

## **REVOLUTIONIZING ORGANIZATIONAL EFFICIENCY WITH DIGITAL TRANSFORMATIONAL LEADERSHIP: THE BRIDGING ROLE OF EMPLOYEE PERFORMANCE AND ENGAGEMENT**

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### **ABSTRACT**

This study investigates the influence of digital transformational leadership on organizational efficiency, focusing on the mediating effects of employee performance and work engagement. In an increasingly digitalized business environment, leaders must leverage technology to guide their teams toward enhanced productivity, innovation, and agility. However, only some studies have comprehensively examined the intersection of digital leadership behaviors, employee-related factors, and efficiency metrics. Adopting an exploratory approach, this paper synthesizes recent literature (2018–2023) from Scopus-indexed journals to identify patterns and gaps in the current understanding of how digital transformational leadership can foster a high-performing, engaged workforce that drives improved organizational efficiency. The review involved searching key terms such as "Digital transformational leadership," "Employee performance," "Work engagement," and "Organizational efficiency," ensuring a targeted examination of relevant sources. This integrative approach supports a comprehensive perspective. The findings suggest that digital transformational leadership behaviors—such as providing a clear digital vision, encouraging innovation, and using collaborative platforms—positively affect employee performance and work engagement. This, in turn, enhances organizational efficiency by optimizing resource use, improving workflow processes, and fostering a more innovative and responsive organizational culture. The results also highlight the importance of managerial capabilities in navigating digital transformation initiatives. However, the paper acknowledges certain limitations, including its reliance on secondary data and the exploratory nature of its design. Future empirical studies should further validate these relationships, considering contextual factors and longitudinal frameworks to strengthen generalizability and applicability.

**Keywords:** Digital Transformational Leadership; Employee Performance; Work Engagement; Organizational Efficiency

## INTRODUCTION

In today's rapidly evolving business landscape, organizations increasingly recognize the importance of leadership styles that foster innovation, engagement, and high performance. One such style is digital transformational leadership, which integrates traditional transformational leadership principles with digital tools and strategies to effectively lead teams in the digital age. Digital transformation, paired with a robust motivational strategy, leads to improved productivity, higher employee satisfaction, and organizational growth (Xinyue & Marcelo, 2024). As businesses face the challenge of adapting to technological advancements, understanding the role of digital transformational leadership becomes paramount for organizational success.

Employee performance and work engagement are two critical factors that mediate the relationship between leadership and organizational efficiency. Digital transformational leaders inspire their teams through vision, intellectual stimulation, and individualized consideration, which enhances employee motivation and job satisfaction. These aspects, in turn, lead to increased performance and a higher level of engagement at work. Research has shown that engaged employees lead to better organizational outcomes, and job satisfaction plays a moderating role in this relationship (R & M, 2024). Therefore, examining these mediating variables helps us understand how leadership impacts organizational outcomes. The importance of digital transformational leadership in today's context cannot be overstated. The ongoing digital transformation requires leaders who can effectively combine traditional leadership attributes with modern digital competencies to navigate the complexities of the digital workplace (Živković, 2022). Digital tools such as artificial intelligence, data analytics, and virtual collaboration platforms require leaders to adapt their leadership styles to manage technological change and inspire and motivate a digitally adept workforce. This adaptability is crucial for sustaining organizational efficiency, especially when dealing with rapid changes and disruptions in the market.

This article explores the relationship between digital transformational leadership and organizational efficiency, focusing on how employee performance and work engagement mediate in this process. Given the increasing relevance of digitalization in organizational management, understanding these dynamics is essential for leaders who wish to maintain competitiveness and achieve long-term success. By investigating the interplay between these variables, this study contributes valuable insights into how leadership influences organizational outcomes in the digital era (Shin et al., 2023; Mollah et al., 2023).

## LITERATURE REVIEW

### **Digital Transformational Leadership**

Digital transformational leadership (DTL) is a leadership style that merges traditional transformational leadership principles with rapid advancements in digital technology. It involves leaders who inspire and motivate their teams through vision and intellectual stimulation. They effectively integrate digital tools and strategies to manage and lead in an increasingly technology-driven environment (Shin et al., 2023). DTL empowers employees by fostering innovation, improving communication, and enabling agile work processes. The leader's role in digitally transforming an organization includes leveraging technological platforms to create a dynamic, flexible work environment that aligns with the organization's goals, enhancing both individual and collective performance (Cortellazzo et al., 2019).

