

# Linking Digital Leadership and Firm Performance: The Mediating Role of Digital Transformation

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## Abstract

**Purpose:** This conceptual study aims to explore the mechanisms through which digital leadership influences firm performance, emphasizing the mediating role of digital transformation. **Design/methodology/approach:** A systematic synthesis of recent literature on digital leadership, digital transformation, and firm performance was conducted. Drawing upon dynamic capabilities theory, transformational leadership theory, and socio-technical systems theory. **Findings:** The proposed framework suggests that digital leadership positively influences digital transformation by fostering innovation culture, organizational agility, and strategic alignment. Digital transformation, in turn, positively affects firm performance through enhanced operational efficiency, customer engagement, and innovation capacity. **Research limitations/implications:** As a conceptual inquiry, this study does not include empirical testing. Future research should validate the proposed framework using quantitative methods. **Practical implications:** Organizations should invest in developing digital leadership competencies, align transformation strategies with business goals, and cultivate a culture that promotes innovation and employee engagement. **Originality/value:** This study advances the understanding of how digital leadership drives firm performance by establishing digital transformation as a mediating mechanism.

**Keywords:** Digital Leadership, Digital Transformation, Firm Performance, Organizational Agility, Innovation Culture

**Introduction**

In the contemporary business epoch, defined by pervasive technological disruption and shifting consumer paradigms, digital transformation has evolved from a strategic option into an operational necessity for maintaining competitiveness and long-term viability (Fang et al., 2024; Hanelt et al., 2021). The accelerated pace of digitalization—propelled by artificial intelligence (AI), data analytics, cloud computing, and automation—has reshaped the architecture of global industries. Organizations are now compelled not only to integrate digital technologies but also to reconfigure their value creation mechanisms, decision-making systems, and organizational cultures (Guerra et al., 2023; Vial, 2021).

While this transformation is a global phenomenon, its dynamics and challenges are particularly salient in emerging economies, such as those within the Association of Southeast Asian Nations (ASEAN). In this region, digital transformation is viewed as a cornerstone of economic modernization and competitiveness, yet many firms—especially small and medium-sized enterprises (SMEs)—struggle with digital maturity gaps, limited resources, and inadequate leadership readiness (ASEAN Secretariat, 2023). The World Bank (2024) reports that despite rapid adoption of digital platforms, a significant share of firms in Southeast Asia still operate without clear digital strategies or leadership capable of orchestrating large-scale transformation. These structural limitations are often compounded by cultural factors such as hierarchical management traditions, risk aversion, and a lack of cross-functional collaboration, which inhibit organizational agility.

In this challenging context, digital leadership has emerged as a decisive factor for ensuring the success of transformation initiatives (Kane et al., 2015; Fischer & Sitkin, 2023). Unlike traditional leadership models centered on operational control or transactional performance, digital leadership is characterized by a visionary and adaptive mindset that inspires employees to embrace innovation, experimentation, and learning. Effective digital leaders are distinguished by their ability to integrate technological insight, strategic foresight, and human-centered empathy, thereby aligning digital initiatives with broader business goals (Westerman et al., 2014; Akpa et al., 2021). They foster an environment that encourages creativity and continuous improvement, positioning the organization to navigate uncertainty and exploit emerging digital opportunities.

However, despite a growing body of scholarship affirming the importance of digital leadership, the precise pathways through which its influence translates into measurable firm performance remain insufficiently explored (Karakose et al., 2021; Troise et al., 2022). Much of the existing literature conceptualizes digital leadership as a direct antecedent of innovation and change but provides limited theoretical clarity on the mechanisms and mediating processes that convert leadership behaviors into performance outcomes (Brunetti et al., 2020). In reality, leadership does not directly generate profitability or market advantage; rather, it does so by enabling organizational processes that facilitate transformation. This underscores the need to investigate digital transformation as a critical mediating mechanism—the conduit through which leadership intent materializes into tangible performance gains (Bharadwaj et al., 2013; Fang et al., 2024).

