Vol. 8, No.09; 2024

ISSN: 2456-7760

The Influence of Digital Leadership and Organizational Culture on Employee Performance: the Mediating Role of Digital Transformation

Singgih Danu Widodo¹, Alex Winarno², Romat Saragih³, Dewi Puspitasari⁴

 ¹School of Economic and Business, Telkom University, Bandung, West Java, 40257, Indonesia
 ²School of Economic and Business, Telkom University, Bandung, West Java, 40257, Indonesia
 ³School of Economic and Business, Telkom University, Bandung, West Java, 40257, Indonesia
 ⁴School of Economic and Business, Janabadra University, Yogyakarta, D.I Yogyakarta, 55231, Indonesia

doi.org/10.51505/IJEBMR.202	4.8916	URL: https://doi.	org/10.51505/IJEBMR.2024.8916
Received: July 27, 2024	Accepted	: July 30, 2024	Online Published: Sep 22, 2024

Abstract

The objective of this study is to analyze the impact of digital leadership and organizational culture on employee performance in a logistics company in Indonesia, with digital transformation serving as a mediating factor. There is a quantitative approach to this topic. Using saturation sampling methods, the survey was administered to 65 individuals who were in structural roles within port logistics groups. SmartPLS version 3 was utilized for the analysis. Employee performance is positively and dramatically impacted by digital leadership, according to the study's findings. Furthermore, positive and significant effects of business culture on employee performance. Additionally, corporate culture has a significant role in digital transformation, and digital leadership plays a critical role in advancing it. Digital transformation also acts as a mediator between employee performance and digital leadership, having a favorable and significant impact on the latter. Likewise, employee performance and digital leadership have a relationship that needs to be moderated, and this requires digital transformation.

Keywords: digital leadership, organizational culture, digital transformation, employee performance.

1. Introduction

1.1 Introduce the Problem

Companies are under pressure to adopt digital transformation in order to operate their operations more effectively as we enter the fourth industrial revolution, which is characterized by significant technical advancements. Organizations who fail to recognize the revolutionary potential of digital technology will face competition from more innovative companies (Konopik et al., 2022). Furthermore, digital transformation has evolved from being a technological opportunity to a necessity for effectively addressing the requirements of companies (Kraus et al., 2022). These advancements have resulted in significant transformations within numerous organizations, since digital transformation has the capability to provide novel procedures and mechanisms that can impact the way corporations conduct their operations (Kraus et al., 2021).

Vol. 8, No.09; 2024

ISSN: 2456-7760

Businesses are encouraged by the current digital transformation trend to increase internal performance and competitiveness (Gao et al., 2023). The continuous process of organizational change that includes technology use is known as "digital transformation" (Shehadeh et al., 2023). A company can benefit greatly from implementing digital transformation, including increased revenue, improved operational efficiency, and a more positive organizational culture (Alabdali & Salam, 2022). Li et al. (2023) confirmed once more the impact that digital transformation would have on businesses, offering chances for innovation and improving operational efficiency.

Several applications have been utilized by port logistics companies to enhance organizational performance and support the ongoing digital transformation. The analysis of key performance indicators revealed that, despite this, the region's consolidated operational traffic indicator was only 63.41, short of the desired 100. It appears from this that further research is required to identify the root causes of the Key Performance Indicator (KPI) failure.

The efficiency with which a company uses its human resources determines its success. This success is attested to by the outcomes that its performance has generated. There are several factors that can affect how well employees perform in a company. Based on research done by Shwedeh et al. (2023), a factor influencing employee performance is digital transformation. The process of encouraging businesses to strategically adjust to digital technologies, such as information, computation, and communication, is known as digital transformation. Its objective is to create fresh business strategies (Teng et al., 2022). Employees can automate repetitive tasks with digital tools through the process of digital transformation, which frees them up to concentrate on more important tasks (Liang & Li, 2022). Improved efficiency leads to higher employee productivity since it allows workers to do jobs faster, more accurately, and with fewer errors (Hongyun et al., 2023).

The process of digital transformation within organizations demonstrates the importance of leadership in organizing and embracing the digital world. Senadjki et al. (2023) imply that an organization's ability to successfully respond to the process of digital transformation is greatly influenced by its leadership. A key factor in the successful deployment of technology is effective leadership. To accomplish organizational goals, leaders must actively support and take part in the adoption of new technologies, promote their use, communicate clearly with their teams, and establish an environment at work that encourages digital transformation (Ángeles López-Cabarcos et al., 2022). According to Paais & Pattiruhu (2020), another factor that may have an impact on employee morale and performance in a firm is organizational culture. The views, values, behavior norms, and expectations that specify how things are done within an organization are all included in the concept of organizational culture. It acts as the defining characteristic that gives the organization its identity and sets it apart from other organizations (Lam et al., 2021). Isensee et al. (2020) carried out research showing how corporate culture affects workers' motivation, creativity, and inventiveness at work. The successful implementation of digital transformation to improve employee performance is contingent upon the presence of leadership and organizational culture, both of which are critical components (ALfares & Banikhaled, 2022; Paais & Pattiruhu, 2020). The degree to which a creative organizational culture is implemented

Vol. 8, No.09; 2024

ISSN: 2456-7760

and supported determines how effective leadership is in advancing digital transformation and improving worker performance.