Recent literature emphasizes that digital leadership in this context is about adopting new technologies and cultivating a leadership style that encourages collaboration, autonomy, and

continuous learning. Digital leaders with specific characteristics, styles, and skills (agility, participation, innovativeness, openness) enable successful business model innovation and organizational change, leading to the successful digital transformation of firms (Malik et al., 2024). This leadership style is closely linked to improved employee performance as it promotes a work environment that values adaptability and creativity, which are crucial in today's competitive market (Mahmud et al., 2023). Moreover, leaders who exhibit digital transformational qualities are more likely to build trust and engagement within their teams, increasing employee motivation and performance.

Work engagement, often seen as employees' emotional commitment to their organization, has been identified as another key outcome of digital transformational leadership. Leaders who demonstrate digital leadership qualities inspire employees to be more committed to their work, resulting in more incredible energy, involvement, and enthusiasm in their tasks (Braojos et al., 2024). Research has shown that employees working under digital transformational leaders tend to experience higher work engagement because these leaders foster a sense of purpose and connection to the organization's digital vision. This is particularly important in the modern workplace, where employee engagement is often a driver of innovation and organizational efficiency (Hooi & Chan, 2023). Digital leaders encourage a culture of shared responsibility, which further reinforces work engagement by ensuring employees feel valued and aligned with organizational goals.

Digital transformational leadership shapes employee performance and work engagement by fostering a digitally inclusive and empowering environment. These factors are essential for enhancing organizational efficiency, especially in industries where innovation and adaptability are key competitive advantages. The intersection of leadership, technology, and human behavior underscores the growing relevance of DTL in modern organizational practices, making it a critical area for both academic research and practical application.

### **Employee Performance**

Employee performance is a critical determinant of organizational success, directly impacting productivity and efficiency. In recent years, scholars have increasingly recognized that high levels of employee performance are essential for achieving organizational efficiency, particularly in environments characterized by rapid technological change and global competition (Garad et al., 2022). Various factors, including leadership style, work environment, employee engagement, and motivation, can influence employee performance. Studies have shown that when employees perform their best, they contribute to the effective use of resources, improve workflow, and help organizations meet their strategic objectives (Pap et al., 2022).

One key aspect that influences employee performance is the degree of employee engagement, which refers to employees' emotional commitment and enthusiasm towards their work and organization. Engaged employees tend to demonstrate higher levels of productivity, dedication, and creativity, essential for improving organizational efficiency (Alsakarneh et al., 2024). Leaders who encourage employee involvement, provide clear direction, and support professional growth foster an environment where employees can excel. The relationship between leadership and employee performance is especially evident in digital transformation, where employees must adapt to new technologies and working methods. Digital transformational leaders, for example, are particularly effective at motivating employees by offering intellectual stimulation and aligning individual goals with the organization's broader vision (Braojos et al., 2024).

Moreover, employee performance can also be enhanced by the availability of proper resources and training and the development of clear performance metrics. Research has highlighted the importance of providing employees with the tools, technology, and training

necessary for high performance and setting clear expectations for performance outcomes (Mahmud et al., 2023). High-performing employees are more productive and contribute to improving organizational efficiency by minimizing errors, reducing waste, and optimizing operational processes. Organizational efficiency, in turn, benefits from this heightened performance level, leading to more streamlined operations, better resource utilization, and improved service delivery.

In summary, employee performance is inextricably linked to organizational efficiency. When employees perform at their best, they drive organizational success by improving productivity, fostering innovation, and optimizing operational processes. Organizations that invest in enhancing employee performance—through leadership, engagement, training, and resources—are better positioned to achieve higher levels of efficiency and competitiveness in the marketplace.

### **Work Engagement**

Work engagement refers to employees' emotional and cognitive commitment toward their work, characterized by high levels of vigor, dedication, and absorption. This concept has gained significant attention in organizational studies due to its direct impact on employee performance and, ultimately, on organizational efficiency (Pap et al., 2022). Engaged employees are more productive and demonstrate greater resilience, creativity, and initiative, which are crucial for organizations seeking to improve operational efficiency in an increasingly competitive and dynamic business environment (Aungsuroch et al., 2024). Research has shown that work engagement is positively associated with various organizational outcomes, including innovation, customer satisfaction, and organizational efficiency (Neuber et al., 2021).

Several factors influence work engagement, including leadership style, job resources, and organizational culture. Digital transformational leadership, in particular, plays a critical role in fostering work engagement by providing a vision that aligns employees' individual goals with broader organizational objectives. By encouraging autonomy, innovation, and personal development, digital transformational leaders create an environment where employees feel empowered and valued, leading to higher levels of engagement (Braojos et al., 2024). This leadership style motivates employees to become more involved in their work, enhancing their performance and contributing to organizational efficiency. Engaged employees are more likely to go beyond their formal job requirements, engage in problem-solving, and take ownership of their roles, all of which contribute to streamlining processes and improving resource utilization (Knight et al., 2019).