Digital transformation, in this sense, extends far beyond the adoption of new technologies. It represents a holistic and systemic reconfiguration of organizational capabilities, structures,

and cultures (Warner & Wäger, 2019). Through this process, firms develop dynamic capabilities—the ability to sense opportunities, seize them, and reconfigure resources in response to technological and market changes (Teece, 2007). Digital transformation also enhances organizational agility, enabling firms to respond rapidly to evolving consumer demands and environmental volatility (Kraus et al., 2022). In ASEAN economies, where market uncertainty and technological diffusion coexist, the capacity to harness such agility becomes a key differentiator of competitive advantage.

Moreover, effective digital transformation strengthens innovation capacity and data-driven decision-making, directly contributing to firm performance (Brynjolfsson & McElheran, 2016; Guo et al., 2023). By embedding digital technologies across value chains, organizations can optimize operations, improve customer experiences, and generate insights that inform strategic decisions. Yet these benefits are contingent on leadership competence and commitment—without visionary leaders to guide cultural change and strategic alignment, digital initiatives often falter or remain superficial (Henderson & Venkatraman, 1999; Westerman et al., 2012).

Against this backdrop, this paper develops a conceptual framework that explicates the interrelationships among digital leadership, digital transformation, and firm performance. Building on dynamic capabilities theory, transformational leadership theory, and socio-technical systems theory, the study advances three core propositions. First, digital leadership positively influences digital transformation by cultivating an innovative culture, fostering organizational agility, ensuring strategic alignment, and motivating employee commitment. Second, digital transformation positively influences firm performance by enhancing operational efficiency, deepening customer engagement, and strengthening innovation capacity. Third, digital transformation positively mediates the relationship between digital leadership and firm performance, translating leadership vision into measurable organizational outcomes.

By articulating these propositions, the paper seeks to contribute to both theoretical understanding and practical application. Theoretically, it clarifies the mediating mechanisms linking leadership and performance in the digital era—an area that remains underdeveloped in current scholarship. Practically, it provides managers and policymakers, particularly in emerging markets such as ASEAN, with insights into how leadership development, cultural transformation, and strategic digital investments can be synchronized to achieve superior performance.

Ultimately, this study underscores that in today's technology-driven marketplace, digital leadership is not merely a managerial function but a strategic capability—one that orchestrates transformation, enables innovation, and sustains competitiveness in the face of relentless disruption. Understanding and cultivating this capability is therefore essential for firms aspiring to thrive in the evolving digital economy.

## **Literature Review**

### *Digital Leadership: Evolution and Competencies*

The rapid acceleration of digitalization has redefined leadership imperatives in contemporary organizations. Digital leadership extends beyond the traditional focus on supervision and

control to encompass the capacity to envision, enable, and execute digital transformation across all organizational levels (Kane et al., 2015; Fischer & Sitkin, 2023). As organizations increasingly rely on advanced technologies—artificial intelligence, big data, cloud computing, and the Internet of Things (IoT)—leaders must develop competencies that blend technological literacy, strategic foresight, and human-centered empathy (Avolio et al., 2009; Westerman et al., 2014).

Recent research underscores that digital leadership is not merely about adopting technology but about cultivating a mindset of agility, collaboration, and continuous learning. Fischer and Sitkin (2023) argue that effective digital leaders exhibit hybrid leadership styles—balancing transformational vision with adaptive responsiveness. They motivate followers to challenge assumptions and embrace change while ensuring alignment between digital initiatives and organizational objectives. In parallel, Guerra et al. (2023) emphasize the role of digital leaders in digital talent management, particularly in attracting, developing, and retaining employees who can navigate technological complexity.

From a Transformational Leadership Theory perspective, digital leaders act as change agents who inspire and intellectually stimulate their teams (Avolio et al., 2009; Deng et al., 2023). Transformational leaders articulate a compelling vision for digital transformation, foster trust, and empower employees to contribute creatively to innovation processes. Empirical studies confirm that such leadership behavior enhances both digital readiness and employee engagement (Zhao et al., 2023; Capestro et al., 2024). In digital contexts, where ambiguity and uncertainty are high, leaders must cultivate psychological safety and open communication to encourage experimentation and collective learning.