This study was conducted because, in the port industry sector, there are currently relatively few studies that measure factors. The purpose of this study was to quantify the impact of organizational culture and digital leadership characteristics on worker performance by examining the mediating function of digital transformation in the port logistics sector.

1.2 The concept of Digital Leadership

In the current era of digitalization and the ongoing industrial revolution, digital leadership is a major leadership position. 4.0. It is highly regarded for its capacity to influence change and successfully handle business demands (Chatterjee et al., 2023). Shin et al. (Shin et al., 2023) argue that improving employee performance inside a company is significantly impacted by digital leadership. Banikhaled & ALfares (ALfares & Banikhaled, 2022) further discovered that staff performance is significantly impacted by digital leadership. Additionally, the development of user-friendly technology and the capacity to understand big data management have resulted in a digital transformation that is becoming more and more successful in improving organizational performance through the employment of digital leadership roles. AlNuaimi et al. (AlNuaimi et al., 2022) argue that the adoption of digital leadership is necessary to enhance employee performance and contribute to the achievement of an organization's objectives. According to Senadjki et al. (Senadjki et al., 2023), Employee performance is significantly impacted by digital leadership in an organization.

H1: Employee performance is positively and significantly impacted by digital leadership

H3: Digital transformation is significantly and favorably impacted by digital leadership.

H6: Digital transformation and digital leadership have a favorable and considerable impact on worker performance.

1.3 The concept of Organizational Culture

An organization's deeply rooted values, beliefs, and behaviors that support it in achieving its vision, mission, and objectives are referred to as its organizational culture (Aboramadan et al., 2020). Establishing a work environment that encourages progress and change inside a corporation is greatly dependent on the work culture. (Riwukore et al., 2021) elucidated that corporate culture plays a pivotal role in enhancing employee performance. Paais & Pattiruhu (Paais & Pattiruhu, 2020) expressed the same idea, which is that employee performance is positively and significantly impacted by business culture. Furthermore, in order to guarantee the best possible performance from employees during the digital transformation process, a positive and productive work atmosphere must be established (Isensee et al., 2020). Lan (Lan, 2021) Studies reveal a robust association between digital transformation and corporate culture.

H2: Employee performance is positively and significantly impacted by organizational culture. H4: Digital transformation is positively and significantly impacted by organizational culture.

H7: Through digital transformation, organizational culture has a favorable and significant impact on worker performance

Vol. 8, No.09; 2024

ISSN: 2456-7760

1.4 The concept of Digital Transformation

In today's business environment, digital transformation has become an inescapable phenomenon that impacts many aspects of organizational operations. The domain of employee performance holds significant influence (Sapta et al., 2021). There are several ways to look at how the digital revolution affects employee performance, including operational effectiveness, flexibility, and skill development (Kraus et al., 2021). Shwedeh et al. (Shwedeh et al., 2023) shown that employee performance is significantly impacted by digital transformation.

H5: The performance of employees is positively and significantly impacted by digital transformation.

1.5 The concept of Employee Performance

Performance is a statistic that may be used to evaluate how allocated activities and responsibilities are completed in a certain amount of time (Shin et al., 2023). It is a tool for assessing both individual and group accomplishments at work. In the contemporary digital age, employee performance is critical to increasing the strategic value of the firm. The level of achievement shown by each individual employee in completing their designated tasks is referred to as employee performance (Aboramadan et al., 2020). It depends on a number of variables, including the worker's ability, drive, productivity, and skill. The ability to produce work of adequate quality and quantity within the allotted timeframe and to exhibit independence serves as a proxy for an employee's effectiveness (Shwedeh et al., 2023).

The following figure shows the model used in this investigation:

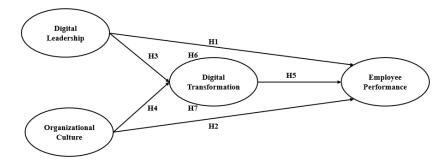


Figure 1. Research Framework

2. Method

2.1 Research design

This research employs a quantitative methodology. Creswell & Creswell (Creswell & Creswell, 2018). A quantitative research method is a positivist approach to research that focuses on analyzing specific populations and samples. This strategy involves data collection and statistical analysis to evaluate hypotheses. In this study, a five-point Likert scale was used.

