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Digital Transformation and Employee Adaptability: Investigating the Role of Organizational Support in Nigerian Small and Medium Enterprises (SMEs)

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ABSTRACT: This study examined the effect of digital transformation on employee adaptability, with organizational support as a mediating factor in Nigerian SMEs. Using a descriptive survey design, data were collected from a sample of 399 SMEs drawn from a population of 149,326 enterprises across Southwest Nigeria, determined using Yamane's (1967) formula. A multi-stage sampling technique was employed, and data were obtained through structured questionnaires administered both physically and online. Descriptive statistics summarized respondents' biodata, while Structural Equation Modeling (SEM) was applied to test four hypotheses at a 5% significance level. Findings revealed that digital transformation had a positive but insignificant effect on employee adaptability ($\beta = 0.214$, C.R. = 1.81, $p = 0.07$), suggesting that technological initiatives alone do not directly enhance adaptability without additional support mechanisms. Conversely, organizational support exhibited a positive and significant effect on employee adaptability ($\beta = 0.392$, C.R. = 3.84, $p < 0.001$), highlighting the importance of resources, training, and managerial guidance. Results further showed that digital transformation significantly enhanced organizational support ($\beta = 0.467$, C.R. = 3.86, $p < 0.001$), while mediation analysis confirmed a significant indirect effect of digital transformation on adaptability through organizational support ($\beta = 0.183$, C.R. = 2.73, $p = 0.006$). The study concludes that organizational support serves as the critical channel through which digital transformation drives adaptability, and recommends that SME leaders integrate structured support systems such as training programs, mentorship, and IT support into digital initiatives.

KEYWORDS: Digital Transformation, Employee Adaptability, Organizational Support, SMEs, Nigeria

1.1 INTRODUCTION

Small and Medium Enterprises (SMEs) are widely recognized as the backbone of economic growth, innovation, and employment across the globe. According to the World Bank (2021), SMEs account for more than 90% of businesses and generate over 50% of global employment, making them indispensable to sustainable development. In emerging economies, they contribute up to 40% of national income (GDP), highlighting their strategic role in job creation and poverty reduction (OECD, 2022; UNCTAD, 2023). However, the sustainability of SMEs in today's dynamic environment depends not only on access to markets and finance but also on the ability of employees to adapt to rapid technological and organizational changes. This has made employee adaptability a core capability that determines the long-term competitiveness of SMEs.

In Nigeria, SMEs are equally central to economic growth, contributing approximately 48% of the national GDP, accounting for 96% of businesses, and employing over 84% of the workforce (SMEDAN, 2022). Despite their economic importance, Nigerian SMEs face numerous challenges ranging from infrastructural deficits to limited innovation adoption. Employee adaptability has emerged as a pressing issue, as many SMEs struggle to manage workforce readiness for change, especially in contexts involving technological upgrades and new business models (Adekoya & Ojo, 2023; Unegbu et al., 2024). Adaptability is not only about acquiring new technical skills but also about flexibility, resilience, and openness to change—traits that are often underdeveloped in SME workforces due to limited exposure to training and professional development opportunities.

Digital transformation has become a critical driver of adaptability, offering SMEs tools to enhance efficiency, agility, and competitiveness. Studies have shown that digital adoption improves employee engagement, knowledge sharing, and adaptive performance when properly managed (Nguyen et al., 2021; Khalid et al., 2022; Zhang & Liu, 2024). However, technology alone does not guarantee adaptability; employees require supportive environments that reduce uncertainty and provide resources for navigating change. This brings into focus the role of organizational support, which has been identified as a mediator in ensuring that digital transformation initiatives translate into improved adaptability outcomes (Mabasa et al., 2020; Liu et al., 2023; Shahzad et al., 2025). Organizational support in the form of leadership involvement, training, and resource allocation helps employees perceive digital change not as a threat but as an opportunity, thereby fostering confidence, innovation, and resilience. This makes it a crucial variable in understanding the interaction between digital transformation and employee adaptability in Nigerian SMEs.

