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THE ROLE OF DIGITAL TRANSFORMATION IN PROMOTING ENTREPRENEURSHIP AND MEETING THE NEEDS OF LABOR MARKET IN KINGDOM OF SAUDI ARABIA

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ABSTRACT

The study investigated the role of digital transformation in promoting entrepreneurship and meeting the needs of labor market in kingdom of Saudi Arabia. The problem of the study focused on the main question: What is the role of digital transformation in promoting entrepreneurship and meeting the needs of labor market in kingdom of Saudi Arabia? The study seeks to know the importance of digital transformation in meeting the needs of the labor market and entrepreneurship. To achieve the objectives of the study, the researchers used the descriptive analytical approach, and a questionnaire was used to measure the role of digital transformation in promoting entrepreneurship and meeting the needs of labor market in kingdom of Saudi Arabia on a random sample of small enterprises, male and female. The study sample included (80) members from the small enterprises, which were selected randomly, and (62) successful forms were revised for analysis and (20) damaged forms were not valid for revision. To analyze the data and treat it statistically, it was tested with the AMOS program to perform arithmetic treatments and percentages. While the hypothesis showed that there is a consensual relation between the importance of digital transformation and meeting the needs of the labor market. The study verified the following hypothesis: There is no statistically significant relation between the importance of digital transformation and meeting the needs of the labor market. There is no statistically significant relation promoting entrepreneurship in the kingdom of Saudi Arabia and meeting the needs of the labor market and There is no statistically significant relation between digital transformation and demographic variables. The study concluded that there is a statistically significant relationship between digital transformation, promoting entrepreneurship and meeting the needs of labor market in kingdom of Saudi Arabia. And the study recommended that directing organizations towards the concept of digital transformation as part of their internal strategies to enter new markets and interact with society. This research was supported by small research groups at the Deanship of Scientific Research - King Khalid University - Saudi Arabia (RGP.1/119/46)

KEYWORDS: Digital Transformation, Market Needs, Labor Market.

1. INTRODUCTION

Today, artificial intelligence has become an important part of our daily lives, and this advanced technological development in the world of communication and communication has forced us to transform. Almost at the level of all sectors of life, including the labor market sector, just like other sectors which was covered by that development, and technology has become one of the most important factors influencing the rebuilding of the communication structure for this vital and important sector. Therefore, we find that those interested in this field have presented many research and studies.

The follower of what has been written on this subject of analytical readings, scientific and international forums and conferences that discussed the new concepts of what can be called today "digital transformation", which aims most of them to enhance awareness and improve the mental image of the clients of the institution, company or university, and this topic was a subject of discussion that lasted approximately for long years, and focused on defining the concept of digital transformation, its roles, and tasks, and identifying the reality of digital transformation in Arab societies in general, and Saudi Arabia in particular. There is no doubt that the education sector, especially the higher education sector, such as Universities and what like it, it is not far from this development in an axis or in one of the sectors that are considered important and vital.

1.1. Problem of the Study

The problem of the study focused on knowing the role of digital transformation in promoting entrepreneurship and meeting the needs of labor market in kingdom of Saudi Arabia. To achieve the objectives of the study, its problem focused on the main question of the study:

What is the role of digital transformation in promoting entrepreneurship and meeting the needs of labor market in kingdom of Saudi Arabia?

1.2. Sub-questions are

1. Does digital transformation have a role in meeting the needs of the labor market in kingdom of Saudi Arabia?
2. Does digital transformation contribute to marketing and providing graduates with cognitive and cognitive skills in Asir region?
3. Does digital transformation have a role in changing the attitude of individuals towards work?
4. Does digital transformation help in building strong relationships with various means of publishing and advertising?

5. Does digital transformation help in spreading the spirit of creativity and communication with students and employees and society?

1.3. Importance of the Study

Governance plays a major role in improving the mental image of community members and civil society institutions. It also contributes to the development of the labor market, which in turn leads to meeting the needs of the labor.

1.4. Objectives of the Study

The study seeks to know the importance of digital transformation in meeting the needs of the labor market and entrepreneurship.