Vol. 8, No.09; 2024

ISSN: 2456-7760

2.2 Sample and data collection

This population is made up of the 65 employees in the port logistics industry sector. This study used saturation sampling as its sample strategy, which necessitated include all 65 population members. It is evident from Table 1 that 44 responders, or 68% of the sample, are part of the majority. Of the respondents, 41% were between the ages of 41 and 50, or 27 people. Likewise, 29 individuals (45% of the sample) reported a working lifetime of between six and fifteen years.

No	Demographic characteristic	Frequency	Percentage
1	Gender		
	Male	44	68%
	Female	21	32%
2	Age		
	< 30 Years	5	5%
	31 – 40 Years	21	32%
	41 – 50 Years	27	41%
	>50 Years	14	22%
3	Working Period		
	< 5 Years	3	5%
	6 – 15 Years	29	45%
	16-25 years old	23	35%
	>25 Tahun	10	15%

Table 1. Demographic Characteristics	Table 1.	Demograp	hic Characte	eristics
--------------------------------------	----------	----------	--------------	----------

2.3 Data analysis

Data analysis techniques can be used once the respondents' information is obtained to support the research. Every study will use a different analysis methodology, one that is customized to the particulars of the research being conducted. In this examination, the researcher used the Structural Equation Model (SEM) as the analysis approach. A technique used to investigate the complex relationships between variables and indicators, as well as the interactions between various variables, while also accounting for the effects of measurement errors, is called structural equation modeling, or SEM (Hair et al., 2019). Partial Least Squares Structural Equation Model of the interaction between factors using this strategy. The goal of the SEM technique is to fully explain how the variables in a research relate to one another.

3. Results and Discussion

3.1 Evaluation of measurement model (outer model)

A quantitative assessment of the correlation between indicators and latent variables is conducted at the measurement model, also known as the outer model. Each validity and reliability test consists of two separate tests. Figure 2 depicts an external model using the Partial Least Squares (PLS) method.

Vol. 8, No.09; 2024

ISSN: 2456-7760

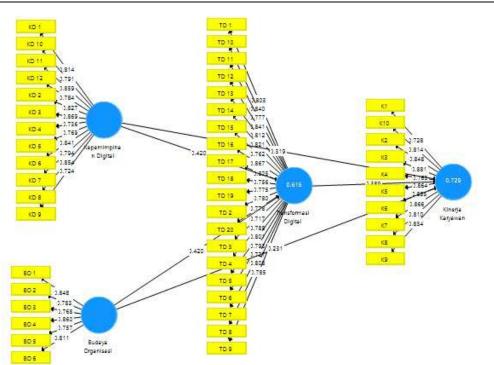


Figure 2. Outer Moder

The mean value of the squared loading indicators connected to the construct is known as the Average Variance Extracted, or AVE. As a result, the AVE number, which must be larger than 0.5 to be considered minimum, indicates the degree of similarity within a structure (Hair et al., 2019). In addition, the composite reliability and Cronbach's alpha criteria were evaluated in order to conduct the reliability test. Tests are considered to meet standards if they earn a score of greater than 0.7.

Table 1. Assessment of the metric	model	
-----------------------------------	-------	--

Variable	Cronbach's Alpha	Composite Reliability	AVE
Organizational Culture	0,891	0,917	0,648
Digital Leadership	0,951	0,957	0,651
Employee Performance	0,948	0,956	0,685
Digital Transformation	0,969	0,971	0,630

The accompanying table indicates that all of the variables—digital leadership, employee performance, organizational culture, and digital transformation—have reached the minimal values for composite reliability, Cronbach's alpha, and AVE. This implies that they are reputable and legitimate.

Vol. 8, No.09; 2024

ISSN: 2456-7760

Moreover, as stated by Hair et al. (2019), The evaluation process starts with a close examination of loading factors, which have to satisfy a minimum requirement of 0.7. The outer loading value is calculated to determine the validity indicator. If an item's factor loading value is less than 0.7, it is deemed invalid; otherwise, it is deemed valid if its outer loading value is larger than 0.7. The results of the exterior loading test values carried out in this investigation are shown in the table below:

Variable	Variable Item Questions		Outer Loading	Conclusion
	BO 1	The company's goal and vision are carried out through its business operations in a transparent and quantifiable manner.	0,848	Valid
	BO 2	The company's business procedures are carried out with a defined objective in mind.	0,783	Valid
Organizational	BO 3	The relationships between staff are positive.	0,768	Valid
Culture	BO 4	The business offers rewards based on performance.	0,860	Valid
	BO 5	Workers build strong bonds with one another and think that teamwork and cooperation are essential to accomplishing company objectives.	0,757	Valid
	BO 6	With digital transformation, there are no longer geographical or temporal obstacles to employee communication.	0,811	Valid
	K1	Workers adhere to the work's quality criteria.	0,728	Valid
	K10	Coworkers get along well with one another, and under some circumstances, they can make decisions swiftly and appropriately.	0,814	Valid
	K2	Employees often meet objectives for both number and quality of work produced.	0,848	Valid
Employee Performance	K3	Workers are capable of doing any task assigned to them.	0,881	Valid
	K4	The rate of advancement is in line with the requirements of the company.	0,763	Valid
	K5	Workers always show up on time and follow the organization's established policies.	0,864	Valid
	K6	Workers consistently finish tasks within the allotted time.	0,855	Valid

