

Digital Leadership and Employee Digital Performance: The Mediating Roles of High Involvement Human Resource Practices and Dynamic Capability

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Article Info	ABSTRACT
Article history: Received, 25-05-2026 Accepted, 09-07-2026 Published, 14-08-2026	Digital transformation has become a strategic priority for higher education institutions seeking to improve organizational effectiveness and employee performance. However, previous studies have largely examined digital leadership, HRM practices, and employee capability separately, providing limited understanding of how digital leadership improves employee digital performance. Therefore, this study investigates the indirect effect of digital leadership on employee digital performance through High-Involvement Human Resource Management Practices (HI-HRMP) and employee dynamic capability. This study draws on the Resource Based View Theory (RBV), and Dynamic Capability Theory (DCT) to suggest that digital leadership has a positive effect on the adaptive capabilities of employees, organizational HR practices, and outcomes of digital work. The data were obtained from 205 academic and administrative staff in one private university in Indonesia through questionnaires (online and paper), and further analyzed using Partial Least Squares Structural Equation Modeling. The findings reveal that digital leadership does not directly influence employee digital performance. Instead, its effect occurs indirectly through HI-HRMP and employee dynamic capability. This study contributes to the digital leadership literature by explaining the organizational and individual mechanisms linking leadership and digital performance in higher education institutions.
Keywords: Digital Leadership, High-Involvement HRM Practices, Employee Dynamic Capability, Employee Digital Performance	

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1. Introduction

The digital transformation is now one of the strategic priorities in institutions of higher learning that are interested in improving teaching, research, and administrative services. Digital technologies are becoming more widespread in universities to enhance organizational effectiveness, spread knowledge, and communication (Okunlola, 2025). Nevertheless, regardless of substantial investments in digital infrastructure, most institutions continue to have a hard time converting digital transformation initiatives into better digital performance by employees (Widodo et al., 2024). Such a challenge implies that technological infrastructure alone is insufficient and that organizational and leadership variables can be rather important in facilitating employees to work in a digital environment.

Digital leadership has emerged as an important organizational capability for managing digital transformation. Digitally oriented leaders are more likely to possess a clear digital vision, promote innovation, and foster an organizational culture that supports the effective use of digital technologies (G. Wang, Mansor, et al., 2024). According to past studies, digital leadership seems to have the ability to increase the performance of workers through influencing organizational processes as well as improving the technological skills of employees. As an example, a study conducted in China proves that digital leadership plays a role in improving the digital performance of employees in the following ways: high-involvement HRM practices and employee dynamic capability (G. Wang, Mansor, et al., 2024).

The same thing happens in Indonesia where digital leadership, high-involvement HRM practices, and employee dynamic capability play a significant role in improving the

digital performance of employees (Wilarman, 2025). The above information clearly shows that leadership can influence the digital performance of employees directly as well as indirectly. But previous research has shown a mixed conclusive report on the connection between digital leadership and employee performance. Other studies provide positive direct correlation between the outcomes of digital leadership and employee performance, and other studies show that leadership does not always translate directly into better digital performance (Asyari et al., 2023). Rather, leadership can have an indirect effect on employee performance in terms of organizational practices and employee competencies that can facilitate the process of technological change (Hasan et al., 2023; Razak et al., 2022). Such mixed results show that more research is required to comprehend how digital leadership affects the digital performance of employees.

HI-HRMP is one of the organizational tools that digital leadership can potentially affect the performance of employees. The practices are based on employee involvement in decision-making, empowerment, lifelong learning, sharing information and rewarding performance (Rabiul et al., 2023). Within the framework of digital transformation, HI-HRMP has an opportunity to introduce a favorable organizational climate that will enable staff to engage in online activities and acquire the skills needed to respond to the technological shift (Cahyadi et al., 2022). With the help of such practices, the vision of leadership can be converted into tangible organizational procedures, which would contribute to the willingness of employees to work in the digital world. On the personal level, employee dynamic capability is extremely important in the sustainability of performance in evolving technological conditions. Employee dynamic capability is a capacity of employees to develop senses of technological opportunities, learn new digital skills, and restructure their work processes to meet the changing technology needs (Zam et al., 2025). The more dynamic capabilities employees have, the more adequately they can incorporate new digital tools in their work and keep their digital performance on a high level (Foss et al., 2023).

Despite the growing scholarly focus on the topics of digital leadership, HRM practices, and dynamic capability, the majority of former researches have considered these variables as independent or simple mediation relationships (Wilarman, 2025). This has resulted in scanty research on how digital leadership affects digital performance of employees in a chronological process that incorporates leadership, organizational HR systems and adaptive capabilities of employees. This issue is especially significant in higher education organizations, where the organizational structure, professional autonomy, and governance systems vary in many ways compared to business organizations (Asyari et al., 2023). It is the interaction of these factors that is thus important in explaining how digital transformation initiatives translate to better performance of the employees in universities.

In order to address this research gap, this study integrates the Resource-Based View (RBV) and Dynamic Capability Theory (DCT). RBV explains that organizational performance depends on valuable internal resources, such as leadership and human resource systems, which support employee development and organizational competitiveness (J. Wang et al., 2025). However, RBV mainly emphasizes the possession of strategic resources and provides limited explanation of how organizations adapt these resources in rapidly changing digital environments. Therefore, DCT complements RBV by explaining how organizations and employees continuously reconfigure, integrate, and develop resources to respond to technological change. In the context of digital transformation, digital leadership can be viewed as a strategic organizational resource that strengthens HR practices and enhances employees' dynamic capabilities, which subsequently improve employee digital performance (Wu et al., 2025). The integration of RBV and DCT therefore provides a more comprehensive explanation of how organizational resources and adaptive capabilities jointly support digital performance.