1.2 Research Problems

Digital transformation has been identified as one of the most important drivers of competitiveness and survival for SMEs, yet its direct effect on employee adaptability remains mixed and inconclusive. Globally, reports show that 70% of digital transformation initiatives fail to achieve their intended objectives due to low employee adaptability and inadequate organizational support (Nguyen et al., 2021; Khalid et al., 2022; Adekoya & Ojo, 2023). In Africa, less than 35% of SMEs report successful integration of digital tools into employee workflows, with the majority citing skills gaps, weak training, and limited leadership involvement as barriers. In Nigeria specifically, although over 55% of SMEs claim to have adopted some form of digital solution, fewer than 30% report measurable improvements in employee adaptability (SMEDAN, 2022). This suggests that digital initiatives, when pursued without adequate support systems, may not yield the desired behavioral and performance outcomes.

Evidence further suggests that organizational support plays a central role in enabling employees to cope with digital transitions. Studies show that perceived organizational support significantly boosts adaptability by reducing employee anxiety, strengthening engagement, and enhancing skill acquisition (Mabasa et al., 2020; Imran et al., 2020; Abdullahi et al., 2021). In Nigeria, however, SMEs face challenges in sustaining adequate support structures, as only 28% of SMEs provide formal digital training programs, and less than 20% allocate a specific budget for employee adaptability initiatives (National Bureau of Statistics, 2023). These gaps mean that employees are often left to navigate technological changes on their own, resulting in stress, resistance, or underutilization of new systems. Hence, organizational support appears to be a critical but missing ingredient in ensuring that digital transformation translates into adaptability.

Recent studies have also highlighted the mediating role of organizational support in the relationship between digital transformation and adaptability. For instance, research shows that when digital transformation is complemented with structured organizational support—such as training, mentoring, and resource allocation—employee adaptability improves by up to 45% compared to organizations that focus solely on technological upgrades (Brommeyer et al., 2024; Shahzad et al., 2025; Liu et al., 2023). Similarly, in China, 62% of firms reported improved innovative behavior and agility among employees only when digital capability development was coupled with managerial support (Zhang & Liu, 2024). In the Nigerian SME context, this dynamic remains underexplored, creating a critical research gap. Understanding whether and how organizational support mediates the effect of digital transformation on employee adaptability is essential for developing strategies that will enable SMEs to survive, compete, and grow in a rapidly digitalizing economy.

1.3 Objectives of the Study

This study examined the effect of digital transformation on employee adaptability, considering the mediating roles of organizational support in Nigerian SMEs. Specifically, the study;

i. investigate the effect of digital transformation on employee adaptability among SMEs
ii. examine the effect of organizational support on employee adaptability among SMEs
iii. assess the effect of digital transformation of organizational support among SMEs
iv. evaluate the mediating role of organizational support on the relationship between digital transformation and employee adaptability among SMEs

1.4 Research Questions

The following questions were raised for this study:

i. What is the effect of digital transformation on employee adaptability among SMEs?
ii. How does organizational support affect employee adaptability among SMEs?
iii. What is the effect of digital transformation of organizational support among SMEs?
iv. To what extent does organizational support mediate the relationship between digital transformation and employee adaptability among SMEs?

1.5 Research Hypotheses

The following null hypotheses were formulated and tested at a 5% significance level:

i. There is no significant effect of digital transformation on employee adaptability among SMEs
ii. There is no significant effect of organizational support on employee adaptability among SMEs
iii. There is no significant effect of the digital transformation of organizational support among SMEs
iv. There is no mediating role of organizational support on the relationship between digital transformation and employee adaptability among SMEs

2.0 LITERATURE REVIEW

2.1 Digital Transformation

Digital transformation (DT) has been described as a process that integrates digital technologies into all areas of an organization, reshaping business models, operations, and customer engagement. Tang (2021) explains that it goes beyond technology adoption to

involve cultural and structural changes that improve competitiveness. Similarly, Gong and Ribiere (2021) argue that DT reflects a paradigm shift in how organizations deliver value by embedding digital tools into strategy and operations. For SMEs, the process often involves leveraging technologies such as cloud computing and data analytics to overcome resource constraints and reach wider markets, as highlighted by Santoro et al. (2023). These perspectives show that DT is both a technological and organizational shift aimed at sustaining relevance in rapidly changing environments.