1.5. Hypotheses of the Study

First hypothesis: There is no statistically significant relation between the importance of digital transformation and meeting the needs of the labor market.

Second hypothesis: There is no statistically significant relation promoting entrepreneurship in the kingdom of Saudi Arabia and meeting the needs of the labor market

Third hypothesis: There is no statistically significant relation between digital transformation and demographic variables.

2. METHODOLOGY OF THE STUDY

2.1. A-Study Method and Tools

The analytical and descriptive method was used to measure the relation between the skills required to hire graduates. By collecting primary and secondary data from previous literature (from previous research and studies) in addition to preparing a tool for the study, which was to design a questionnaire designed on an electronic link directed to a random sample of faculty members in the colleges of King Khalid University, and the link was distributed to a number of an experimental sample of faculty of school. And for a number of specialized experts to benefit from their opinions and suggestions, in order to verify the consistency, validity, stability and validity of the questionnaire by known standards. (Cronbach Scale).

2.2. B-Study Community and Sample

1. Study Community

The population of the study consisted small enterprises located in Khamis Mushait province southwest the Kingdom of Saudi Arabia in Asser region, consisted of (62) person.

2. Study Sample

The sample of the study was (80), where the questionnaire was distributed to a random sample

from small enterprises members as a sample for the study. A number of distributed questionnaires were answered, amounting to (62), and damaged questionnaires, amounting to (27), were excluded.

3. Study Tools

Primary studies: it includes the field study - the questionnaire.

Secondary studies: These include previous studies - books - journals - blogs - the Internet.

Research procedures: digital transformation - labor market needs.

2.3. Limits of the Study

Time limits: 2023/2024 AD.

2.4. Theoretical Framework

2.4.1. Definition of Digital Transformation

Digital transformation is the process an organization applies to integrate digital technology into all areas of the business. This process fundamentally changes the way an organization delivers value to customers. Companies are adopting innovative digital technologies to make cultural and operational transformations that better align with changing customer demands. Examples of digital transformation include:

- 1-companies start creating digital solutions, such as a mobile app or e-commerce platform.
- 2-companies deportation from on-premises PC-based infrastructure to cloud computing.
- 3-Companies adopt smart sensors to reduce operating costs.

2.4.2. The Impact of Digital Transformation on Business

Although work environments are different, technological development and digital transformation

have affected all local and international institutions in various industries, and many of these areas have greatly benefited from digital transformations in the areas of cloud computing and various systems that operate with artificial intelligence.

Digitization and artificial intelligence have been able to dominate all fields, whether engineering, medicine, construction, and business administration, and they have also been able to acquire a lot of profits.

The importance of technology and digital transformations is evident in keeping pace with rapid development, demanding the production of other workers.

2.4.3. Labor Market

(Jalal, 2017, p. 4) He defined the labor market as "the economic regulatory institution in which labor supply and demand interact, meaning that labor services are bought and sold, and thus labor services are priced. The labor market have several characteristics, and labor services are rented and not sold." It is not possible to separate the worker, and the working conditions are no less than the price (wage), to explain the decisions of supply, demand and movement.

So the labor market is the place where work is offered and demanded, the price and quantity of work performed are determined, and also the place where an amount of services that are compatible with the tasks prescribed in the job system are offered in exchange for a price or reward.

The labor market is dominated by the principle of competition, where individuals compete to obtain or retain a position. On the other hand, employers compete to attract employees and retain them within institutions.

2.5. Previous Study

1	Title of Study	The role of university governance in harmonizing higher education outputs with labor market requirements- case study of some Arab and European countries
	Country of Study	some Arab and European countries
	Aim of Study	The aim of the study is to apprehend the role of the university governance in harmonizing higher education outputs with the labor market requirements.
	Statistical Method used in the study	In its theoretical aspect, the study relied on the descriptive approach through a review of the literature that dealt with the subject, while in its applied aspect, it relied on the results of a statistical survey of some Arab and European universities.
	Most of Conclusions	. Results showed that Arab universities did not apply the university governance principles that serve the outputs of higher education, which is reflected in the employment low rates after graduation compared to those of the European universities, where their graduates are distinguished with a high rate of employment by the labor market.
2	Title of Study	The impact of the clarity of the intended learning outcomes and assessment methods and criteria on students' learning entrances, their academic performance, the accuracy of their calibration, and their satisfaction with the course
	Country of Study	Egypt