Based on these theories, this paper proposes a serial mediation model that shows that digital performance of the employees is mediated by digital leadership through the

HRM practices (High-Involvement HRM) and the employee dynamic capability. The paper will explain how organizational HR systems and individual adaptive ability (G. Wang, Dato, et al., 2024) can help digital transformation in higher institutions of learning. The present research makes contributions to the literature in a variety of ways. First, whilst not comprehensive, this research has concentrated on the indirect route by which digital leadership is impacting employee digital performance as opposed to research conducted previously that has concentrated on the direct link between digital leadership and employee performance. Secondly, the study adopts High-Involvement HRM practices and employee dynamic capability as a cascading mediation variable, providing a more rational explanation of the interaction effects of organizational practices and employee capabilities on digital performance. Secondly, this study adopts the cascading mediation variable of High-Involvement HRM practices and employee dynamic capability, providing a more rational explanation for how the interaction effects of organizational practices and employee capabilities influence digital performance. Thirdly, most of the previous studies about digital leadership are situated in either private companies or technology industries. With an examination of institutions of higher learning in the context of a developing country, this paper contributes to the body of literature on digital transformation to the university industry.

Research Hypotheses and Theoretical Base

This paper will integrate Resource Based View (RBV) with Dynamic Capability Theory (DCT) to show how leadership, organizational practices and employee capabilities are the key factors that influence digital performance of employees in the context of Digital transformation. According to RBV, the performance of the firm will depend on the effective utilization of the firm's resources that are valuable, rare, inimitable and non-substitutable. The organization's resources that cannot be seen or touched are important for creating a competitive advantage and improving organizational results, such as leadership

ability, human resource management systems, and employee competency (Haedar et al., 2021). In the context of digital transformation (J. Wang et al., 2025), digital leadership can be considered as a strategic asset for the organization which affects the application of digital technologies and encourages employees to engage in the digital working process.

The other critical organizational resource supporting employee development is High-Involvement Human Resource Management Practices (HI-HRMP). These practices involve employee participation, knowledge sharing, training and empowerment, thereby improving employee skills and participation in activities within the organization (Qiao et al., 2024). However, RBV alone cannot account for the changes of technology settings in which organizations and employees must adjust. Thus, Dynamic Capability Theory (DCT) builds on RBV by focusing on the capacity of both the organization and the individual to integrate, develop, and reconfigure their competencies to meet changing environmental demands. In this context dynamic capability of employee is the capacity to detect technological opportunities, gain new knowledge, and adapt work practices to technological shifts (Eisenhardt & Martin, 2000)(Foss et al., 2023). . Employees with strong dynamic capabilities are better able to utilize digital technologies and adapt their work behavior to evolving digital demands. Thus, RBV tends to justify the importance of leadership and HR practices as an organizational strategic resource, whereas Dynamic Capability Theory tends to justify how employees convert the latter into adaptive capabilities to improve employee digital performance.

The effect of Digital Leadership and Employee Digital Performance

The advancement in technology means that employees should constantly adapt to digital tools and new work processes. Leadership has an important role to play in influencing the employees to work effectively using digital systems in these environments (Okunlola, 2025). The leaders are vision communicators, technology champions, innovators and collaborators who lead employees to the organization's digital objectives (Riski & Rino, 2023). Digital leadership is defined as an individual's capacity to lead

digital transformation in their organizations through digital innovation, sharing of knowledge and the use of digital technologies effectively (Turyadi et al., 2023).

The Resource Based View (RBV) considers digital leadership as a crucial intangible asset of the organization, which facilitates innovation, employee empowerment, and capability building (Wu et al., 2025). But, RBV is not enough to account for employee adaptation to rapidly evolving digital environments. Hence Dynamic Capability Theory (DCT) is complementary to RBV as it explains how employees acquire adaptive capabilities to absorb new knowledge, modify their work practices and effectively respond to technological changes. Digital leadership with strategic direction and digital orientation can stimulate the employees to apply digital technology and enhance their adaptability, thereby enhancing the digital performance of employees (Gede et al., 2023). The positive relationship between digital leadership and employee performance has also been demonstrated in previous research, which revealed that digital leadership enables innovation, empowers employees, and enhances their capabilities (G. Wang, Dato, et al., 2024). Therefore, digital leadership will likely improve employee's digital performance in digital workplaces.

H1. Digital leadership has a positive impact on employee digital performance.

Digital leadership and HI-HRMP relation

Leadership does not only impact the behavior of employees but also organization systems especially the practices of human resource management (Cahyadi et al., 2022). The leaders will have influence in setting HR practices that promote employee participation, empowerment, and lifelong learning. High-Involvement Human Resource Management Practices (HI-HRMP) focus on employee involvement in decision making, sharing of extensive information, training opportunities and performance-based rewards. Such practices facilitate employee engagement and foster the development of skills, which are vital in organizations that are digitalizing (Thang et al., 2022).

Based on the RBV, HR practices may be viewed as the useful organizational resources that contribute to employee competence and motivation. HR systems that are aimed at fostering employee learning, collaboration and knowledge sharing are more highly applied by digital leaders who place high value on technological innovations (Hossain et al., 2025). Thus, digital leadership is likely to have a positive impact on the high-involvement HR practices implementation. Leadership orientation is very critical in designing and implementing human resource management systems in organizations. Regarding digital transformation, the leaders must implement HR practices ensuring the involvement of employees, ongoing learning, and cooperative problem-solving. Digital leaders tend to encourage free communication, cross-department collaboration, and exchange of knowledge so as to facilitate organizational flexibility (Haedar et al., 2021). Such leadership practices affect the creation of HR systems that focus on employee engagement and empowerment. Therefore, organizations with digitally oriented leaders in the future have higher chances of engaging in HI-HRMP that enable workers to be engaged and equipped to work in digital settings.

H2. Digital leadership has a positive impact on HI-HRMP.

The mediational role of digital leadership and digital employee performance

Even though digital leadership can have a direct impact on the performance of the employees, it usually goes through the organizational systems that help in the development of employees. HI-HRMP offers systematic organizational processes that convert leadership vision into practices that improve the skills and engagement of the employees (Cahyadi et al., 2024). HI-HRMP enhances employee involvement, training, and knowledge exchange, which empower employee skills and interests to take part in digital working (Siraj et al., 2022). These cultures form a conducive organizational culture that promotes the capacity of the employees to embrace digital technology and enhance their performance at work. According to the RBV, such HR systems are benefits to the organization in the form of organization resources that enhance the level of competencies, and dedication of

employees. Digital leadership, therefore, has the ability to enhance the digital performance of employees through the adoption of favorable HR practices (Mazurchenko & Zelenka, 2022).