Another strand of scholarship emphasizes that DT is socio-technical in nature, combining digital adoption with leadership commitment and employee readiness. Verhoef et al. (2021) contend that many organizations underestimate the human aspect of transformation, which leads to resistance and underutilization of digital initiatives. Li et al. (2024) highlight the importance of aligning digital strategies with employee competencies, while Reis et al. (2023) emphasize the need for supportive cultures to ensure successful implementation. For SMEs, Susanti et al. (2023) note that failure to integrate organizational support often undermines the effectiveness of digital tools. Thus, DT should be understood not just as technological change but as a holistic process requiring human, cultural, and strategic alignment.

2.2 Employee Adaptability

Employee adaptability refers to the capacity of individuals to adjust to changes in work demands, technologies, and organizational environments. McKinsey (2024) identifies it as one of the most critical future workforce skills, noting its role in navigating uncertainty. Pulakos et al. (2020) frame adaptability as both a proactive and reactive ability, encompassing openness to learning and resilience in responding to disruptions. Within SMEs, adaptability becomes even more vital because employees often take on multiple roles, a point supported by Ollo-López and AramendíaMuneta (2022), who argue that adaptability determines how employees manage diverse and evolving tasks. These definitions highlight adaptability as a multifaceted competency essential for thriving in dynamic organizational contexts.

Contextual factors strongly shape employee adaptability. Edmondson and Lei (2023) note that employees are more willing to adapt when organizational climates encourage experimentation without fear of failure. Similarly, Luu (2022) demonstrates that inclusive leadership practices foster adaptability by providing psychological safety and learning opportunities. Salanova et al. (2021) further show that training and mentoring significantly enhance adaptability, particularly in digitalized work settings. In SMEs, where rapid digital transformation is common, Klamarova et al. (2024) argue that adaptability is both an outcome of organizational support and a determinant of transformation success. This view positions adaptability as not only an individual trait but also a capability shaped by organizational practices.

2.3 Organizational Support

Organizational support is commonly defined as employees' perceptions of the extent to which their organization values their contributions and cares about their well-being. Eisenberger and Stinglhamber (2022) emphasize its dual dimension, including both instrumental support such as resources and training, and socio-emotional support such as recognition and fairness. Jung and Takeuchi (2022) explain that in rapidly changing contexts, organizational support reduces resistance to change and fosters engagement. Owusu et al. (2023) note that for SMEs undergoing transformation, providing tangible resources like training and technology access is vital to sustaining employee performance. These conceptualizations highlight that support operates both as a psychological assurance and a practical enabler.

Recent research underscores the mediating role of organizational support in linking digital initiatives with employee outcomes. Sharma et al. (2021) found that employees are more likely to embrace technological change when organizational support systems are in place. Santoro et al. (2023) show that SMEs with stronger support practices achieve better digital transformation outcomes through enhanced employee adaptability. Matsuo (2024) adds that perceptions of support improve resilience, commitment, and innovation. In this way, organizational support acts not only as a background condition but as a central driver of adaptability, performance, and longterm transformation success in SMEs.

2.4 Theoretical Framework

This study is underpinned with the Organizational Support Theory (OST), originally propounded by Eisenberger, Huntington, Hutchison, and Sowa in 1986, which explains how employees develop perceptions of organizational support based on the treatment they receive at work. The theory assumes that when employees believe the organization values their contributions and cares for their well-being, they reciprocate with positive attitudes such as commitment, adaptability, and enhanced performance (Eisenberger & Stinglhamber, 2022; Khan et al., 2023). Central to the theory are the assumptions of reciprocity and socio-emotional needs: organizations that provide fair treatment, recognition, and adequate resources foster employees' willingness to engage with change and innovation (Sharma et al., 2021; Owusu et al., 2023). In the context of SMEs undergoing digital transformation, these assumptions highlight that adaptability is not simply a personal trait but a response shaped by supportive mechanisms within the organization (Santoro et al., 2023; Matsuo, 2024).

Although widely applied in organizational research, OST has been critiqued for overemphasizing employee perceptions while downplaying structural realities such as resource scarcity or managerial bias that can constrain organizational support (Jung &

Takeuchi, 2022; Ahmad et al., 2024). Critics also argue that the theory may not fully capture cultural and contextual differences in how support is perceived and valued, particularly in emerging economies (Asante et al., 2023; Susanti et al., 2023). Nevertheless, the relevance of OST to this study lies in its ability to explain why digital transformation alone may not guarantee employee adaptability without organizational support acting as a mediating force. By linking digital initiatives to adaptability through support structures, this study demonstrates the enduring applicability of OST in contemporary SME settings, where employee resilience and adaptability are vital for sustainable performance in a rapidly digitalizing business landscape.