Table 2.	Outer]	Loading
----------	---------	---------

Vol. 8, No.09; 2024

ISSN: 2456-7760

Variable	Item	Questions	Outer Loading	Conclusion
K/ guide.			0,866	Valid
	K8	Workers always maximize the use of available resources.	0,810	Valid
	K9	Workers are able to collaborate effectively with one another to complete their tasks.	0,834	Valid
	KD 1	Subordinates might receive guidance from leaders on how to increase digitization.	0,814	Valid
	KD 10	Leaders have the ability to lead by example when it comes to completing digital tasks in compliance with corporate policies.	0,791	Valid
	KD 11	Leaders are aware of the rules governing jobs based on information technology.	0,859	Valid
	KD 12	Leaders are aware of policies when it comes to handling duties and challenges.	0,784	Valid
	KD 2	In the event that there is an issue with the digitalization system, leaders may respond promptly and appropriately.	0,827	Valid
Digital Leadership	KD 3	Team members might receive innovative ideas from leaders that are centered around technology.	0,869	Valid
-	KD 4	Leaders invent the newest methods for completing tasks.	0,736	Valid
	KD 5	Supervisors have the ability to inspire their team members to be innovative and creative.	0,769	Valid
	KD 6	Leaders are able to hear concepts or suggestions from their subordinates.	0,841	Valid
	KD 7	Leaders enhance the personal growth of their staff.	0,794	Valid
	KD 8	Leaders pay attention to the issues and grievances raised by staff members.	0,854	Valid
	KD 9	Leaders are aware of how information technology has evolved.	0,724	Valid
Digital	TD 1	With a clear vision, mission, and goals in mind, the company is embracing digital transformation to support the sustainability of business operations.	0,803	Valid
Transformation	TD 10	Workers believe that the company's digital platform facilitates improved teamwork.	0,840	Valid
	TD 11	To facilitate the digital revolution, the	0,777	Valid

www.ijebmr.com

Page 279

Vol. 8, No.09; 2024

ISSN: 2456-7760

Variable	Item	Questions	Outer Loading	Conclusion
		organization offers training facilities for its employees.		
	TD 12	The organization gives staff members enough resources to advance their digital skills.	0,841	Valid
	TD 13	The organization offers sufficient resources to enable staff members to foster their inventiveness and originality.	0,812	Valid
	TD 14	The organization offers courses and training to help staff members become more proficient with technology.	0,821	Valid
	TD 15	The business allots a sufficient amount of money for digital transformation-related training and development.	0,762	Valid
	TD 16	When it comes to implementing digital transformation, operational workers and management collaborate well.	0,867	Valid
	TD 17	In order to support the digital transition, the organization maintains a defined long-term plan and keeps upgrading and improving its technological infrastructure.	0,825	Valid
	TD 18	Businesses employ technologies that expedite the process of digital transformation.	0,756	Valid
	TD 19	The business offers a number of applications to help employees perform in a more productive and successful manner.	0,775	Valid
	TD 2	Leaders are well-aware of the advantages and potential of digital technology.	0,780	Valid
	TD 20	The business's current technological infrastructure is dependable and enables teams to work together efficiently to complete digital transformation projects.	0,778	Valid
	TD 3	The business recognizes and rewards exceptional workers.	0,717	Valid
	TD 4	The organization provides forums or other channels for staff members to exchange ideas and inventions, and it also encourages them to try out new and creative ideas.	0,788	Valid
	TD 5	Workers are urged to approach difficulties creatively and innovatively.	0,801	Valid

www.ijebmr.com

Page 280

Vol. 8, No.09; 2024

ISSN: 2456-7760

Variable	Item	Questions	Outer Loading	Conclusion
	TD 6	Workers are at ease to generate novel ideas without worrying about unfavorable outcomes.	0,793	Valid
	TD 7	Workers believe they are proficient enough to use the company's digital platform.	0,727	Valid
	TD 8	Workers are at ease and self-assured while using digital technologies to increase productivity.	0,808	Valid
	TD 9	Thanks to digital technology, workers may finish jobs more quickly and with fewer errors.	0,785	Valid

It is clear from the data in the above table that the outer loading value of the entire item is more than 0.7. Given that each study variable's outer loading value is more than 0.7, it is possible to conclude that each one has passed the validity test.