However, emerging evidence from ASEAN and other developing economies indicates that many firms face leadership capability gaps in digital contexts (ASEAN Secretariat, 2023; Fang et al., 2024). Leaders in resource-constrained environments often lack sufficient digital literacy or strategic vision to orchestrate transformation initiatives effectively. Fang et al. (2024) highlight that SMEs' competitiveness in Southeast Asia depends not only on technological investment but also on leaders' ability to develop digital capabilities—a finding that aligns closely with the Dynamic Capabilities Theory (Teece, 2007). Thus, leadership effectiveness in digital transformation involves not only strategic intent but also the dynamic capacity to sense opportunities, seize them, and reconfigure organizational resources accordingly.

#### *Digital Transformation: Mechanisms and Enablers*

Digital transformation is now widely regarded as a multi-dimensional organizational process, encompassing strategic, operational, and cultural renewal through digital technologies (Vial, 2021; Kraus et al., 2022). It represents not a one-time technological adoption but a continuous reconfiguration of resources, structures, and processes to create new forms of value. The transformation journey typically involves four key mechanisms: technological integration, organizational agility, innovation capability, and strategic alignment (Warner & Wäger, 2019; Hanelt et al., 2021).

Dynamic Capabilities Theory offers a powerful lens for understanding how organizations manage transformation under conditions of digital disruption. According to Teece (2007),

dynamic capabilities involve the ability to sense opportunities and threats, seize them through strategic actions, and reconfigure internal and external competencies. Warner and Wäger (2019) extend this view by proposing that digital transformation success depends on leaders' ability to integrate technology strategy with organizational learning and change management processes. In this regard, digital leadership acts as a catalyst for dynamic capabilities, enabling firms to convert digital potential into operational and strategic outcomes.

Recent studies further highlight the human and relational enablers of digital transformation. Capestro et al. (2024) demonstrate that trust and knowledge sharing play a pivotal role in digital adoption, particularly in environments with low digital maturity. Employees are more likely to support transformation initiatives when leaders communicate transparently, encourage collaboration, and recognize contributions. Similarly, Zhao et al. (2023) find that firms that invest in digital capability development—including data analytics skills and cross-functional integration—achieve higher innovation and efficiency outcomes.

Moreover, Kraus et al. (2022) argue that digital transformation drives business model innovation, enabling firms to create new revenue streams and improve customer experiences. However, achieving such transformation requires alignment between digital technologies, organizational culture, and strategic intent. Without leadership guidance, digital investments often remain fragmented or fail to generate expected value (Guerra et al., 2023). Thus, leadership becomes the critical enabler of digital transformation's success, shaping the organizational climate necessary for sustained innovation and agility.

In the ASEAN context, firms frequently encounter barriers to transformation such as limited financial resources, legacy systems, and hierarchical management cultures (ASEAN Secretariat, 2023). Digital leaders must therefore compensate for these structural constraints through strategic vision, empowerment, and partnership building. Fang et al. (2024) note that firms led by digitally competent leaders exhibit greater adaptability and resilience, even in turbulent environments and this evidence reinforces the argument that digital leadership is not peripheral but central to the process of digital transformation.

#### *Firm Performance: Operational, Innovation, and Strategic Dimensions*

The performance implications of digital transformation have attracted substantial scholarly attention. Firm performance in digital contexts is typically conceptualized across three dimensions: operational efficiency, innovation capability, and strategic competitiveness (Bharadwaj et al., 2013; Guo et al., 2023).

First, digital technologies enhance operational efficiency by automating workflows, optimizing supply chains, and enabling data-driven decision-making (Brynjolfsson & McElheran, 2016). Firms adopting digital tools report improved cost management and faster responsiveness to market changes (Zhao et al., 2023). Second, digital transformation strengthens innovation performance by fostering new product development, accelerating R&D processes, and facilitating collaboration across ecosystems (Kraus et al., 2022). Fang et al. (2024) observe that digitalized SMEs in Southeast Asia demonstrate greater innovation output and market adaptability, even with limited resources, when guided by visionary leaders. Third, digital transformation enhances strategic performance by improving customer engagement and enabling new business models. For example, firms leveraging data analytics

can personalize customer experiences, enhance retention, and expand into new digital markets (Capestro et al., 2024; Guerra et al., 2023). Collectively, these effects highlight that digital transformation contributes not only to operational excellence but also to long-term strategic renewal.