2.5 Empirical Studies

Mabasa et al. (2020) conducted a study on how organizational support affects adaptive performance through job crafting and work engagement among South African employees. The research included 410 respondents from various service firms and used SEM for analysis. Results demonstrated that organizational support significantly enhanced adaptive performance, largely through mediating variables such as job crafting and engagement. Also, Imran et al. (2020) assessed the effect of perceived organizational support on work engagement in the banking sector of Pakistan. A total of 280 bank employees participated, and regression analysis was used to test the hypotheses. Findings showed a significant positive effect, with employees perceiving higher organizational support demonstrating stronger levels of engagement. In addition, Abdullahi et al. (2021) examined the influence of organizational support on sustainable entrepreneurship performance in Nigerian SMEs. The study surveyed 350 entrepreneurs across three southwestern states, analyzing data with multiple regression analysis. Results revealed a significant positive relationship between organizational support and entrepreneurial performance, particularly in sustainability practices like innovation and resource efficiency.

Also, Nguyen et al. (2021) examined the impact of digital transformation on employee performance in Southeast Asian firms. The study targeted 420 employees from medium-sized enterprises, with 380 valid responses analyzed using structural equation modeling (SEM). The findings showed that digital transformation had an insignificant direct effect on employee performance, suggesting that mere adoption of digital tools without aligning organizational culture and workforce readiness does not automatically improve outcomes. Khalid et al. (2022) explored the relationship between digital transformation and adaptive performance in Pakistani small firms, focusing on the mediating role of organizational support and digital training. The study surveyed 312 employees across 75 SMEs and analyzed data using partial least squares structural equation modeling (PLS-SEM). The results indicated no significant direct effect of digital transformation on adaptive performance; however, when mediated by organizational support and training, the relationship became significant. Adekoya and Ojo (2023) investigated the role of leadership and organizational support in enhancing employee adaptability in Nigerian SMEs. Using a sample of 265 employees from Lagos and Ibadan, data were collected through structured questionnaires and analyzed with regression analysis. The findings revealed that adaptability was more strongly tied to supportive leadership and organizational structures than to the adoption of digital tools alone.

Liu et al. (2023) studied the mediating effect of managerial support and digital-capability development on the relationship between digital transformation and innovative behavior in Chinese firms. A sample of 360 employees from IT and service sectors was used, with data analyzed via SEM. Findings revealed that digital transformation had no significant direct effect on innovative behavior, but became significant when mediated by managerial support and capability development programs. Zhang and Liu (2024) assessed the mediating role of organizational support in the link between digital transformation and employee agility in service firms in Shanghai. The study included 298 respondents and used PLS-SEM for analysis. Results showed that organizational support fully mediated the relationship, meaning that digital transformation only translated into agility when strong support structures were present. Brommeyer et al. (2024) focused on managing digital transition in European organizations, emphasizing the role of organizational processes and support structures. The study sampled 220 managers from technology and manufacturing sectors, applying mixed methods (survey and interviews). Findings indicated that successful digital transitions required not just investment in digital tools but also capacity building, governance improvements, and structured employee support mechanisms. Shahzad et al. (2025) investigated the conditions under which digital transformation succeeds in service firms in the Middle East. Using a sample of 400 employees, data were analyzed with SEM techniques. Results showed that digital transformation outcomes were only effective when complemented by changes in organizational policies, leadership practices, and employee support systems.