Moreover, HI-HRMP enhances the company-employee fit of organizational strategies and employee behaviors. These practices allow the employees to learn more about organizational goals connected with the digital transformation by promoting employee engagement in the decision-making process and creating possibilities to train and develop (Guha et al., 2025). This conformity increases the readiness of the employees to use new technologies and engage in digital projects. Consequently, HI-HRMP is a valuable tool whereby the leadership approaches are converted into employee behaviors that result in better digital performance (Jia et al., 2023).

H3. HI-HRMP mediates the impact of digital leadership on employee digital performance.

Dynamic Capabilities of employees and Digital Leadership

The digital environment continuously changes, requiring employees to update their knowledge and adjust their work practices to technological developments. In such a situation, leadership is very important in empowering employees to gain adaptive skills so they can react well to digital transformation (Foss et al., 2023; Nilasari et al., 2024) define employee dynamic capability as the ability of employees to detect the technological opportunities, learn new technology, and modify their working practices to meet the needs of new technologies. Dynamic Capability Theory (DCT) states that organizations and individuals need to constantly re-create and re-combine capabilities to survive the competition in dynamic settings.

In this context, digital leaders can help to shape employee dynamic capability through advising on a process of ongoing learning, experimentation, knowledge sharing and effective use of digital technologies. With supportive leadership behaviors like coaching, mentoring and strategic guidance, employees are more likely to be confident in taking up new technologies and to adjust to digital transformation. These learning

environments enable employees to recognize and adapt to digital opportunities and are essential for developing their dynamic capabilities (Tworek et al., 2023).

H4. digital leadership has a positive impact on employee dynamic capability.

Mediating role of digital leadership and employee digital performance through employee dynamic capability

Employee dynamism capability is highly essential in turning around leadership support to enhanced digital performance. Those employees who have high adaptive abilities can better learn new technologies, adjust the working process, and react positively to the digital challenges (Retnowati & Santosa, 2023). In the RBV point of view, employee capabilities can be discussed as valuable organizational resources that can be used to promote better performance results. In the meantime, the Dynamic Capability Theory notes that the development of capabilities requires constant growth to be able to maintain performance in dynamic environments (Abdullah & Hamid, 2024). Digital leadership promotes technological learning and the exchange of knowledge that enhances the capability of employees to adapt to technological changes. The more employees have gained dynamic capabilities, the more effective they can use digital technologies and enhance their digital work performance (Senadjki et al., 2026).

In addition, digitally transforming employees that have high dynamic capabilities are in a better position to handle complexity and uncertainty (Andik & Ratnasari, 2023). These employees are also more active in learning new knowledge, trying to use digital tools, and changing their working processes to become more efficient and effective. Consequently, dynamic capability allows the employee to change organizational support and leadership direction into reality in digital work performance (Chatterjee et al., 2023).

H5. Digital leadership has a mediating effect on employee digital performance through the influence of employee dynamic capability.

The chain mediating position of HI-HRMP and employee dynamic capability

Digital leadership can influence employee digital performance through organizational practices and employee capabilities (Rumapea et al., 2024). According to the Resource-Based View (RBV), High-Involvement Human Resource Management Practices (HI-HRMP) represent strategic organizational resources that support employee development through training, participation, empowerment, and knowledge sharing. These practices create a supportive learning environment that enhances employees' competencies and facilitates adaptation to technological changes (G. Wang, Niu, et al., 2024).

Dynamic Capability Theory (DCT) further explains that employees develop dynamic capabilities through continuous learning, knowledge integration, and adaptation to changing digital environments. Through HI-HRMP, employees become more capable of identifying technological opportunities, acquiring new digital knowledge, and adjusting their work processes to evolving digital demands (Al-kharabsheh et al., 2023). Employees with stronger dynamic capabilities are more likely to utilize digital technologies effectively and improve their digital work performance. Therefore, digital leadership is expected to indirectly improve employee digital performance through the sequential roles of HI-HRMP and employee dynamic capability (Wilarman, 2025). Organizational standpoint The required platform to develop employee capability can be seen as HR practices that focus on employee engagement and life-long learning. Employees have a greater opportunity to acquire adaptive skills and technological competencies when given a chance to contribute in the decision-making process, training, and resources of knowledge-sharing. These competencies can improve the capacity of the employees to react to the evolving digital environment and embrace the use of the digital tools in their work activity.

H6. HI-HRMP and employee dynamic capability plays a chain mediating role between digital leadership and employee digital performance.