Nevertheless, scholars caution that digital transformation outcomes depend critically on leadership direction and cultural readiness (Warner & Wäger, 2019; Fischer & Sitkin, 2023). Without effective digital leadership, firms may implement technologies without achieving alignment or behavioral change, resulting in limited performance impact. This underscores the importance of leadership as the strategic integrator of digital transformation and firm performance.

#### *Integrative Framework: Linking Digital Leadership, Transformation, and Performance*

Integrating insights from the reviewed literature, this study conceptualizes a model where digital leadership drives firm performance indirectly through digital transformation. Digital leadership functions as the initiating force—establishing vision, motivating employees, and aligning technological initiatives with business goals (Avolio et al., 2009; Deng et al., 2023). Through this influence, leaders foster innovation culture and organizational agility, which are foundational to digital transformation (Warner & Wäger, 2019).

In turn, digital transformation acts as the mediating mechanism, operationalizing leadership intent into tangible processes that enhance efficiency, innovation, and strategic competitiveness (Kraus et al., 2022; Zhao et al., 2023). Finally, firm performance reflects the cumulative outcome of both leadership-driven transformation and capability renewal (Fang et al., 2024), this integrative perspective is underpinned by three complementary theoretical foundations:

- Dynamic Capabilities Theory (Teece, 2007) explains how leaders enable firms to sense, seize, and reconfigure resources amid technological disruption.
- Transformational Leadership Theory (Avolio et al., 2009) elucidates the behaviors—vision, inspiration, intellectual stimulation—that mobilize employees for transformation.
- Socio-technical Systems Theory (Vial, 2021) highlights the alignment between human, organizational, and technological subsystems required for successful transformation.

Together, these theories illuminate how digital leadership influences firm performance through digital transformation, offering a multi-level explanation that integrates individual, organizational, and technological dimensions.

#### *Identified Research Gap*

Despite extensive scholarly interest, empirical studies examining the mediating role of digital transformation remain limited, particularly in emerging economies such as ASEAN. Much of the literature treats leadership and transformation as parallel constructs rather than sequentially linked mechanisms (Fang et al., 2024; Zhao et al., 2023). Few studies have operationalized mediation models that capture the dynamic interactions among leadership, transformation, and performance over time (Kraus et al., 2022).

Furthermore, the majority of existing frameworks are derived from Western contexts, where digital infrastructure and institutional support are more developed. There remains a critical

gap in understanding how digital leadership operates under conditions of resource scarcity, cultural hierarchy, and digital immaturity—conditions typical of ASEAN SMEs (ASEAN Secretariat, 2023). Addressing this gap is essential for building contextually relevant theories and managerial strategies that enhance digital competitiveness in developing regions.

Consequently, this study proposes a conceptual framework positioning digital transformation as the central mediating mechanism between digital leadership and firm performance. By synthesizing contemporary literature and grounding it in robust theoretical foundations, the framework contributes to a more nuanced understanding of how leadership-driven digital transformation can generate sustainable competitive advantage in the evolving global economy.

## **Hypothesis Development**

### *Conceptual Foundation*

Building on insights from the literature review, this study develops a conceptual model that explicates how digital leadership drives firm performance through the mediating mechanism of digital transformation. The framework integrates three complementary theoretical perspectives—Dynamic Capabilities Theory (Teece, 2007), Transformational Leadership Theory (Avolio et al., 2009), and Socio-technical Systems Theory (Vial, 2021)—to provide a holistic explanation of the leadership–transformation–performance nexus.

Dynamic Capabilities Theory posits that firms achieve sustained competitive advantage by developing the capacity to sense environmental opportunities, seize them through timely investments, and reconfigure resources in alignment with technological and market shifts (Teece, 2007; Warner & Wäger, 2019). Within this framework, digital leadership represents a critical micro-foundation that enables the sensing, seizing, and reconfiguring processes necessary for effective digital transformation.

Transformational Leadership Theory complements this view by explaining the behavioral and motivational dimensions of leadership that inspire and empower followers to embrace change (Avolio et al., 2009; Deng et al., 2023). Digital leaders articulate a compelling vision for transformation, intellectually stimulate teams to adopt new digital tools, and foster individualized support to overcome resistance. Such leaders are instrumental in cultivating an organizational culture of innovation, trust, and agility (Fischer & Sitkin, 2023; Capestro et al., 2024).