3.0 METHODOLOGY

This study adopted the descriptive survey design. This design is particularly suited for this study as it facilitates the systematic collection of quantitative data from a diverse range of respondents. The population for this study comprised 149,326 SMEs across all the states in the Southwest region of Nigeria, according to the SMEDAN national survey report (2021). According to Yamane's (1967) model, the sample size for this study was 399 respondents. For the sampling technique, a multi-stage sampling technique was used. In the first stage, the stratified sampling technique will be adopted with the help of Kumaran (1976) model to calculate the sample size for each state. In the second stage, only SMEs in the state capital will be used, and this will be achieved using a purposive sampling technique. In the third stage, the researcher will adopt a convenience sampling technique to determine the actual respondents who participated in the study. The Yamane model (1967) formula is given as:

$$n = \frac{N}{1+ N(e)^2}$$

For the population of 149,326, the sample size based on the formula is:

$$n = \frac{149{,}326}{1+ 149{,}326(0.05)^2} = 399$$

The Kumaran (1976) model formula and calculations are as follows:

$$n = \frac{N!n!}{N}$$

Table 3.1: Sample Size of Each of the Sampled States

State(s)	Total SMEs	Sampled SMEs
Lagos	42,076	$= \frac{42{,}076(399)}{149326} = 112$
Ogun	31,133	$n = \frac{31133(399}{149326} = 83$
Oyo	31,739	$n = \frac{31739(399}{149326} = 85$
Ondo	18,969	$n = \frac{7899(399)}{149326} = 21$
Osun	17,510	$n = \frac{10969(399}{149326} = 51$
Ekiti	7,899	$n = \frac{17510(399}{149326} = 47$
Total	149,326	399

Source: Author's Computation, 2025.

In this study, a well-structured research instrument is considered essential for gathering accurate and reliable data from the targeted respondents. The questionnaire was administered using both physical and online administration methods. This is to cover a wider range of geographical dispersion. The collected data were analysed using both descriptive statistics and inferential statistics. The descriptive statistics include the use of frequency and percentage to analyze the biodata of the respondent. The inferential statistics include the adoption of the Structural Equation Model (SEM) in testing the formulated four hypotheses at a 5% significance level. This study focused on several variables, including independent variables such as digital transformation, as well as the dependent variables captured with employee adaptability, while the mediating variable is organizational support.

Table 3.2: Variable Definitions and Measurement

S/n	Variables	Variable Type	Measurement	Source
1	Employee Adaptability	Outcome	Employee Adaptability Measuring Scale: • Work Stress Adaptability • Interpersonal Adaptability • Problem-Solving Adaptability	Pulakos et al. (2000); Ployhart & Bliese (2006)
2	Digital Transformation	Predictors	Digital Transformation measuring scale: • Opportunity Identification • Process Digitization • Business Model Innovation	Vial (2019); Hess et al. (2016)
3	Organizational Support	Mediating	Organizational Support Measuring Scale: • Resource Allocation • Supervisor Support • Training & Development	Eisenberger et al. (1986); Rhoades & Eisenberger (2002)

Source: Authors' Compilation (2025)

4.0 RESULTS AND DISCUSSION

4.1 Results

4.1.1 Analysis of the Administered Questionnaire Table 4.1: Distribution of Questionnaire by States

S/N	States	Nos Distributed	Nos Returned	Return Rate
1	Lagos	112	94	23.56
2	Ogun	83	75	18.79
3	Oyo	85	76	19.05
4	Ondo	21	19	4.76
5	Osun	51	48	12.03
6	Ekiti	47	42	10.53
TOTAL		399	354	88.72

Source: Researcher's Data Output (2025).

Table 4.1 presents the distribution and retrieval of questionnaires across the six states. Out of 399 copies distributed in Lagos, Ogun, Oyo, Ondo, Osun, and Ekiti States, 354 were returned, resulting in an overall response rate of 88.72%. This reflects strong participation and enhances data reliability. Lagos had the highest distribution (112), with 94 returned (23.56%). Oyo and Ogun followed with 76 (19.05%) and 75 (18.79%) responses, respectively, showing good cooperation. Osun (48; 12.03%) and Ekiti (42; 10.53%) also recorded appreciable returns despite fewer questionnaires. Ondo had the lowest distribution (21) but still achieved 19 responses (4.76%), indicating willingness to participate.

4.1.2 Analysis of the Respondents' Bio-Data

Table 4.2 Bio-data of the Respondents

		Frequency	Percent
Gender	Male	224	63.3
	Female	130	36.7
	Total	354	100.0
Age	21-30	44	12.4
	31-40	68	19.2
	41-50	222	62.7
	51-60	20	5.6
	Total	354	100.0
Marital Status	Single	96	27.1
	Married	252	71.2
	Divorced	6	1.7
	Total	354	100.0
Academic Qualification	O'Level	51	14.4
	NCE/ND	30	8.5
	HND/BSC	32	9.0
	MSC	221	62.4
	PHD	20	5.6
	Total	354	100.0
Years of Job Experience	1-5 years	66	18.6
	6-10 years	159	44.9
	11-15 years	129	36.4
	Total	354	100.0

Source: SPSS Output, 2025.