3.2 An analysis of the inner model, or structural model

In accordance with Ghozali & Latan (2015), In this study, the relationship between latent variables based on substantive theory is evaluated using the inner model, also known as the inner relation, structural model, and substantive theory. The determination coefficient, or R-square, measures how well the value of exogenous structures can account for variations in the endogenous construct.

Tuoto D. H. Squaro						
R Square R Square Adjusted						
Employee performance	0,729	0,716				
Digital transformation	0,615	0,602				

Table 3. R Square

According to the data in the above table, worker performance is impacted by organizational culture, digital transformation, and digital leadership collectively by 0.729, or 72.9%. The remaining influence is caused by other factors that were not accounted for in this study's analysis. A modest impact of digital transformation, digital leadership, and corporate culture on employee performance is indicated by an r-square value of less than 75%. Digital leadership and organizational culture combined influence digital transformation by 61.5%, or 0.615. The digital transformation variable's organizational culture and the digital leadership variable's coefficient of determination (r-square) are categorized as intermediate since they both surpass 50% but fall short of 75%.

3.3 Hypothesis test results

There are two conditions for testing, and there is a certain procedure or step that must be followed while testing a hypothesis. A prerequisite for this is that the t statistic's value needs to

Vol. 8, No.09; 2024

ISSN: 2456-7760

be higher than 1.96. A t-value statistic of 1.96 is thought to suggest a strong influence. In addition to statistical t-values, p values < 0.05 are critical since they help determine whether the study's hypothesis can be accepted or rejected. The following are the results of this study's hypothesis test:

Hypot	tesis	Original Sample (0)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics	P Values	Result
H1	KD -> KK	0,319	0,336	0,113	2,825	0,005	Accepted
H2	BO -> KK	0,231	0,236	0,076	3,041	0,002	Accepted
H3	KD -> TD	0,420	0,432	0,103	4,083	0,000	Accepted
H4	BO -> TD	0,420	0,423	0,096	4,359	0,000	Accepted
H5	TD -> KK	0,389	0,369	0,109	3,560	0,000	Accepted
H6	KD -> TD -> KK	0,163	0,154	0,058	2,814	0,005	Accepted
H7	BO -> TD -> KK	0,163	0,158	0,063	2,587	0,010	Accepted

Table 4. Hypothesis tes	Table	4. E	Ivpot	hesis	test
-------------------------	-------	------	-------	-------	------

Based on the table above, an explanation of the hypothesis can be obtained as follows:

a. Digital leadership has a positive and significant effect on employee performance

We accept the alternative hypothesis (H1) based on the computed t-statistic value of 2.825, which is higher than the crucial value of 1.96 and the p-value of 0.005, which is lower than the significance threshold of 0.05. Employee performance is significantly and clearly impacted by digital leadership. Leaders that are adept at integrating digital technology into their business strategy have the capacity to create a more productive and engaged workplace. As a result, this raises worker motivation and engagement. According to Shin et al. (Shin et al., 2023), The qualities of critical thinking, flexibility, and openness to new concepts and technological advancements define digital leadership. In order to shape digital business strategies, achieve remarkable business performance, accelerate company growth, and meet long-term goals, effective digital leadership is essential (Dijkstra et al., 2020).

- **b.** Organizational culture has a positive and significant effect on employee performance The t-statistic value is 3.041, which is greater than 1.96, according to the findings of the H2 computation. Moreover, the p-value at 0.002 is less than 0.05. So, we could conclude that H2 is appropriate. The culture of the company has a major and positive influence on employee performance. In order to achieve organizational goals, performance refers to the outcomes that individuals or groups within an organization generate in line with their assigned duties and responsibilities (Riwukore et al., 2021). Various elements, including organizational culture, have an impact on the functioning of organization (Wahjoedi, 2021). An organization's deeply rooted values, beliefs, and practices that support it in achieving its vision, mission, and objectives are referred to as its organizational culture. Employee performance improves when members of the organization uphold the organizational value system, which in turn affects their behavior and work (Paais & Pattiruhu, 2020).
- c. Digital leadership has a positive and significant effect on digital transformation

Vol. 8, No.09; 2024

ISSN: 2456-7760

The H3 computation results show that the t-statistic value is 4.083, which is higher than 1.96. Furthermore, the p-value is less than 0.05 at 0.000. Thus, we agree with H3. Therefore, the process of digital transformation is significantly and positively impacted by digital leadership. The commercial sector has been under increasing pressure due to the phenomena of globalization in recent decades, which has required modifications to be implemented. The business world must correctly integrate in order to thrive in a competitive environment and to survive as well (AlNuaimi et al., 2022). Digital transformation can be used to achieve effective integration. Digital transformation requires changes to business processes in addition to the use of new technologies. In this case, digital leadership is crucial. Strong digital leadership is necessary for an effective digital transformation, guiding the leader's efforts to develop new value propositions and combine technology with the skills already possessed by the company (Porfírio et al., 2021).