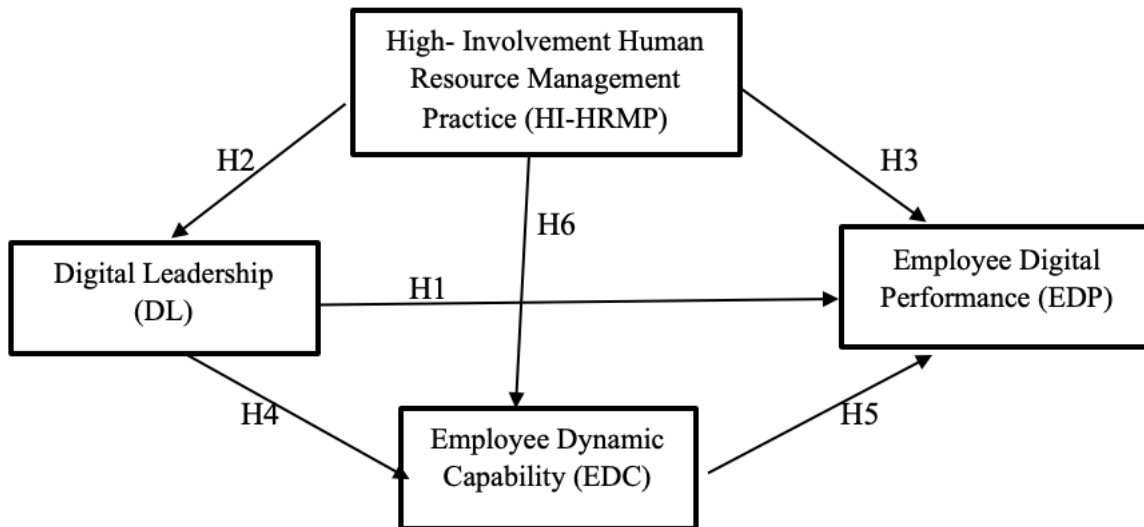


Figure 1. Conceptual Research Framework

Figure 1 provides the conceptual framework of this research. According to this model, digital leadership has both direct and indirect effects on the digital performance of employees through high involvement human resource management practices (HI-HRMP) and dynamic capability of employees. According to Resource Based View (RBV), digital leadership and HI-HRMP are considered important strategic resources of organizations for employee development and organization effectiveness. On the other hand, the theory of dynamic capability states that dynamic capability of employees helps them to adapt to new technologies and use digital technology efficiently. Therefore, in this model, digital leadership will improve the HI-HRMP of employees, leading to improvement in dynamic capabilities of employees and ultimately their digital performance.

2. Methods

Research Design

The research design for this study will be a cross-sectional survey using the explanatory research design approach to explore the relationship between digital leadership, HI-HRMPs, dynamic capabilities, and digital performance of employees. Such a design will suit testing the proposed mediation model and the study of the links between variables in the environment of digital transformation in higher education institutions.

Population and Sampling

The research was conducted at Universitas Muhammadiyah Purwokerto (UMP), Indonesia. UMP was chosen because the University has enthusiastically taken up the digital transformation project in their academic and administrative workflows, which was an apt context for exploring the themes of digital leadership, HRM practice, and digital performance of the employees. The respondents of the study were made up of lecturers, administrative and managerial staff from various faculties and administrative departments. The results cannot be directly generalized to other higher education institutions, however, as the study focused on a single private institution with different characteristics than others, and in a different context for digital transformation.

The sampling was done purposively to ensure that all the participants have relevant experience with digital practices in the institution. The study's respondents had to be actively engaged in teaching, administrative or managerial roles in which digital platforms or technology-based processes were used. After the data screening process, 205 valid responses were finally analyzed. A pre-test was carried out in the form of a pilot study involving some of the academic and administrative staff of Universitas Muhammadiyah Purwokerto (UMP) to evaluate the clarity, relevance and readability of the questionnaire items, before the main data collection. The information received in the pilot test was utilized to improve the instrument prior to giving it to the target respondents. It was concluded that the final number of samples was adequate for the Partial Least Squares

Structural Equation Modeling (PLS-SEM). It is suggested to include at least ten times the largest number of structural paths to an endogenous construct, following the 10-times rule of Hair et al. (2021) and (Legate et al., 2021). In this study, the minimum number of respondents was determined to be 30, as there are three structural paths going to the dependent construct. Therefore, PLS-SEM analysis was appropriate for the final sample size (205 respondents) which exceeded the recommended minimum sample size.

Measurement of Variables

Scales which have been previously developed through previous research studies were used in measuring the constructs in this research to ensure validity and reliability. The indicators of the conceptual definition of the constructs were used for the measurement of constructs such as digital leadership, HI-HRMP, employee dynamic capability and employee digital performance. All of the above have been slightly modified to suit the higher education context. The measurement scale used was a 5-point Likert scale where the scale ranged from 1 (strongly disagree) to 5 (strongly agree). Harman's single factor test was employed to the common method bias. It was found that the first factor explained less than 50% of the total variance hence common method bias is not likely to affect validity of the results.

Data Collection Procedure

A structured questionnaire comprising of a questionnaire distributed online and paper-based was used to collect the data. The questionnaire was conducted in the online questionnaire, which was conducted through Google Forms and distributed over institutional mailing lists and official WhatsApp workgroups. Questionnaires were also administered by distributing the printed questionnaires to the offices to expand the coverage of the response. Common method bias would be reduced by ensuring that the

respondents were confident that the information they provided would remain anonymous and be used exclusively in academic purposes.

Data Analysis Technique

The data was to be analyzed using the Partial Least Squares Structural Equation Modeling (PLS-SEM) via SmartPLS software. The reason why the PLS-SEM was chosen is because it is suitable when analyzing complex relationship among two or more constructs and mediation effects. The analysis process involved two stages including the evaluation of measurement model (validity and reliability) and structural model (hypothesized relationships). The path coefficients were calculated using the bootstrapping approach with resample of 5,000.

Table 1. Variable Indicators

No	Variable	Indicators
1	Employee Digital Performance (Y)	Digital problem solving Task efficiency using digital tools Digital work quality Innovation using digital technologies Creative digital solutions Experimentation with digital ideas
2	High-Involvement HRM Practices (Z1)	Employee empowerment Participation in decision-making Training and development Information sharing Performance recognition Fair reward system Organizational trust Technology adaptation support

3	Employee Dynamic Capability (Z2)	Environmental sensing Change adaptation Problem sensitivity Problem-solving ability Innovative thinking Continuous learning
4	Digital Leadership (X)	Recognition of employee competencies Trust building Information provision Coaching and mentoring Openness to feedback Leadership confidence in digital change

Source: Adapted from (G. Wang, Dato, et al., 2024).

Employee Digital Performance (Y) served as the dependent variable. Digital Leadership (X) functioned as the independent variable. High-Involvement HRM Practices (Z1) and Employee Dynamic Capability (Z2) acted as mediating variables. The relationships among these variables are illustrated in Figure 1.

3. Results

Descriptive statistical results regarding respondent characteristics are presented in Table 2.