The demographic characteristics of the respondents, as presented in Table 4.2, provide useful insights into the profile of SME owners and managers in Southwest Nigeria and their potential influence on digital transformation and employee adaptability. The gender

distribution shows that 63.3% of respondents are male, while 36.7% are female, indicating that men dominate entrepreneurial ownership and management in the region. This male dominance may affect how SMEs adopt and drive digital transformation, as socio-cultural and structural barriers continue to limit female participation in business leadership. The age distribution further reveals that most respondents (62.7%) fall within the 41–50-year bracket, followed by 19.2% aged 31–40, 12.4% aged 21–30, and 5.6% aged 51–60. The predominance of middle-aged respondents suggests that SME leaders are relatively experienced and financially stable, potentially positioning them to embrace technological change and support employee adaptability. However, the limited representation of younger entrepreneurs indicates challenges such as restricted access to capital and digital skills, underscoring the need for targeted youth-oriented digital capacity-building initiatives.

Additional demographic data also provides relevant implications for digital transformation readiness. A majority of respondents (71.2%) are married, 27.1% are single, and 1.7% are divorced, suggesting that family responsibilities may influence entrepreneurial decision-making and openness to innovation. Educational qualifications reveal a highly educated sample, with 62.4% holding master's degrees, while smaller proportions hold O'Level (14.4%), NCE/ND (8.5%), HND/BSc (9.0%), and PhD (5.6%). This high level of education suggests that SME leaders are well-positioned to understand and implement digital transformation strategies, while also providing organizational support systems that enhance employee adaptability. Furthermore, years of business experience show that 44.9% of respondents have been in business for 6–10 years, 36.4% for 11–15 years, and 18.6% for 1–5 years, indicating a substantial foundation of practical knowledge. These findings suggest that while SMEs in Southwest Nigeria are led by relatively experienced and educated individuals, bridging the gaps among younger and less-experienced entrepreneurs through mentorship, training, and supportive policies will be essential for fostering employee adaptability and sustaining digital transformation initiatives.

4.1.3 Measurement Model

Table 4.3: Goodness-of-Fit Indices for the Measurement Model

Indicators	Values
Chi-Square/df	2.2485
RMSEA	0.038
NFI	0.932
RFI	0.897
IFI	0.968
TLI	0.950
CFI	0.960

Source: SPSS Output, 2025.

Table 4.3 presents the diagnostic indicators for assessing the model fit of digital transformation, organizational support, and employee adaptability. The Chi-Square/Degree of Freedom (χ^2/df) ratio is 2.2485, which falls within the acceptable threshold of less than 3, indicating a reasonable model fit. The Root Mean Square Error of Approximation (RMSEA) is 0.038, suggesting an excellent fit, as values below 0.05 indicate minimal error and strong model adequacy. Further supporting the model's validity, the Normed Fit Index (NFI) is 0.932 and the Relative Fit Index (RFI) is 0.897, both close to or above the recommended cut-off of 0.90, confirming a strong comparative fit. Likewise, the Incremental Fit Index (IFI) of 0.968 and the Tucker-Lewis Index (TLI) of 0.950 demonstrate that the structural model is robust, while the Comparative Fit Index (CFI) of 0.960 further reinforces its overall goodness-of-fit. Collectively, these results suggest that the model reliably represents the interrelationships among digital transformation, organizational support, and employee adaptability, thereby providing a valid framework for examining how SMEs in Nigeria adapt to technological change through supportive organizational practices.