Finally, Socio-technical Systems Theory (Vial, 2021) emphasizes the alignment between technological systems and human subsystems. Successful digital transformation requires the co-evolution of technology, organizational structure, and human behavior. Digital leaders play a pivotal role in orchestrating this alignment by ensuring that digital technologies are integrated into workflows and that employees possess the skills, motivation, and trust needed to use them effectively (Guerra et al., 2023).

Synthesizing these perspectives, the proposed framework posits that digital leadership acts as the initiating force, shaping the culture and dynamic capabilities that enable digital transformation. In turn, digital transformation operationalizes leadership intent into tangible

outcomes that enhance firm performance. The following subsections develop the three directional hypotheses derived from this theoretical model.

#### *Digital Leadership and Digital Transformation*

Digital transformation requires more than technology adoption—it demands organizational learning, cultural change, and process reconfiguration (Warner & Wäger, 2019). Digital leaders are uniquely positioned to drive these shifts by setting strategic direction, articulating a digital vision, and mobilizing resources toward technological integration (Kane et al., 2015; Fischer & Sitkin, 2023).

Empirical evidence suggests that digital leaders influence transformation through multiple channels. First, they foster an innovation-oriented culture that encourages experimentation and tolerates failure (Guerra et al., 2023). Second, they enhance organizational agility by promoting decentralized decision-making and cross-functional collaboration (Kraus et al., 2022). Third, they align digital initiatives with strategic objectives, ensuring coherence between technology deployment and business value creation (Fang et al., 2024). Finally, they motivate employees to adopt digital tools by building trust and modeling openness to change (Capestro et al., 2024).

Accordingly, digital leadership serves as the primary enabler of digital transformation. Organizations with strong digital leaders are more likely to implement transformation initiatives effectively, overcoming barriers such as resistance, resource constraints, and digital skill shortages (ASEAN Secretariat, 2023).

*Hypothesis 1 (H1): Digital leadership positively influences digital transformation.*

#### *Digital Transformation and Firm Performance*

Digital transformation has profound implications for firm performance, encompassing operational efficiency, innovation capability, and strategic competitiveness (Bharadwaj et al., 2013; Guo et al., 2023). By integrating digital technologies into core processes, firms can streamline operations, reduce costs, and enhance data-driven decision-making (Brynjolfsson & McElheran, 2016; Zhao et al., 2023).

Furthermore, transformation enables firms to strengthen innovation capacity by facilitating knowledge sharing, accelerating R&D, and promoting collaboration across digital ecosystems (Kraus et al., 2022). Through these mechanisms, firms become more responsive to market changes and customer needs. In addition, digital transformation fosters strategic renewal—enabling the creation of new business models and customer experiences that differentiate firms from competitors (Fang et al., 2024).

However, these outcomes are contingent upon the extent and quality of transformation. Superficial technology adoption without organizational alignment often yields minimal performance gains. True value arises when digital transformation is embedded in the firm's dynamic capabilities—sensing opportunities, seizing innovation, and reconfiguring structures for agility (Teece, 2007; Warner & Wäger, 2019).

*Hypothesis 2 (H2): Digital transformation positively influences firm performance.*

### *Mediating Role of Digital Transformation*

While leadership undoubtedly shapes organizational outcomes, its effect on firm performance is often indirect, operating through intermediate processes such as culture, innovation, and capability development (Avolio et al., 2009; Deng et al., 2023). In digital contexts, digital transformation serves as a central mediating mechanism that channels leadership intent into concrete performance results.

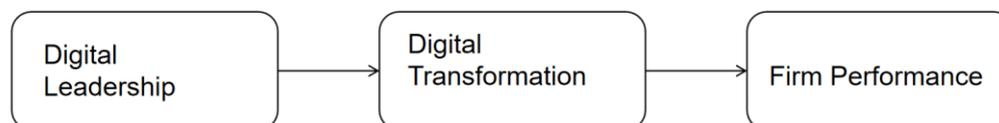
Digital leaders provide the vision and motivation that initiate transformation, but it is through the transformation process—technological adoption, agility enhancement, and capability renewal—that firms realize measurable gains in performance (Warner & Wäger, 2019; Fang et al., 2024). This mediating perspective integrates the three theoretical foundations:

- From a dynamic capabilities standpoint, digital transformation represents the firm's ability to seize and reconfigure opportunities generated by leadership vision.
- From a transformational leadership perspective, digital leaders empower employees and stimulate innovative behavior that sustains transformation.
- From a socio-technical systems lens, transformation reflects the successful alignment of human and technical subsystems enabled by leadership intervention.