	Aim of Study	Aimed to study the effect of clarifying each of the desired learning objectives, methods, strategies and assessment criteria before teaching the scientific content on students' learning entrances, their performance, the accuracy of their calibration of their performance, and their satisfaction with the course
	Statistical Method used in the study	Statistical analysis on a sample of 50 students from Damanhour University
	Most of Conclusions	1-The clarification of the context, the intended learning outcomes, and the evaluation requirements before the learning process has a positive impact on students' learning approaches 2-It had a positive effect on performance, the accuracy of performance calibration, and students' satisfaction with the course
3	Title of Study	The Requirements of the Arab Labor Market Compatibility with the Outputs of Higher Education Institutions
	Country of Study	Irag
	Aim of Study	This paper presents a study on the role of total quality management in higher education institutions in promoting compatibility between the outputs of these institutions and the requirements of the Arab labor market and how to control and adapt these outputs in order to advance the development aspect of Arab countries in general and Iraq in particular..
	Statistical Method used in the study	The study used the descriptive approach.
	Most of Conclusions	applying quality assurance standards in educational institutions is one of the axioms in countries that have good academic and infrastructure, which leads to closer relationship between the outputs of educational institutions and requirements The Arab market, and that educational institutions have the pioneering ability to provide the labor market with high-quality outputs,
4	Title of Study	Aligning the outputs of university education with the requirements of the labor market and its implications for Vision (2030)
	Country of Study	Saudi Arabia
	Aim of Study	The aim was to find out the extent to which the outputs of university education are compatible with the requirements of the labor market and their implications for Vision (2030). There is a gap between the outputs of university education and the needs of the labor market
	Statistical Method used in the study	The analytical descriptive approach to the sample data and the study tool was the questionnaire that was distributed to the study sample
	Most of Conclusions	1-The most important factor affecting the suitability of outputs to the requirements of the labor market is the weakness of the universities' use of employers' opinions 2-The absence of analytical studies of the renewable labor market requirements 3-The necessity of structuring Saudi universities within the framework of the Kingdom's need for national manpower to achieve Vision 2030 4-Universities should invent new methods to keep up with the requirements of the labor market 5-Work on developing university governance and directing scientific research towards development to support the national transformation program.
5	Title of Study	The reality of Community colleges in Yemen by the point of view of academic leaders, community colleges staff members, employers and community colleges graduates
	Country of Study	Yemen
	Researcher name and Year	Absi 2017
	Aim of Study	Identifying successful global models of community colleges in advanced countries to put a suggestion for accommodating community college outcomes with the labour market in Yemen
	Statistical Method used in the study	The study used the descriptive approach, and the study was conducted with a validity of five community colleges
	Most of Conclusions	There is a weakness in the partnership between community colleges and labor market institutions in terms of students and faculty members training, curriculum setting, and community college programs are not flexible to adapt with the needs of the labor market.

3. RESULTS OF THE FIELD STUDY ANALYSIS

This part includes field study procedures, which are represented in the method of data collection, statistical processing and interpretation, and conducting stability and validity tests to ensure their validity, in addition to a description of the study population and sample, and the statistical methods by which the data was analyzed and the study hypotheses tested, as follows:

3.1. Study Tool

The questionnaire was prepared and developed based on the use of standards.

Accordingly, the form was designed in its final form and consists of two parts:

First section: It includes the data of the study sample.

Second section: It included the basic study phrases: they are the axes through which the study variables are identified, as follows:

First axis: Measuring the importance of governance. This section includes (14) phrases.

Second axis: Measuring the requirements of the labor market, which includes (9) phrases.

The degree of possible responses to the paragraphs was measured according to a five-point scale according to the five-point (Likert scale).