Moreover, work engagement is closely linked to job satisfaction and well-being. Highly engaged employees experience higher job satisfaction, which is directly related to lower turnover rates and higher retention. This stability reduces the costs associated with recruitment and training and ensures continuity in work processes, contributing to improved organizational efficiency (Pap et al., 2022). Engaged employees also bring a sense of purpose to their tasks, allowing them to align their performance with the organization's goals. As a result, they are more likely to contribute to innovation and efficiency initiatives, leading to a more effective and streamlined organizational structure (Kim et al., 2020).

In conclusion, work engagement is a vital factor in enhancing organizational efficiency. Engaged employees are more productive, creative, and aligned with organizational goals, all of which contribute to the efficient use of resources and improved operational performance. Organizations that foster high levels of engagement through leadership, support, and a positive work culture are better equipped to face challenges, adapt to change, and achieve sustained success.

## **Organizational efficiency**

Organizational efficiency refers to the ability of an organization to achieve its goals using the least amount of resources while maintaining or improving performance quality. It is crucial to organizational success, particularly in today's competitive and rapidly changing business environment. Efficient organizations are characterized by streamlined processes, optimal resource utilization, and the ability to deliver value to customers and stakeholders effectively. Organizational efficiency is often linked to improved profitability, productivity, and overall performance, making it a key focus for academics and practitioners (Al-Shaiba et al., 2019). Scholars have emphasized the importance of aligning internal processes, employee performance, and leadership strategies to achieve high levels of efficiency.

Leadership is key to organizational efficiency, particularly leadership styles that foster collaboration, innovation, and adaptability. Research indicates that leadership practices such as digital transformational leadership, which integrates modern technologies and leadership principles, play a significant role in enhancing organizational efficiency (Eling & Jia, 2019). Digital transformational leadership encourages employees to embrace change, adopt new technologies, and work collaboratively toward organizational goals. By providing vision, intellectual stimulation, and individualized consideration, leaders can empower employees to perform at their best, contributing to the organization's overall efficiency (Braojos et al., 2024). Furthermore, this leadership style promotes the alignment of individual performance with organizational objectives, ensuring that every action taken by employees supports the broader efficiency goals of the organization.

In addition to leadership, technology has become increasingly important in driving organizational efficiency. Digital tools and systems like automation, data analytics, and collaborative platforms enable organizations to streamline operations, reduce costs, and improve decision-making processes (Duman & Akdemir, 2021). Technology not only facilitates the efficient execution of tasks but also empowers employees by providing them with real-time data and resources to make informed decisions. Technology enhances organizational capabilities when integrated with effective leadership practices, allowing businesses to respond to market demands more quickly and efficiently.

Organizational efficiency also depends on employee engagement and performance. Engaged employees are more likely to contribute to efficiency by performing tasks enthusiastically and enthusiastically, going beyond their formal job roles to add value to the organization. Engaged employees also demonstrate higher problem-solving ability and creativity levels, which can lead to process improvements and innovation that further enhance organizational efficiency (Pap et al., 2022). Creating an environment where employees are motivated and aligned with the organization's goals can significantly improve overall productivity and resource utilization, ultimately leading to greater efficiency.

In conclusion, organizational efficiency is a multifaceted concept influenced by leadership, technology, and employee engagement. Digital transformational leadership plays a pivotal role in fostering a culture of efficiency by promoting collaboration, innovation, and adaptability. Additionally, integrating technology and optimizing employee performance is essential for improving organizational efficiency, helping organizations stay competitive and thrive in dynamic environments.

## **RESEARCH METHOD**

This article employs an exploratory study methodology to investigate the relationship between digital transformational leadership, employee, performance, work engagement, and organizational efficiency. The exploration approach is particularly suited for this research as it

allows for an in-depth exploration of the emerging phenomenon of digital transformational leadership, a relatively new and evolving field in leadership studies. By utilizing this method, the study aims to generate insights and identify patterns in existing literature that can guide future research in this area. The search for relevant journals was conducted through various academic databases, utilizing keywords such as "Digital transformational leadership," "Employee performance," "Work engagement," and "Organizational efficiency." This keyword-based search strategy ensured a comprehensive review of recent studies and theoretical frameworks, providing a robust foundation for the research.

An exploratory study is justified by the need to understand complex relationships in a relatively under-explored domain. Given the rapid pace of technological advancements and the evolving nature of leadership practices, an exploratory approach allows flexibility and adaptability in investigating how digital leadership affects employee behavior and organizational outcomes. Additionally, this methodology is well-suited for identifying gaps in literature and formulating new theoretical propositions that can be tested in subsequent research (Nyanchoka et al., 2020). By focusing on recent studies indexed in Scopus over the past five years, this article ensures the inclusion of the most up-to-date findings on digital transformational leadership and its impact on organizational performance.