Table 2. Respondent Demographics

Variable	Category	Frequency	Percentage (%)
Gender	Male	104	50.73
	Female	101	49.27
Age	20–29 years	103	50.24
	30–39 years	55	26.83
	40–49 years	35	17.07
	> 50 years	12	5.85
Level of Education	Diploma	17	8.29
	Bachelor's degree (S1)	142	69.27

Position	Master's degree (S2)	27	13.17
	Doctoral degree (S3)	19	9.27
	Administrative Staff	95	46.34
	Instructor	48	23.41
	Other positions	53	25.85
Work Experience	Leadership/ Management	9	4.39
	1–5 years	119	58.05
	6–10 years	49	23.90
	> 10 years	37	18.05
Employment Status	Temporary Employee	109	53.17
	Permanent Employee	95	46.34

Source: Processed Data (2025)

This study involved 205 respondents. The gender was quite equal with 50.73 percent males and 49.27 percent females’ respondents. Most of the respondents fell between 20 and 29 years in age (50.24%), which is a sign that the sample consisted of rather young employees who might be more inclined towards digital technologies. Education wise most of them had a bachelor degree (69.27%), then there were masters and doctoral degrees. In terms of position, the biggest group (46.34 percent) was that of administrative staff, and the next group was that of instructors (23.41 percent) and others (25.85 percent). The number of those who occupied a leadership/management position was insignificant (4.39%).

The level of work experience was 1-5 years old (58.05%), which indicates that a large proportion of employees are at the initial phase of their careers. Moreover, over fifty percent of the respondents were temporary workers (53.17%), which can affect the reaction of the employees towards the digital transformation efforts of the organization. The measurement model was tested through the measurement of outer loadings, construct reliability, convergent and discriminant validities.

Table 3. Measurement Items and Outer Loadings

	DL	EDC	EDP	HI- HRMP
DL1	0.642			

DL2	0.599		
DL3	0.745		
DL4	0.722		
DL5	0.755		
DL6	0.642		
EDC1		0.740	
EDC2		0.735	
EDC3		0.806	
EDC4		0.713	
EDC5		0.694	
EDC6		0.711	
EDP1			0.813
EDP2			0.821
EDP3			0.841
EDP4			0.799
EDP5			0.840
EDP6			0.844
HI-HRMP1			0.527
HI-HRMP10			0.589
HI-HRMP11			0.713
HI-HRMP12			0.635
HI-HRMP13			0.631
HI-HRMP14			0.608
HI-HRMP15			0.652
HI-HRMP16			0.689
HI-HRMP17			0.727
HI-HRMP18			0.675
HI-HRMP19			0.636
HI-HRMP2			0.637
HI-HRMP20			0.577
HI-HRMP21			0.609
HI-HRMP22			0.570
HI-HRMP23			0.626
HI-HRMP4			0.643
HI-HRMP5			0.525
HI-HRMP6			0.592
HI-HRMP7			0.692
HI-HRMP8			0.603
HI-HRMP9			0.629

Source: SmartPLS Output

Indicator loadings, construct reliability, and validity were used to evaluate the measurement model. As presented in Table 3, most indicator loadings exceeded the recommended threshold of 0.70, indicating satisfactory indicator reliability. According to Hair et al. (2021), outer loading values above 0.70 are generally considered acceptable because they demonstrate that the indicators adequately represent the construct. However, several indicators in this study had loading values between 0.50 and 0.70. Hair et al. (2021) also state that indicators with loadings between 0.40 and 0.70 may be retained when their removal does not substantially improve composite reliability (CR), average variance extracted (AVE), or the theoretical meaning of the construct. Therefore, the indicators were retained to preserve content validity and maintain the conceptual representation of the constructs. Nevertheless, loading values below 0.70 were treated as a methodological limitation and carefully evaluated during the measurement model assessment.

In particular, Digital Leadership indicators have a range of 0.599 to 0.755, Employee Dynamic Capability indicators have a range of 0.694 to 0.806 and Employee Digital Performance indicators have a range of 0.799 to 0.844, which means that the reliability of indicators is acceptable. HI-HRMP construct has quite a number of indicators with moderate loadings that are between 0.525 and 0.727. The indicators were maintained since they are multidimensional in character since they represent employee participation, sharing of information, training opportunities and empowerment of the human resource practices. In general, the outcomes of the outer loading suggest that the items of measurement show fair levels of reliability and they provide sufficient coverage of their corresponding latent constructs in the research model.

Table 4. Construct Reliability and Convergent Validity

Construct	Cronbach's	rho_A	Composite	AVE
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	Alpha	Reliability		
DL	0.779	0.786	0.842	0.472
EDC	0.828	0.828	0.875	0.539
EDP	0.907	0.908	0.928	0.683
HI-HRMP	0.929	0.931	0.937	0.394

Source: SmartPLS Output

Cronbach alpha and composite reliability (CR) were the methods of assessment of construct reliability. Neither construct in Table 4 have Cronbach alpha and composite reliability less than the recommended index of 0.70, indicating that there is good internal consistency reliability. The Average Variance Extracted (AVE) was used in determining convergent validity. The AVE values for the employee dynamic capability and employee digital performance are higher than the suggested value of 0.50, suggesting the two constructs to have a satisfactory convergent validity.

The AVE values for Digital Leadership (0.472) and HI-HRMP (0.394) were not within the recommended threshold (0.50), however, the composite reliability values were above 0.70 which is the recommended threshold for internal consistency reliability (Hair et al., 2019; Hair et al., 2021). However, its AVE value was quite low and hence methodological issues in this study. The low convergent validity could be attributed to the multidimensional nature of the HI-HRMP construct that includes multiple dimensions including competency development, empowerment, fair rewards, information sharing, recognition, organizational trust, and technology adaptation. There were several indicators with low LOV which were carefully considered for dropping. Of course, some indicators were kept in order to make the theoretical comprehensiveness and content validity of the construct complete. Furthermore, the multidimensional nature of HI-HRMP could enhance the convergent validity and construct representation if a second-order construct approach is applied in future research.

Moreover, the indicators have been maintained to maintain the theoretical coverage of the constructs, especially, in the HI-HRMP construct that involves several dimensions of

high-involvement human resource practices in higher education sectors that undergo digital transformation. In all, the results indicated that the constructs have limited reliabilities and convergent validities to be further used in the study of the structural model.