- **d.** Organizational culture has a positive and significant effect on digital transformation The H4 computation above yielded a t-statistic value of 4.359, which is higher than 1.96. Furthermore, the p-value is less than 0.05 at 0.000. Consequently, we can say that H4 is acceptable. Therefore, corporate culture has a positive and significant influence on digital transformation. Technology integration and changes to company protocols are required as part of the digital transformation process. New technologies will be easier to absorb and integrate into a business with a flexible and innovative culture (Firican, 2023). When working in a flexible environment, people are more inclined to adopt new technology and purchase it, which accelerates the digital transformation process.
- e. Digital transformation has a positive and significant effect on employee performance The H5 computation above yielded a t-statistic value of 3.560, which is higher than 1.96. Furthermore, the p-value is less than 0.05 at 0.000. As a result, we may say that H5 is approved. Therefore, the performance of employees is positively and significantly impacted by digital transformation. In today's corporate environment, digital transformation has become an inescapable phenomenon that impacts many aspects of organizational operations. The domain of employee performance holds significant influence. There are several ways to look at how the digital revolution affects employee performance, including operational effectiveness, flexibility, and competence enhancement (Kraus et al., 2021). Employees can do tasks more quickly and accurately by utilizing digital technologies including data analysis, information management systems, and corporate automation methods (Li et al., 2023).

f. Digital leadership has a positive and significant effect on employee performance through digital transformation

The H6 computation results show that the t-statistic value is 2.814, which is higher than 1.96. Furthermore, the p-value is less than 0.05 at 0.005. As a result, we may say that H6 is approved. Therefore, through digital transformation, digital leadership has a noteworthy and profound impact on worker performance. According to this concept, digital transformation is the process of integrating digital technologies into every aspect of the organization, which leads to substantial changes in the operating procedures and value proposition of businesses (Plekhanov et al., 2023). In addition to changing how businesses operate, the digital transformation process also calls for adjustments to organizational culture and behavior (Setiono et al., 2022). Staff members must be guided and inspired by effective digital

Vol. 8, No.09; 2024

leadership in order to accept and adapt to these changes (ALfares & Banikhaled, 2022). People that are adept at utilizing and embracing digital technology can create an environment at work that is dynamic, flexible, and innovation-focused.

g. Organizational culture has a positive and significant effect on employee performance through digital transformation

The H7 computation results show that the t-statistic value is 2.587, which is higher than 1.96. Furthermore, the p-value is smaller than 0.05 at 0.010. Thus, it is reasonable to say that H7 is accepted. Positive and significant relationships exist between employee performance and corporate culture through digital transformation. These findings align with the study conducted by (Imran et al., 2021), which argued that culture is essential for enabling digital transformation and helping businesses achieve positive performance results. The effect that organizational culture has on worker performance as a result of digital transformation shows that the readiness and support of the organizational culture is just as important to the success of digitalization as the technology itself. Enhanced employee performance might result from the use of digital technologies with the support of a flexible and progressive culture. Therefore, companies that want to thrive in the digital age need to give organizational culture fostering digital transition top priority.

4. Conclusion

The results of the study show that organizational culture and digital leadership are critical to improving employee performance, both directly and through digital transformation. The findings of the data analysis show that digital leadership significantly and favorably affects employee performance as well as the company's digital transformation process. It has been shown that organizational culture significantly affects employee performance and the advancement of digital transformation. Furthermore, it has been shown that digital transformation significantly improves worker performance. Notably, this study also demonstrates the mediating role that digital transformation plays in the relationships between organizational culture and worker performance as well as between digital leadership and worker performance. Thus, it stands to reason that companies that want the best possible employee performance should place a high priority on developing digital leadership and creating an organizational culture that supports digital transformation. This emphasizes how important it is to manage technology and human resources holistically in order to properly handle the issues raised by the digital age.

These results provide credence to the idea that, in the digital age, improving employee performance requires a strong corporate culture and digital leadership. This study sheds light on the importance of digital transformation—which has not received much attention in previous research—as a mediator in the relationship between employee performance, organizational culture, and digital leadership.

The results of this study indicate that in order to successfully support digital transformation, which will improve employee performance, businesses need to devote significant resources to leadership development and improve their organizational culture. It is crucial for businesses to continuously offer training for digital leadership and to integrate the principles of their

Vol. 8, No.09; 2024

innovative and flexible culture into every facet of their business operations. Moreover, it is imperative to guarantee that digital transformation techniques are used in a coordinated fashion to create an environment at work that is productive, adaptable, and encourages creativity.