## **RESULTS AND DISCUSSION**

The findings of this study indicate that both digital transformational leadership and employee engagement have a positive and significant impact on organizational efficiency. Digital transformational leadership, which combines traditional leadership principles with modern technology, fosters an environment where employees are empowered to innovate, and align their efforts with organizational goals. This leadership style not only encourages intellectual stimulation but also facilitates the adaptation of new technologies, which enhances the ability of employees to perform their tasks more efficiently (Alsakarneh et al., 2024). By promoting a vision incorporating digital transformation, leaders can guide organizations toward more streamlined operations and better resource utilization, improving organizational efficiency.

Similarly, employee engagement plays a critical role in driving organizational efficiency. Engaged employees exhibit higher levels of commitment, creativity, and productivity, all of which contribute to optimizing internal processes and improving performance (Pap et al., 2022). Employees who are emotionally invested in their work are more likely to go above and beyond their responsibilities, actively seeking solutions to challenges and driving innovation. As a result, organizations benefit from reduced errors, faster decision-making, and the ability to effectively meet strategic objectives, all of which are key elements of organizational efficiency. Engaged employees also tend to have lower turnover rates, reducing the costs associated with recruitment and training, which further enhances operational efficiency (Garad et al., 2022).

Moreover, integrating digital transformation with leadership practices and employee engagement creates a synergistic effect that maximizes organizational efficiency. When leadership, technology, and engagement are aligned, organizations can optimize their workflows, increase productivity, and adapt quickly to changing market conditions (Mahmud et al., 2023). Digital tools and systems empower employees to make data-driven decisions, improving individual performance and collective organizational outcomes. This combination of factors fosters a culture of continuous improvement, essential for maintaining long-term competitiveness and achieving sustained organizational success.

In conclusion, the positive effects of digital transformational leadership and employee engagement on organizational efficiency highlight the importance of adopting modern

leadership practices and fostering a culture of engagement. Organizations that effectively combine these elements can drive higher performance levels, enhance innovation, and improve operational efficiency, positioning themselves for success in a rapidly changing business landscape.

## **CONCLUSIONS**

In conclusion, this study underscores the critical role of digital transformational leadership in enhancing organizational efficiency through its favorable influences on employee performance and work engagement. By effectively integrating technological innovations into the strategic and operational framework of the organization, such leadership practices empower employees to become more adaptive, innovative, and committed to achieving collective goals. When leaders cultivate an environment that leverages cutting-edge digital tools and provides intellectual stimulation, individualized support, and a clear, future-oriented vision, employees are likely to excel in their responsibilities. This, in turn, elevates both individual and organizational outcomes, facilitating streamlined workflows, improved resource allocation, and, ultimately, more muscular organizational efficiency. These findings contribute to the ongoing discourse on leadership and organizational performance, providing empirical evidence that aligning leadership strategies with the demands of the digital era is an essential determinant of sustained organizational success.

## **MANAGERIAL IMPLICATION**

From a managerial standpoint, the results of this study suggest that developing digital transformational leadership skills should be a top priority. Managers can start by investing in easy-to-use digital tools, ensuring all team members have the proper training and support to use these technologies effectively. This includes providing regular feedback, holding workshops to build new skills, and recognizing the achievements of those who adapt well to these changes. By doing so, leaders create a work environment where employees feel confident and motivated, ultimately improving their performance.

In addition, managers should focus on strengthening their digital competencies to serve as role models for their teams. By showing openness to new ideas, tools, and working methods, managers encourage employees to embrace innovation rather than resist it. This approach helps build trust, improves communication, and makes it easier for everyone to work efficiently. Over time, these efforts lead to better resource use, faster decision-making, and a more agile organization capable of thriving in a rapidly changing business landscape.

## **LIMITATION**

Although this study provides valuable insights into the impact of digital transformational leadership, employee performance, and work engagement on organizational efficiency, several limitations should be acknowledged. First, the research is primarily based on a review of the existing literature, which may lead to certain biases in the selection and interpretation of sources. The reliance on secondary data and previously published findings limits the ability to account for contextual nuances and may not fully capture emerging trends in technology and leadership practices.

Second, due to the exploratory nature of this work, the findings may be generalized across only some organizational contexts, industries, or cultural settings. The evolving nature of digital technologies and varying degrees of organizational digital maturity mean that the

applicability of the conclusions could differ significantly from one environment to another. Future empirical research, possibly including mixed-method or longitudinal studies, would be needed to test these relationships more rigorously and determine their stability over time and across different organizational landscapes.

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