3.2. Description of the Study Community and Sample

The study population consisted of faculty members at the colleges of King Khalid University, which is based in the city of Abha, southwest of the Kingdom of Saudi Arabia, and experts dealing with King Khalid University. A successful form for analysis and (27) a damaged, invalid form. The following are the characteristics of the study sample:

Table 1: Characteristics of the Study Sample.

Variants	Categories	Repetition	Percentage ⁰ %
Gender	Male	34	54.9%
	Female	28	45.16%
	Total	62	100%
Age	20 & less than 30	16	25.8%
	30 & less than 40	6	6.7%
	40 & less than 50	40	64.5%
	Total	62	100%
Academic degree	Professor	5	8.05%
	Associate Professor	5	8.05%
	Assistant Professor	37	59.7%
	Lecturer	9	14.5%
	Teaching assistant	6	9.7%
Total	62	100%	
No. of service's years	Three years or less	7	11.3%
	4-6 years	7	11.3%
	7- 10 years	22	35.4%
	More than 10 years	26	42%
	Total	62	100%
Nationality	Saudi	12	19.4%
	Non-Saudi	50	80.6%
	Total	62	100%

Source: Prepared by researchers from the results of the 2024 field study

3.3. Test of Validity and Reliability of Tool

The validity of the study tool: The validity of the measurement tool means that it is the ability of the performance to measure what it was designed for it. The study relied on measuring the validity of the study tool on:

(a) Content Validity Test

After the preparation of the initial formula for the study's standards was completed, and in order to verify the validity of the content of the study tool and to ensure that it serves the objectives of the study, it

was presented to a group of arbitrators and specialized experts, numbering (5) arbitrators in the field of the subject of the study, After the questionnaire was retrieved from all the experts, their responses were analyzed, their observations were taken, and the suggested modifications were made

(2) Stability Test

The stability means that the measure gives the same results if it is reapplied to the same sample¹. In the same circumstances and conditions, and therefore it leads to obtaining the same results or consistent results every time the measurement is re-measured. The study relied on Cronbach's alpha test to ensure the internal consistency of the scales, as follows:

Table 2: Cernbach's Alpha Test Results for the Study Axes.

Axes	No. of Phrases	Cronbach's Alpha Coefficient
Measuring the importance of digital transformation	14	0.81
Measuring of digital transformation	9	0.83
Measuring of digital transformation	12	0.87
Total phrases	35	0.84

Source: Prepared by researchers from the results of the 2024 field study.

From table (2) the results of the stability test, the values of Cornbrash's alpha for all study variables are greater than (60%). These values mean the availability of a high degree of internal stability, which enables us to rely on these answers in achieving the objectives of the study and analyzing its results.

3.4. Statistical Analysis Methods used in the Study

To analyze the data and test the study hypotheses, the (SPSS) and (AMOS) programs were used, through the following statistical tools:

1. Conducting a Reliability Test for the questionnaire by using each of the following:
 - a) apparent validity test.
 - b) tests of validity and reliability.
2. Descriptive statistics methods: to describe the characteristics of the study sample paragraph through: a) arithmetic mean. b) standard deviation.
3. Structure Equation Modeling (SEM)

The methodology of models with structural equations represents the latest method in social

¹ Dr. Ezz Abdel-Fattah, Introduction to Descriptive and Inferential Statistics Using SPSS, (Cairo: Dar Al-Nahda Al-Arabiya, 1st Edition, 1981), p. 560.

science research and aims to determine the suitability and conformity of the theoretical model for the relationships between variables and elements to test research hypotheses, through the use of path analysis and based on a set of indicators called Goodness of Fit indicators) and the most important of these indicators, which are used in this study:

- Chi-square ratio of degrees of freedom (it should be less than 5)
- Good Fit Index (GFI) (it should be greater than 0.90)
- Comparative Fit Index (CFI) and it should be greater than (0.90)

- Root Mean Square Error of Approximation (RMSEA) (it should be less than (0.05)

3.5. Presentation and Analysis of the Results of the Study

First: Descriptive statistics of the study axes:

First axis: for the descriptive statistical analysis of the phrases of the axis: the importance of digital transformation: The following is the descriptive statistical analysis of the phrases that measure the axis of the importance of governance in the society under study, as follows:

Table 3: Descriptive Statistical Analysis of the Phrases of the Importance of Digital Transformation.