Acknowledgments

References

- Aboramadan, M., Albashiti, B., Alharazin, H., & Zaidoune, S. (2020). Organizational culture, innovation and performance: A study from a non-western context. *Journal of Management Development*, *39*(4), 437–451. https://doi.org/10.1108/JMD-06-2019-0253
- Alabdali, M. A., & Salam, M. A. (2022). The Impact of Digital Transformation on Supply Chain Procurement for Creating Competitive Advantage: An Empirical Study. *Sustainability*, 14(19), Article 19. https://doi.org/10.3390/su141912269
- ALfares, M. M. E. M., & Banikhaled, M. H. (2022). The effect of digital leadership on Kuwaiti hospitals' employee performanc. *Management Science Letters*, 12(4), 223–228. https://doi.org/10.5267/j.msl.2022.6.002
- AlNuaimi, B. K., Kumar Singh, S., Ren, S., Budhwar, P., & Vorobyev, D. (2022). Mastering digital transformation: The nexus between leadership, agility, and digital strategy. *Journal* of Business Research, 145, 636–648. https://doi.org/10.1016/j.jbusres.2022.03.038
- Ángeles López-Cabarcos, M., Vázquez-Rodríguez, P., & Quiñoá-Piñeiro, L. M. (2022). An approach to employees' job performance through work environmental variables and leadership behaviours. *Journal of Business Research*, 140, 361–369. https://doi.org/10.1016/j.jbusres.2021.11.006
- Chatterjee, S., Chaudhuri, R., Vrontis, D., & Giovando, G. (2023). Digital workplace and organization performance: Moderating role of digital leadership capability. *Journal of Innovation & Knowledge*, 8(1), 100334. https://doi.org/10.1016/j.jik.2023.100334
- Chin, W., & Marcoulides, G. (1998). The Partial Least Squares Approach to Structural Equation Modeling. *Modern Methods for Business Research*, 8.
- Creswell, J. W., & Creswell, J. D. (2018). *Research Design: Qualitative, Quantitative, and Mixed Methods Approaches.* SAGE Publications.
- Dijkstra, H., van Beukering, P., & Brouwer, R. (2020). Business models and sustainable plastic management: A systematic review of the literature. *Journal of Cleaner Production*, 258, 120967. https://doi.org/10.1016/j.jclepro.2020.120967
- Firican, D. A. (2023). Digital Transformation and Digital Culture: A Literature Review of the Digital Cultural Attributes to Enable Digital Transformation. Proceedings of the International Conference on Business Excellence, 17(1), 791–799. https://doi.org/10.2478/picbe-2023-0073
- Gao, J., Zhang, W., Guan, T., Feng, Q., & Mardani, A. (2023). The effect of manufacturing agent heterogeneity on enterprise innovation performance and competitive advantage in the era of digital transformation. *Journal of Business Research*, 155, 113387. https://doi.org/10.1016/j.jbusres.2022.113387
- Ghozali, I., & Latan, H. (2015). Partial least squares: Konsep, teknik dan aplikasi SmartPLS 2.0
 M3 untuk penelitian empiris. Badan Penerbit Universitas Diponegoro.