Table 5. Fornell–Larcker Criterion

Construct	DL	EDC	EDP	HI- HRMP
DL	0.687			
EDC	0.384	0.734		
EDP	0.397	0.659	0.826	
HI-HRMP	0.660	0.618	0.595	0.628

Source: SmartPLS Output

The Fornell-Larcker criterion was used to test for discriminant validity. As seen in Table 5 below, the square root of the average variance extracted (AVE) for each construct is higher than its inter-construct correlation, implying that the constructs are empirically distinguishable from each other.

Structural Model Assessment

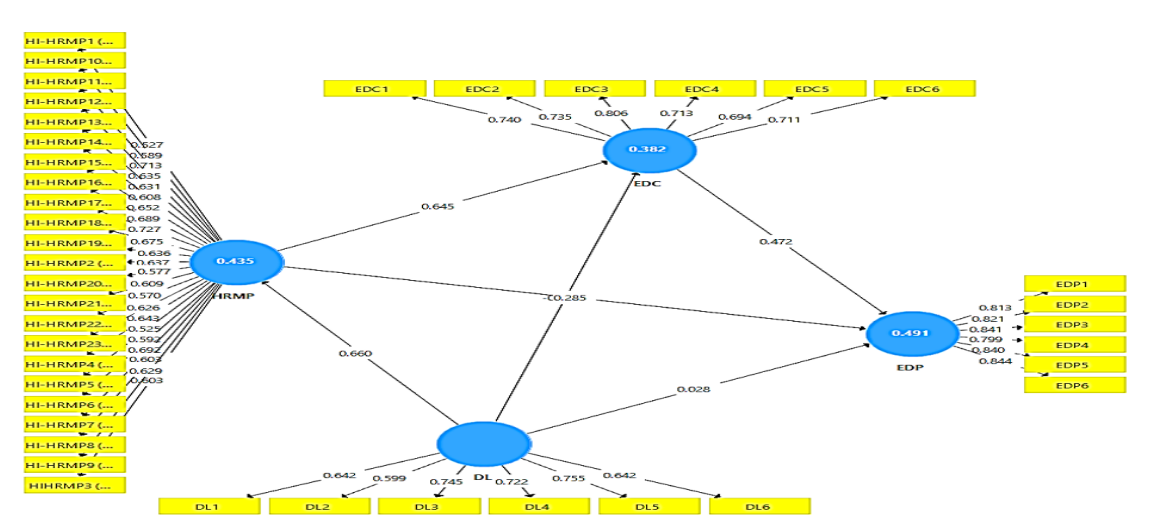


Figure 2. Structural Model Result

Table 6. Path Coefficients and Hypothesis Testing

Hypothesis	Path	β (O)	t-value	p-value	Decision
H1	DL $\rightarrow$ EDC	-0.042	0.465	0.642	Not Supported
H2	DL $\rightarrow$ EDP	0.028	0.344	0.731	Not Supported
H3	DL $\rightarrow$ HI-HRMP	0.660	14.437	0.000	Supported
H4	HI-HRMP $\rightarrow$ EDC	0.645	8.719	0.000	Supported
H5	HI-HRMP $\rightarrow$ EDP	0.285	3.286	0.001	Supported
H6	EDC $\rightarrow$ EDP	0.472	5.573	0.000	Supported

Source: SmartPLS Output

The results of structural model are presented in Table 6. According to the bootstrapping results, Digital Leadership has high impact on HI-HRMP (= 0.660, $p < 0.001$). In its turn, HI-HRMP significantly influences Employee Dynamic Capability (0.645, $p = 0.001$) and Employee Digital Performance (0.285, $p = 0.001$). Moreover, there is a significant effect of Employee Dynamic Capability on Employee Digital Performance (0.472, $p < 0.001$). However, the impact of Digital Leadership on Employee Dynamic Capability (0.042 = -0.642) and Employee Digital Performance (0.028 = 0.731) is insignificant. Thus, the digital leadership does not have any direct influence on digital performance of employees. Instead, it has an indirect impact via the organizational mechanisms, namely high-involvement HR practices and development of employee dynamic capability.

Table 7. Specific Indirect Effects (Mediation)

Indirect Path	β (O)	t-value	p-value
DL $\rightarrow$ HI-HRMP $\rightarrow$ EDC	0.426	6.337	0.000
DL $\rightarrow$ EDC $\rightarrow$ EDP	0.020	0.448	0.655
HI-HRMP $\rightarrow$ EDC $\rightarrow$ EDP	0.305	4.524	0.000
DL $\rightarrow$ HI-HRMP $\rightarrow$ EDC $\rightarrow$ EDP	0.201	4.122	0.000
DL $\rightarrow$ HI-HRMP $\rightarrow$ EDP	0.188	2.994	0.003

Source: SmartPLS Output

The indirect influences of the variables by the mediation analysis also are studied. It indicates that HI-HRMP is an important mediator between Digital Leadership and Employee Dynamic Capability ($0.426, p < 0.001$). It suggests that the HR practices that digital organizations are implementing are aimed at building adaptive skills for their employees through participation, learning and sharing knowledge.

Moreover, Employee Dynamic Capability moderates the correlation between HI-HRMP and Employee Digital Performance ($= 0.305, p < 0.001$), which means that HR practices enhance employee performance through enhancing the adaptation of employees towards digital technologies. The most important is that the sequential mediation of Digital Leadership $\rightarrow$ HI-HRMP $\rightarrow$ Employee Dynamic Capability relates to Employee Digital Performance ($201 = 0.201, p = 0.001$). This result proves that digital leadership improves the digital performance of staff members in a sequential manner, which comprises both of supporting HR practices and the improvement of adaptive capacities of the employees. Overall, these results suggest a relatively indirect influence of digital leadership on digital performance of employees, as it passes through organizational practices and on the individual level, through capability development.

