Integrate development programs ability employee with improvement strategy more services comprehensive, Focused initiative digital transformation on improvement quality service public and Maintain focus on improvement service to public as the main driver performance organization.

For study Next, it is recommended For explore factors possible moderation influence connection between development ability employees and improvements services, as well as investigate mechanism specific that connects digital transformation with performance organization through improvement service to public.

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