4.1.4 Confirmatory Factor Analysis (CFA) Path Loading

Table 4.4: CFA Path Loading

Path	Estimate	S.E.	C.R.	p
Dit1 ← Digital Transformation	0.672	0.197	3.412	***
Dit2 ← Digital Transformation	0.489	0.149	3.278	***
Dit3 ← Digital Transformation	0.512	0.122	4.192	***
Dit4 ← Digital Transformation	0.417	0.133	3.142	0.002

Ema1 ← Employee Adaptability	0.559	0.138	4.058	***
Ema2 ← Employee Adaptability	0.792	0.209	3.796	***
Ema3 ← Employee Adaptability	0.725	0.255	2.845	0.005
Ema4 ← Employee Adaptability	0.618	0.226	2.734	0.003
Ogs1 ← Organizational Support	0.588	0.143	4.112	***
Ogs2 ← Organizational Support	0.812	0.203	4.002	***
Ogs3 ← Organizational Support	0.763	0.183	4.173	***
Ogs4 ← Organizational Support	0.437	0.138	3.162	***

Source: SPSS Output, 2025.

Table 4.4 presents the results of the Confirmatory Factor Analysis (CFA) for the measurement model of digital transformation, employee adaptability, and organizational support. The findings show that all observed indicators loaded significantly on their respective latent constructs, with critical ratios (C.R.) greater than 2.0 and p-values less than 0.05, indicating strong construct validity. For digital transformation, the factor loadings ranged from 0.417 to 0.672, with all items (Dit1–Dit4) showing significant contributions to the construct. This suggests that the indicators used adequately represent the concept of digital transformation among SMEs. Employee adaptability also demonstrated strong loadings, with estimates ranging from 0.559 to 0.792, confirming that the four measurement items (Ema1–Ema4) are reliable indicators of employees' capacity to adjust to change. Similarly, organizational support exhibited robust loadings, ranging from 0.437 to 0.812, indicating that the items (Ogs1–Ogs4) consistently measured the underlying construct.

4.1.5 Structural Path Estimates

Table 4.5: Structural Path Estimates for the hypotheses

Hypothesis	Path	Estimate (β)	S.E.	C.R.	p	Decision
H1	Digital Transformation → Employee Adaptability	0.214	0.118	1.81	0.07	Not Significant
H2	Organizational Support → Employee Adaptability	0.392	0.102	3.84	<0.001	Significant
H3	Digital Transformation → Organizational Support	0.467	0.121	3.86	<0.001	Significant
H4	Indirect effect: Digital Transformation → Organizational Support → Employee Adaptability	0.183	0.067	2.73	0.006	Significant (Partial Mediation)

Source: SPSS Output, 2025.

Table 4.5 presents the structural path estimates that test the hypothesized relationships between digital transformation, organizational support, and employee adaptability among SMEs. The results reveal that digital transformation does not have a direct significant effect on employee adaptability ($\beta = 0.214$, C.R. = 1.81, $p = 0.07$), suggesting that digital initiatives alone may not directly enhance employees' adaptability without supportive mechanisms. Conversely, organizational support was found to have a strong and significant effect on employee adaptability ($\beta = 0.392$, C.R. = 3.84, $p < 0.001$), indicating that when SMEs provide adequate resources, guidance, and support structures, employees are more likely to adapt effectively to workplace changes. Furthermore, digital transformation demonstrated a significant positive effect on organizational support ($\beta = 0.467$, C.R. = 3.86, $p < 0.001$), implying that the adoption of digital technologies within SMEs enhances the provision of supportive practices and structures. Importantly, the mediation analysis confirmed a significant indirect effect of digital transformation on employee adaptability through organizational support ($\beta = 0.183$, C.R. = 2.73, $p = 0.006$). This indicates partial mediation, as organizational support serves as a key channel through which digital transformation enhances adaptability.

4.2 Discussion

The results reveal that digital transformation has a positive but insignificant effect on employee adaptability ($\beta = 0.214$, C.R. = 1.81, $p = 0.07$), suggesting that digital initiatives alone may not directly enhance employees' adaptability without supportive mechanisms. The insignificant effect could be due to the fact that digital transformation in many SMEs often focuses more on technological

acquisition (new tools, systems, automation) than on employee-oriented initiatives such as training, mentoring, or change communication. Without these complementary supports, employees may perceive digital transformation as a disruptive force rather than an opportunity to adapt. This finding supports the findings of Nguyen et. al. (2021) that digital transformation insignificantly influences employee performance. Also, Khalid et al. (2022) found that digital transformation had no significant direct impact on adaptive performance in small firms unless mediated by organizational support or digital training. Similarly, Adekoya and Ojo (2023) emphasized that employee adaptability in Nigerian SMEs was strongly tied to leadership and support structures rather than to technology adoption alone.