Table 8. Summary of Hypothesis Testing Results

Hypothesis	Path Relationship	Path Coefficient (β)	t-value	p-value	Result
H1	DL $\rightarrow$ EDP	0.028	0.344	0.731	Not Supported
H2	DL $\rightarrow$ HI-HRMP	0.660	14.437	0.000	Supported
H3	DL $\rightarrow$ HI-HRMP $\rightarrow$ EDP (Mediation)	0.188	2.994	0.003	Supported

H4	DL → EDC	-0.042	0.465	0.642	Not Supported
H5	DL → EDC → EDP (Mediation)	0.020	0.448	0.655	Not Supported
H6	DL → HI-HRMP → EDC → EDP (Chain Mediation)	0.201	4.122	0.000	Supported

Source: SmartPLS Output

The findings of hypothesis tests are captured in table 8. Findings indicate that there exists a positive significant relationship between Digital Leadership and HI-HRMP (= 0.660, $p < 0.001$), which conforms to H2. However, there is no significant impact of Digital Leadership on Employee Digital Performance and Employee Digital Capability, which implies that H1 and H4 are falsified. Regarding the mediation effects, HI-HRMP exerts a significant mediating influence between Digital Leadership and Employee Digital Performance (H3 is supported) but Employee Dynamic Capability does not exert any significant mediating effect on the same (H5 not supported). Furthermore, both sequential mediation by HI-HRMP and Employee Dynamic Capability of Digital Leadership on Employee Digital Performance validate H6.

Table 9. Coefficient of Determination (R^2)

Endogenous Construct	R^2	Adjusted R^2
HI-HRMP	0.435	0.433
EDC	0.382	0.376
EDP	0.491	0.484

Source: SmartPLS Output

R^2 represents the explanatory power of the model. Digital Leadership accounts 43.5 percent of the variance of HI-HRMP whereas HI-HRMP and Digital Leadership account 38.2 percent of the variance of Employee Dynamic Capability. The model predicts 49.1%

of the shift in Employee Digital Performance, which is regarded as a moderate level of explanations by Hair et al. (2021).

Table 10. Effect Size (f^2)

Predictor → Outcome	f^2
DL → HI-HRMP	0.771
HI-HRMP → EDC	0.381
EDC → EDP	0.270
HI-HRMP → EDP	0.065
DL → EDC	0.002
DL → EDP	0.001

Source: SmartPLS Output

To determine the effect size, f^2 was used to compare the proportionate influence of each exogenous construct on endogenous constructs. Digital Leadership impacted significantly on HI-HRMP in Table 10 ($f^2 = 0.771$). HI-HRMP proved to have a significant impact on EDC ($f^2 = 0.381$) and a minimal impact on EDP ($f^2 = 0.065$). EDC had an intermediate impact on EDP ($f^2 = 0.270$).

Table 11. Predictive Relevance (Q^2)

Construct	Q^2
HI-HRMP	0.164
EDC	0.196
EDP	0.330

Source: SmartPLS Output

It was determined that the model was predictively relevant using the blindfolding procedure. As indicated, the Q^2 of HI-HRMP (0.164), EDC (0.196) and EDP (0.330) were all positive, hence, revealing that the model had sufficient predictive relevance.

4. Discussion

This research was designed to examine the processes by which digital leadership affects digital performance in employees of a higher educational establishment in the process of digital transformation. The findings indicate that the effect of this is not direct, but rather it occurs through a sequential mediation of High-Involvement Human Resource Management Practices (HI-HRMP) and employee dynamic capability. Each hypothesis has been discussed in the following analysis with reference to the theoretical frameworks, the demographic nature of the respondents, and the literature available.

Hypothesis 1 Testing (Digital Leadership has no impact on Employee Digital Performance)

The findings indicate that digital leadership does not directly influence employee digital performance. This result suggests that, in digital work environments, leadership may play a more supportive and indirect role rather than directly determining individual performance outcomes. Dynamic Capability Theory (DCT) explains that leaders primarily facilitate employee capability development by encouraging learning, adaptation, and the effective use of digital technologies rather than directly controlling employees' work performance (Norouzi et al., 2022)

This finding may also be influenced by the organizational context and demographic characteristics of the respondents. The majority of the respondents were administrative staff and lecturers with relatively high professional autonomy in academic environments. In this context, staff members have more autonomy in teaching, research, and administration, and are allowed to use digital technologies in their teaching and research. In addition, respondents were predominantly members of younger age groups, which were already accustomed to digital platforms and had sufficient basic digital skills. Therefore, employee digital performance may depend more on organizational support systems and individual adaptive capabilities than on direct leadership influence (Jameson et al., 2022). This result is consistent with previous studies suggesting that the effect of digital

leadership on employee outcomes is often indirect and mediated through organizational and employee-related factors (G. Wang, Niu, et al., 2024; Wu et al., 2025).

Hypothesis 2 Testing (Digital Leadership has an effect on HI-HRMP)

The results show that digital leadership is positively related with High-Involvement Human Resource Management Practices (HI-HRMP). The finding aligns with the Resource Based View (RBV) which suggests that leadership is a critical determinant in building strategic resources of the organization, such as HR systems to facilitate employee capability development, learning, participation and empowerment (Siraj et al., 2022). Digital leaders help to ensure that HR processes are aligned with digital organizational strategies by fostering supportive learning environments and employee engagement in digital work processes as part of the digital transformation.

This finding may also be influenced by the demographic characteristics of the respondents. A large proportion of employees were temporary staff and relatively early in their careers, making structured HR systems, training opportunities, and organizational support particularly important. Through HI-HRMP, digital leaders can strengthen employees' sense of security, fairness, and professional development, which may increase their willingness to participate in digital transformation initiatives. This result is consistent with previous studies suggesting that digitally oriented leadership contributes to the development of HR infrastructures that support organizational digitalization efforts (Gu et al., 2023; Renkema, 2021).

Hypothesis 3 Testing (The Mediating Role of HI-HRMP between DL and EDP relationship)

The results reveal that HI-HRMP is a significant mediator between digital leadership and digital performance of employees, thus, it can be concluded that the effect of digital leadership on digital performance of employees is mediated by HRM practices in an organization. This finding is one of the major findings of this study as it helps to better

understand how digital leadership influences employee digital performance. Digital leadership is an invisible organizational resource from a RBV point of view whose value becomes more effective when translated into supportive organizational practices such as training, employee participation, empowerment, and fair rewards. Rather than directly controlling employee performance, digital leaders facilitate HR systems that encourage employees to utilize digital technologies more effectively and participate actively in digital transformation processes (Mazurchenko & Zelenka, 2022; Wilarman, 2025).