No.	Phrase	Arithmetic Mean	Standard Deviation	Degree of Response	Rank
1	Digital transformation contributes to managing the crises facing universities and preparing to prepare campaigns to confront them	3.90	1.10	High	7
2	Digital PR uses digital media in its work.	4.10	.89	Very high	1
3	Digital transformation at the university seeks to make local community institutions and community members more aware of the university's role in achieving development in the region	3.97	.94	high	3
4	Digital transformation adopts a strategy to paint a positive image of the university in society and market sectors.	3.83	1.03	High	10
5	Digital transformation builds strong relationships with various means of publishing and advertising to highlight the role of the university in achieving Vision 2030	3.93	.83	High	5
6	Digital transformation spreads the spirit of creativity, communication and communication among university employees to achieve the university's goals	3.86	.94	High	9
7	Digital transformation works to provide university employees with the necessary information about the university and its goals	3.86	.87	High	9
8	Digital transformation is in constant contact with the external environment, its members and its audience to know their requirements.	4.03	.90	High	2
9	Digital transformation uses technical programs to familiarize university employees with the importance of governance and its role in spreading a culture of seriousness, perseverance, and excellence.	3.93	.88	High	5
10	Digital transformation is keen to motivate university employees to improve their job capabilities	3.90	1.00	High	7
11	digital transformation uses social media to spread a culture of competitive spirit among university employees	3.62	1.04	High	13
12	Digital transformation contribute to managing the crises facing universities and preparing to prepare campaigns to confront them	3.79	1.17	High	11
13	Digital transformation uses electronic media in its work	3.59	1.11	High	14
14	Digital transformation at the university seeks to make local community institutions and community members more aware of the university's role in achieving development in the region.	3.66	.93	High	12
	All phrases	3.85	0.97	High	

Source: Prepared by researchers from the results of the 2024 analysis

It is clear from Table (3): The arithmetic mean of all the phrases is greater than the hypothetical mean of the study (3), and this result indicates the agreement of the sample members on the level of importance of digital transformation in the society under study with a high degree of response, as all the phrases achieved a arithmetic mean of (3.85) and a standard deviation of (0.97).

Second axis: descriptive statistical analysis of the phrases of the axis of meeting the needs of the labor market:

The following is the descriptive statistical analysis

of the expressions that measure the axis of meeting the needs of the labor market in the society under study, as follows:

It is clear from Table (4): The arithmetic mean of all the expressions is greater than the hypothetical mean of the study (3), and this result indicates the agreement of the sample members on the level of meeting the needs of the labor market in the community under study with a high degree of response, as all the expressions achieved a arithmetic mean of (3.61) and a standard deviation of (0.88).

Table 4: Descriptive Statistical Analysis of the Phrases of the Focus of the Needs of the Labor Market.

No.	Phrase	Arithmetic Mean	Standard Deviation	Degree of Response	Rank
1	Universities students have the ability to innovate and be creative.	3.79	.77	High	2
2	Male and female students can write official and personal reports and letters	3.41	1.04	Medium	8
3	Universities students are distinguished by the skills of cooperation and teamwork.	3.59	.90	High	5
4	Universities students have the skill of managing and organizing time.	3.45	.98	High	7
5	After graduation, university students realize the professional and ethical importance	3.62	.72	High	4
6	Universities students have the ability to express in writing.	3.34	.89	Medium	9
7	Universities students have the ability to express themselves verbally.	3.48	.98	High	6
8	Universities students are fluent in communication and communication skills.	3.76	.98	High	3
9	Male and female students can use computers and modern technologies.	4.07	.75	Very high	1
	All phrase	3.61	0.88	High	

Source: prepared by the researcher from the results of the analysis 2024

4. DISCUSSING THE HYPOTHESES STUDY

First hypothesis: There is no statistically significant relation between the importance of digital transformation and meeting the needs of the labor market in kingdom of Saudi Arabia.