Thus, the mediating role of digital transformation provides a causal bridge between leadership and performance, translating abstract vision into measurable outcomes such as productivity, innovation, and competitiveness.

*Hypothesis 3 (H3): Digital transformation positively mediates the relationship between digital leadership and firm performance.*

### **Conceptual Framework**



### **Methods**

#### *Research Design and Approach*

Although this paper is conceptual in nature, it lays the groundwork for future empirical testing of the proposed framework linking digital leadership, digital transformation, and firm performance. To validate the theoretical propositions, a quantitative cross-sectional research design is recommended. This design is appropriate for assessing relationships among constructs that can be operationalized and measured using established scales.

Future studies should employ a survey-based approach to collect primary data from mid- and senior-level managers who are directly involved in digital strategy, transformation projects, or innovation management. These respondents are best positioned to provide insights into leadership practices, transformation processes, and organizational outcomes. The target sample may include firms across diverse industries—such as manufacturing, services, and technology—to capture heterogeneity in digital maturity and contextual factors.

### *Sampling and Data Collection*

A multi-sectoral and cross-country sampling strategy within the ASEAN region is recommended to enhance generalizability and contextual relevance. Firms can be identified through professional networks, business associations, or national chambers of commerce. Stratified sampling could be used to ensure proportional representation of both small and medium-sized enterprises (SMEs) and large organizations, given that firm size may influence digital capability and leadership structure.

Data collection can be conducted through online questionnaires distributed via email or professional platforms such as LinkedIn. To improve response reliability, participants should be informed of the academic purpose of the research and assured of confidentiality and data protection. A minimum sample size of 300 valid responses is desirable to provide sufficient statistical power for mediation analysis using structural equation modeling (SEM).

### *Measurement of Constructs*

Validated measurement scales from prior research should be adapted to operationalize each construct.

- Digital Leadership can be measured using items adapted from Kane et al. (2015) and Fischer & Sitkin (2023), assessing leadership vision, digital competence, and innovation support.
- Digital Transformation can be measured through indicators of transformation intensity, strategic alignment, and technology integration (Hanelt et al., 2021; Warner & Wäger, 2019).
- Firm Performance can be assessed through subjective measures of operational efficiency, innovation capability, and market competitiveness (Bharadwaj et al., 2013; Guo et al., 2023).

All items can be rated on a five-point Likert scale ranging from 1 (“strongly disagree”) to 5 (“strongly agree”). The questionnaire should be pretested with a small group of managers to ensure clarity, contextual appropriateness, and internal consistency.

### *Data Analysis Techniques*

Data analysis should proceed in several stages. Descriptive statistics and correlation analysis will provide an overview of the data and initial insights into variable relationships. Confirmatory factor analysis (CFA) will be used to assess the reliability and validity of the measurement model, including construct reliability, convergent validity, and discriminant validity. Subsequently, Structural Equation Modeling (SEM) will be employed to test the hypothesized mediation model, examining both direct and indirect effects of digital leadership on firm performance through digital transformation. Bootstrapping procedures can be used to evaluate the significance of mediation effects.

## **Discussion and Conclusion**

### *Discussion*

This study contributes to the growing discourse on digital transformation by clarifying the mechanisms through which digital leadership drives firm performance, positioning digital transformation as a central mediating process. Building on Dynamic Capabilities Theory, Transformational Leadership Theory, and Socio-technical Systems Theory, the proposed conceptual framework integrates technological, organizational, and human dimensions of

digital change. In doing so, it addresses the long-standing gap in understanding how leadership-oriented strategies are operationalized into measurable organizational outcomes in emerging market contexts.