This finding may also be influenced by the demographic characteristics of the respondents, where most employees were relatively young and highly educated, making them more responsive to developmental HR practices and organizational support systems related to digital transformation.

Hypothesis 4 Testing (Employee Dynamic Capability is affected by Digital Leadership)

This result suggests that employee dynamic capability may not develop directly through leadership influence alone, but rather through continuous learning processes, practical experience, and organizational support systems. In the context of Dynamic Capability Theory (DCT), dynamic capability reflects employees' ability to adapt, learn, and integrate new technologies in response to changing digital environments (Foss et al., 2023). Such capabilities are generally developed gradually through training opportunities, mentoring, experimentation, and knowledge-sharing processes rather than direct leadership instruction.

This finding may also be related to the professional autonomy of employees in academic environments. Lecturers and administrative staff often independently manage their work activities and technological adaptation processes, making individual capability development less dependent on direct leadership influence. Therefore, although digital leaders may encourage adaptation and innovation, employee dynamic capability appears to

require more systematic organizational support mechanisms to develop effectively. This finding further supports the importance of organizational interventions, particularly HI-HRMP, in strengthening employee dynamic capability within digital transformation contexts.

Hypothesis 5 Test (The Mediating Role of EDC in the DL has an effect on EDP relationship)

The findings indicate that employee dynamic capability does not mediate the relationship between digital leadership and employee digital performance. This result suggests that digital leadership alone may not be sufficient to directly strengthen employees' adaptive capabilities and subsequently improve their digital performance. Employee dynamic capability builds up over time, from learning, doing and organizational support, not just from leadership direction, in the framework of Dynamic Capability Theory (DCT). Structured support, including training, mentoring, access to resources and access to learning activities is needed for employees, especially those in their early years, to reinforce their ability to adapt to digital environments.

The insignificant mediation result is also consistent with the previous finding that digital leadership does not significantly influence employee dynamic capability directly. This indicates that employee dynamic capability cannot function effectively as an independent mediating mechanism between leadership and digital performance without the support of organizational systems. Therefore, the development of employee dynamic capability appears to depend more on supportive HR practices and organizational learning environments than on direct leadership influence alone. This finding further reinforces the importance of organizational mechanisms, particularly HI-HRMP, in facilitating employee adaptation and improving digital performance during digital transformation processes (G. Wang, Mansor, et al., 2024).

Hypothesis 6 Test (Chain Mediation of High Involvement HRM Practices on Dynamic Capability of Employees through Digital Leadership-Employee Digital Performance)

The results suggest that the digital leadership employee digital performance relationship is mediated by HI-HRMP and employee dynamic capability in succession. This outcome is also the primary finding of the study as it presents the entire mechanism that impacts on digital leadership and employee digital performance in digital transformation scenarios. Digital leadership is involved in the process of developing HI-HRMP, by offering employees training opportunities, participation, empowerment and organizational support. By strengthening the dynamic capabilities of employees through these HR practices, they will be able to enhance their abilities in developing adaptive skills, learning new knowledge and adapting to technological change.

From the RBV perspective, digital leadership and HI-HRMP represent strategic organizational resources that support employee development and organizational effectiveness. Meanwhile, DCT explains that employee dynamic capability functions as an adaptive capability that enables employees to respond to dynamic digital environments and improve their digital performance (Jia et al., 2023; Wu et al., 2025). The result is consistent with previous studies suggesting that successful digital transformation in higher education institutions depends not only on technology implementation, but also on leadership support, effective HR practices, and employees' readiness to adapt to digital change (Subramaniam & Dorasamy, 2025).

5. Conclusion

The study examined how the influence of digital leadership affects the digital performance of the employees through high involvement human resource management practices and dynamic capabilities of the employees in digital transformation in higher education. The results demonstrate that digital leadership is not directly related to the

enhancement of employee digital performance. Rather, it is an indirect way of influence via organizational processes and developing the personnel skills. The findings reveal that leadership does not ensure the generation of digital performance outcomes. Instead, digital leadership can be made effective through being converted into supportive HR systems that support participation, empowerment and learning. These organizational practices in turn lead to employee dynamic capability so that the employees can adjust towards technological changes and achieve better digital work outcomes. In terms of theoretical contribution, the present study works into the assimilation of the Resource-Based View (RBV) and the Dynamic Capability Theory (DCT), since it illustrates that leadership is a facilitating resource mobilizing organizational processes and capabilities of employees. These findings indicate that digital performance in higher education is the result of the alignment of leadership vision, HR practices, and adaptive capability of the employees and not a result of leadership influence. Practically, the findings suggest that digital transformation can only be successful in universities that do not base their efforts on leadership programs and technological investments only. Instead, organizations must create systematic HR practices that will encourage participation among employees, life-long learning, and digital skills advancement. Training and organizational support should be used to strengthen employee dynamic capability to transform leadership strategies into long-term digital performance results.

Limitations and future research

Although this study has made contributions, its limitations allow for the new research. First, the study was cross-sectional and thus limited the ability to measure causal dynamic over time. An extensive study can be done in the future through a longitudinal design to study the development of digital leadership, HR practices, and employee capabilities at various phases of digital transformation. Second, there was only one university in which the empirical context was narrowed. Consequently, the results are to be

discussed in the framework of the digital transformation of higher education institutions. The proposed model may be tested in other universities or countries or even industries in the future to understand the generalizability of the results.

Third, the information was based on self-reported responses to the survey, and it can result in common method bias. Future research may synthesize various data streams e.g. supervisor ratings, objective digital performance measures or historical organizational data. Fourth, as mediating factors, this study concentrated on HI-HRMP and employee dynamic capability. The model can be expanded in future studies by adding new variables which include: organizational culture, digital infrastructure, technological readiness or digital mindset of the employees. Lastly, the results offer possible limits of digital leadership performance. There are situations in which in very autonomous settings like in a university, leadership can have a direct impact on performance not through behavioral control but through institutional systems and development of capabilities. Future studies might examine the way in which these relationships are mediated by contextual factors like organizational structure, digital maturity, or leader styles.

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