To prove this hypothesis, the study used the

regression analysis method to determine the causal relation between the independent variable, which is represented by (the role of digital transformation), and the dependent variable, which is represented by (meeting the needs of the labor market), as shown in the following figure

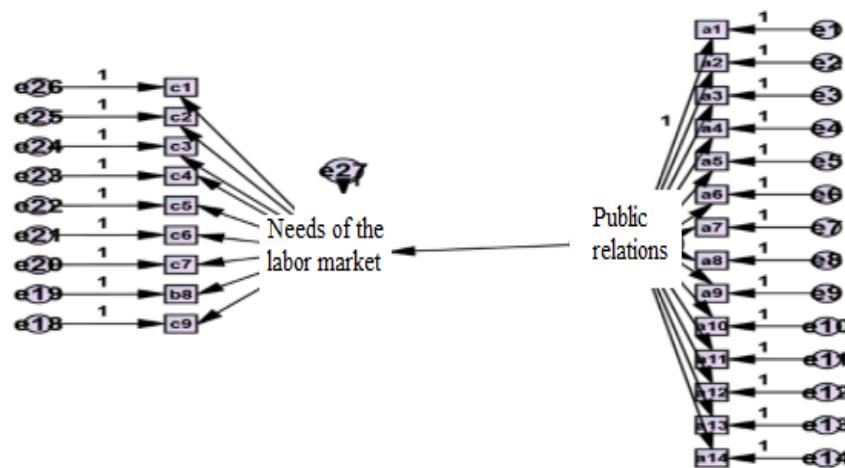


Figure 1: Relation between the Importance of Digital Transformation and Meeting the Needs of the Labor Market in Kingdom of Saudi Arabia:

Source: prepared by the researcher from the results of the field study analysis 2024

By using the statistical analysis program (AMOS) results were reached, which are shown in Table (5): supported by the (SPSS) program, the following

Table 5: Results of Estimating the Relation between the Role Digital Transformation and Meeting the Needs of the Labor Market in Kingdom of Saudi Arabia.

Analysis Indicators	Regression Coefficient (B)	T-test	Significant Level
Coefficient of the relation between digital transformation and meeting the needs of the labor market.	0.65	4.87	0.002
Correlation coefficient (R)	0.77		
Determination coefficient (R2)	0.59		
Chi-square ratio of degrees of freedom	3.11		
Good fit index (GFI)	0.94		
Comparative Fit Index (CFI)	0.92		
Root Mean Square Error of Approximation (RMSEA)	0.06		

Source: prepared by the researcher from the results of the field study analysis 2024

It is clear from Table (5): There is a strong direct correlation between the importance of governance and meeting the needs of the labor market in the society under study. The value of the regression coefficient (B) was (0.88), and this value indicates that the importance of governance directly affects the fulfillment of the needs of the labor market in the society under study. The coefficient of determination (R2) also indicates that the variable of importance of digital transformation affects the increase in meeting the needs of the labor market in the society under study by (59) %, while the other variables affect by (41) %. The value of the (RMSEA) index was (0.06), which is less than the standard range (0.08), which

indicates that the model has a good agreement with the data under test. From the results of the analysis presented, the second hypothesis is rejected.

Second hypothesis: There is no statistically significant relation between promoting entrepreneurship in kingdom of Saudi Arabia and meeting the needs of the labor market.

To prove this hypothesis, the study used the regression analysis method to determine the causal relation between the independent variable, which is represented by (**small enterprises**), and the dependent variable, which is represented by (meeting the needs of the labor market), as shown in the following figure:

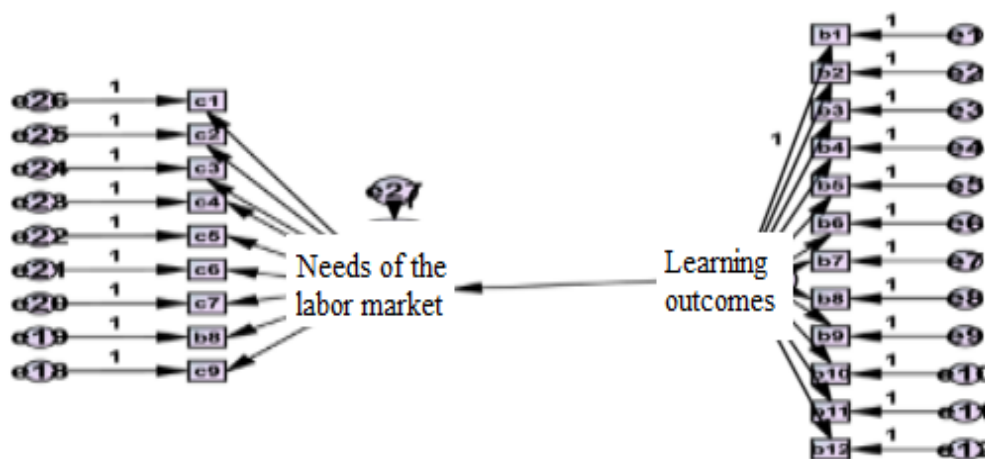


Figure 2: Relation between Promoting Entrepreneurship in Kingdom of Saudi Arabia and Meeting the Needs of the Labor Market.

Source: prepared by the researcher from the results of the field study analysis 2024

Bu using the statistical analysis program (AMOS) supported by the (SPSS) program, the following

results were reached, which are shown in Table (6):

Table 6: Results of Estimating the Relation between in Promoting Entrepreneurship in Kingdom of Saudi Arabia and Meeting the Needs of the Labor Market.

Analysis Indicators	Regression Coefficient (B)	T-test	Significant Level
Coefficient of the relation between promoting entrepreneurship in kingdom of Saudi Arabia and meeting the needs of the labor market,	0.73	7.22	0.001
Correlation coefficient (R)	0.74		
Determination coefficient (R2)	0.55		
Chi-square ratio of degrees of freedom	2.40		
Good fit index (GFI)	0.91		
Comparative Fit Index (CFI)	0.93		
Root Mean Square Error of Approximation (RMSEA)	0.04		

Source: Prepared by researchers from the results of the 2024 field study analysis

It is clear from Table (6): There is a strong direct correlation between promoting entrepreneurship in kingdom of Saudi Arabia and meeting the needs of the labor market in the society under study. This is evident through the value of the correlation

coefficient (R), where its value was (0.74). The (t) test indicates the existence of a statistically significant relationship small enterprises in kingdom of Saudi Arabia and meeting the needs of the labor market, as the value of (t) for the regression coefficient was

(7.22) with a significant level of (0.001), which is a value less than the level of significance (0.05). The value of the (RMSEA) index was (0.04), which is a value less than the standard range (0.08). This indicates that the model has a good match with the data under test. From the results of the above analysis, the second hypothesis is rejected.

4.1. Most Important Results

1. The results demonstrated the appreciation of the relationship between the role of digital transformation and meeting the needs of the labor market: the existence of a strong direct correlation between the importance of digital transformation and meeting the needs of the labor market.
2. digital transformation contributes to reducing the gap between education and the labor market. It has designed educational and training programs that focus on providing students with general skills and personal skills such as problem solving, teamwork, communication skills, communication and public speaking.
3. The application of digital transformation has a positive impact on the curricula and teaching methods that are based on studying the markets and knowing their requirements to provide students with applied skills.

4. digital transformation leads to achieving quality and excellence in performance by choosing competitive and effective methods to achieve the goals and plans of institutions
5. Application of digital transformation principles as a basis for improving learning outcomes and meeting the needs of the labor market.
6. Digital transformation contributes to promoting entrepreneurship in kingdom of Saudi Arabia .

4.2. Recommendations

- Directing organizations towards the concept of digital transformation as part of their internal strategies to enter new markets and interact with society.
- Facing the challenges of digital transformation practitioners to use modern means and systems.
- Continuing interest in digital transformation programs and working to implement them with transparency and credibility, which achieves a competitive advantage.
- digital transformation must achieve competitive advantage by building trust between them and the public and identifying needs.

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