Vol. 8, No.09; 2024

ISSN: 2456-7760

https://opac.perpusnas.go.id/DetailOpac.aspx?id=865950

- Hair, J. F., Babin, B. J., & Anderson, R. E. (2019). *Multivariate Data Analysis* (8th ed.). Cengage.
- Hongyun, T., Sohu, J. M., Khan, A. U., Junejo, I., Shaikh, S. N., Akhtar, S., & Bilal, M. (2023). Navigating the digital landscape: Examining the interdependencies of digital transformation and big data in driving SMEs' innovation performance. *Kybernetes*, *ahead-of-print*(ahead-of-print). https://doi.org/10.1108/K-07-2023-1183
- Imran, F., Shahzad, K., Butt, A., & Kantola, J. (2021). Digital Transformation of Industrial Organizations: Toward an Integrated Framework. *Journal of Change Management*, 21(4), 451–479. https://doi.org/10.1080/14697017.2021.1929406
- Isensee, C., Teuteberg, F., Griese, K.-M., & Topi, C. (2020). The relationship between organizational culture, sustainability, and digitalization in SMEs: A systematic review. *Journal of Cleaner Production*, 275, 122944. https://doi.org/10.1016/j.jclepro.2020.122944
- Konopik, J., Jahn, C., Schuster, T., Hoßbach, N., & Pflaum, A. (2022). Mastering the digital transformation through organizational capabilities: A conceptual framework. *Digital Business*, 2(2), 100019. https://doi.org/10.1016/j.digbus.2021.100019
- Kraus, S., Durst, S., Ferreira, J. J., Veiga, P., Kailer, N., & Weinmann, A. (2022). Digital transformation in business and management research: An overview of the current status quo. *International Journal of Information Management*, 63, 102466. https://doi.org/10.1016/j.ijinfomgt.2021.102466
- Kraus, S., Jones, P., Kailer, N., Weinmann, A., Chaparro-Banegas, N., & Roig-Tierno, N. (2021). Digital Transformation: An Overview of the Current State of the Art of Research. Sage Open, 11(3), 21582440211047576. https://doi.org/10.1177/21582440211047576
- Lam, L., Nguyen, P., Le, N., & Tran, K. (2021). The Relation among Organizational Culture, Knowledge Management, and Innovation Capability: Its Implication for Open Innovation. *Journal of Open Innovation: Technology, Market, and Complexity*, 7(1), Article 1. https://doi.org/10.3390/joitmc7010066
- Lan, P. Y. (2021). Corporate Culture's Role on Digital Transformation, Lesson Learnt for Vietnam Businesses. 81–88. https://doi.org/10.2991/aebmr.k.211119.009
- Li, S., Gao, L., Han, C., Gupta, B., Alhalabi, W., & Almakdi, S. (2023). Exploring the effect of digital transformation on Firms' innovation performance. *Journal of Innovation & Knowledge*, 8(1), 100317. https://doi.org/10.1016/j.jik.2023.100317
- Liang, S., & Li, T. (2022). Can Digital Transformation Promote Innovation Performance in Manufacturing Enterprises? The Mediating Role of R&D Capability. *Sustainability*, 14(17), Article 17. https://doi.org/10.3390/su141710939
- Paais, M., & Pattiruhu, J. R. (2020). Effect of Motivation, Leadership, and Organizational Culture on Satisfaction and Employee Performance. *The Journal of Asian Finance, Economics and Business*, 7(8), 577–588. https://doi.org/10.13106/jafeb.2020.vol7.no8.577
- Plekhanov, D., Franke, H., & Netland, T. H. (2023). Digital transformation: A review and research agenda. *European Management Journal*, 41(6), 821–844. https://doi.org/10.1016/j.emj.2022.09.007

Vol. 8, No.09; 2024

ISSN: 2456-7760

- Porfírio, J. A., Carrilho, T., Felício, J. A., & Jardim, J. (2021). Leadership characteristics and digital transformation. *Journal of Business Research*, 124, 610–619. https://doi.org/10.1016/j.jbusres.2020.10.058
- Riwukore, J. R., Susanto, Y., Pilkandis, J., & Habaora, F. (2021). Analysis of Employee Performance in The Department of Education and Culture, Lubuklinggau City. Asia Pacific Journal of Management and Education, 4(2), 95–109. https://doi.org/10.32535/apjme.v4i2.1149
- Sapta, S., Uii, M., & Setini, M. (2021). The Role of Technology, Organizational Culture, and Job Satisfaction in Improving Employee Performance during the Covid-19 Pandemic. *Journal of Asian Finance Economics and Business*, 8, 495–505. https://doi.org/10.13106/jafeb.2021.vol8.no1.495
- Senadjki, A., Au, Y. H. N., Ganapathy, T., & Ogbeibu, S. (2023). Unlocking the potential: The impact of digital leadership on firms' performance through digital transformation. *Journal of Business and Socio-Economic Development*, 4(2), 161–177. https://doi.org/10.1108/JBSED-06-2023-0050
- Setiono, R., Elmi, F., & Rimawan, E. (2022). Digital Transformation As Intervening Variable On The Effect Of Leadership, Competence And Organizational Culture On Employee Performance (Case Study: Dpu Bank Indonesia). *Journal of Positive School Psychology*, 2672–2681.
- Shehadeh, M., Almohtaseb, A., Aldehayyat, J., & Abu-AlSondos, I. A. (2023). Digital Transformation and Competitive Advantage in the Service Sector: A Moderated-Mediation Model. *Sustainability*, 15(3), Article 3. https://doi.org/10.3390/su15032077
- Shin, J., Mollah, M. A., & Choi, J. (2023). Sustainability and Organizational Performance in South Korea: The Effect of Digital Leadership on Digital Culture and Employees' Digital Capabilities. Sustainability, 15(3), Article 3. https://doi.org/10.3390/su15032027
- Shwedeh, F., Aburayya, A., & Mansour, M. (2023). The Impact of Organizational Digital Transformation on Employee Performance: A Study in the UAE. *Migration Letters*, 20, 1260–1274.
- Teng, X., Wu, Z., & Yang, F. (2022). Research on the Relationship between Digital Transformation and Performance of SMEs. *Sustainability*, *14*(10), Article 10. https://doi.org/10.3390/su14106012
- Wahjoedi, T. (2021). The effect of organizational culture on employee performance mediated by job satisfaction and work motivation: Evident from SMEs in Indonesia. *Management Science Letters*, 2053–2060. https://doi.org/10.5267/j.msl.2021.3.004