Also, the analysis revealed that organizational support has a positive and significant effect on employee adaptability ($\beta = 0.392$, C.R. = 3.84, $p < 0.001$), indicating that when SMEs provide adequate resources, guidance, and support structures, employees are more likely to adapt effectively to workplace changes. Organizational support reduces uncertainty, increases selfefficacy, and creates a safe climate for experimentation, which are all essential conditions for adaptability. Empirically, this finding aligns with the conclusion of Mabasa et. al. (2020) that organizational support significantly influences adaptive performance via job crafting and work engagement. Also, in the study of Imran et. al. (2020) that perceived organizational support has a significant positive impact on work engagement, Similarly, Abdullahi et. al. (2021) established that organizational support has a significant positive effect on sustainable entrepreneurship performance among SMEs.

Furthermore, it was established that digital transformation demonstrated a significant positive effect on organizational support ($\beta = 0.467$, C.R. = 3.86, $p < 0.001$), implying that the adoption of digital technologies within SMEs enhances the provision of supportive practices and structures. The strong positive effect here suggests that digital transformation in SMEs often drives management to provide structured support mechanisms (training programs, digital tools, collaborative platforms, and flexible processes). In practice, technology adoption compels leaders to rethink resource allocation and employee engagement, which strengthens organizational support systems. This finding supports the conclusion of Brommeyer et. al. (2024) that managing digital transition involves enhancing organizational processes and support structures (e.g., governance, capacity building) to overcome resistance and sustain change. Also, Shahzad et al. (2025) suggest that the success of digital transformation often rests on complementary changes in organizational policies and support systems.

Finally, the mediation analysis confirmed a significant indirect effect of digital transformation on employee adaptability through organizational support ($\beta = 0.183$, C.R. = 2.73, $p = 0.006$). This indicates partial mediation, as organizational support serves as a key channel through which digital transformation enhances adaptability. Practically, digital transformation enhances adaptability primarily through organizational support. In other words, technology alone does not make employees adaptable, it is the supportive environment fostered by digital change initiatives that equips employees with the confidence, skills, and motivation to adapt. The result aligns with a growing body of recent research. For example, Liu et al. (2023) found that in Chinese firms, the effect of digital transformation on employee innovative behaviour was mediated by managerial support and digital-capability development. Similarly, in a sample of service firms, Zhang and Liu (2024) showed that organizational support fully mediated the relationship between digital transformation and employee agility.

5.0 CONCLUSION AND RECOMMENDATIONS

This study investigated the effect of digital transformation on employee adaptability, with organizational support as a mediating variable among SMEs in Nigeria. The findings revealed that while digital transformation has a positive but insignificant direct effect on employee adaptability, it exerts a significant influence on organizational support, which in turn positively and significantly enhances adaptability. Furthermore, organizational support was found to partially mediate the relationship between digital transformation and employee adaptability, confirming its critical role as an enabling mechanism. These results underscore that digital transformation initiatives alone are insufficient to foster employee adaptability in SMEs unless they are complemented by robust support structures such as training, resource allocation, leadership encouragement, and conducive work environments. The study concludes that organizational support serves as the bridge through which digital transformation efforts translate into improved adaptability, making it a vital consideration for SME managers seeking to thrive in the digital era. Hence, the following recommendations were made:

i. SME leaders should ensure that digital initiatives are accompanied by structured organizational support mechanisms such as training programs, digital mentorship, and IT support. This will help employees transition smoothly and reduce resistance to change.
ii. SMEs should invest in continuous capacity-building initiatives, including digital literacy workshops, adaptability training, and knowledge-sharing platforms, to enhance employees' confidence and readiness to embrace digital change.
iii. Managers should foster a culture of supportive leadership by providing adequate resources, open communication, and feedback systems. This will reinforce employees' perception of organizational support and increase their willingness to adapt.

iv. SMEs should institutionalize learning-oriented policies such as flexible work processes, collaborative platforms, and innovation hubs that embed adaptability into the organizational culture. This ensures that digital transformation becomes a sustainable driver of adaptability and performance.

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