The findings of this conceptual analysis suggest that digital leadership plays a critical role in fostering the strategic and cultural conditions necessary for transformation. Leaders who promote a shared digital vision, encourage experimentation, and empower employees create the foundation for organizational agility and innovation capability—key enablers of digital transformation (Warner & Wäger, 2019; Fang et al., 2024). Moreover, by highlighting digital transformation as a mediating mechanism, this study provides an integrative explanation for the mixed results often observed in prior research linking leadership and performance. Firms that invest in digital technologies without complementary leadership and cultural alignment often fail to achieve sustained performance improvements (Kraus et al., 2022). Hence, leadership-driven transformation is not merely about adopting digital tools but about cultivating new ways of thinking, organizing, and delivering value.

### **Conclusion**

By delineating the mediating role of digital transformation, this study bridges the conceptual gap in understanding how leadership translates into measurable firm outcomes. It offers an integrative framework that can serve as a foundation for future empirical testing. To validate the proposed relationships, future studies should employ longitudinal and cross-industry designs using advanced analytical methods such as Structural Equation Modeling (SEM). Comparative research across different cultural and institutional contexts—particularly between ASEAN economies and developed markets—would deepen understanding of contextual contingencies influencing digital transformation success.

In conclusion, this conceptual study enriches both theory and practice by articulating a coherent model of how digital leadership catalyzes transformation and performance. It encourages organizations to view leadership not only as a managerial function but as a strategic enabler of digital resilience and competitiveness in the evolving global economy.

### **Theoretical Implications**

This study offers several theoretical contributions by integrating leadership, transformation, and performance research within a unified framework. First, it extends Dynamic Capabilities Theory (Teece, 2007) by conceptualizing digital leadership as a higher-order dynamic capability that enables firms to sense opportunities, seize them through technological investments, and reconfigure resources to maintain competitiveness in turbulent environments. Second, it advances Transformational Leadership Theory (Avolio et al., 2009) by situating its principles—visionary influence, intellectual stimulation, and individualized consideration—within the context of digital transformation. This highlights how leaders foster innovation culture and employee empowerment to drive organizational agility. Third, by incorporating Socio-technical Systems Theory (Vial, 2021), the framework reinforces the interdependence of technology and human systems in achieving successful transformation. Collectively, these contributions bridge previously fragmented research streams, clarifying how leadership-oriented strategies translate into performance gains through the mediating process of digital transformation. Thus, this study contributes an integrative lens for

understanding the strategic and organizational mechanisms underpinning digital competitiveness in the modern business environment.

### **Practical and Social Implications**

The framework proposed in this study offers important practical and social implications for managers, policymakers, and societies navigating digital disruption. For organizations, the findings emphasize that digital transformation success depends less on technology acquisition and more on leadership-driven cultural alignment. Firms should cultivate digital leadership competencies such as strategic foresight, change management, and data-driven decision-making. Training programs and leadership development initiatives must integrate digital literacy with soft skills like empathy and communication to ensure inclusive and adaptive workplaces (Capestro et al., 2024; Guerra et al., 2023). From a societal perspective, fostering digital leadership can narrow regional and sectoral digital divides, particularly in emerging economies such as ASEAN countries where resource constraints and digital maturity gaps persist. Governments and institutions should promote ecosystem-level interventions, including cross-sector partnerships and digital capability-building programs, to enhance collective resilience. Overall, the study advocates a human-centered transformation approach—one that empowers employees, builds trust, and supports sustainable digital growth for both business and society.

### **Limitations and Suggestions for Future Research**

As a conceptual inquiry, this study acknowledges several limitations that provide directions for future research. First, the proposed framework has not been empirically tested; therefore, its assumptions require validation using quantitative or mixed-method designs. Future studies could employ survey-based data and Structural Equation Modeling (SEM) to test the mediating role of digital transformation and explore moderating factors such as firm size, industry, or national culture. Second, while this paper emphasizes ASEAN and emerging market contexts, cross-country comparative studies could reveal contextual nuances in digital leadership effectiveness across developed and developing economies. Third, longitudinal research would help capture the dynamic evolution of leadership and transformation capabilities over time. Finally, qualitative case studies could uncover micro-level behavioral mechanisms—such as trust, learning, and resistance—that influence digital change outcomes. By addressing these limitations, future empirical work can extend the theoretical robustness and practical applicability of this framework, ultimately advancing the understanding of how leadership catalyzes transformation-driven performance in diverse organizational settings.

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