The Influence of Digital Leadership Style and Employee Engagement on Employee Performance at Bank BJB

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Abstract.

Background. The banking sector must prioritize digital transformation as a strategic necessity. The success of digital transformation is contingent not only upon the preparedness of the technological infrastructure but also on the caliber of leadership and employee engagement.

Aims. This study aims to assess the influence of digital leadership and employee engagement on employee performance at Bank BJB, and to examine the mediating role of employee engagement in these relationships.

Methods. Data analysis encompasses validity and reliability assessments, descriptive statistics, Pearson correlation, multiple linear regression analysis, and path mediation analysis. Outcome. The study's findings demonstrate that digital leadership has a substantial and affirmative effect on employee performance, that digital leadership greatly enhances employee engagement, and that employee involvement markedly improves employee performance.

Conclusion. Employee engagement partially mediated the effect of digital leadership on employee performance, with an indirect effect (0.756) that exceeded the direct effect (0.285), resulting in the comprehensive model accounting for 64.1% of the variance in employee performance. $\beta = 0.668$, $p < 0.001$, $R^2 = 0.550$; $\beta = 0.598$, $p < 0.001$, $R^2 = 0.472$; $\beta = 1.264$, $p < 0.001$, $R^2 = 0.575$

Keywords: digital leadership; employee engagement; employee performance; digital transformation; mediation.

INTRODUCTION

Digital transformation has become a strategic imperative for modern organizations across industry sectors. In the last decade, advances in information and communication technology have fundamentally changed the business landscape, including in the banking sector. This

change is not merely the adoption of new technology but a comprehensive process that encompasses all aspects of the organization's operations, from business processes and service models to work culture, leadership structures, and human resource competencies.

The banking sector, as a financial services institution responsible for managing public assets and trust, faces unique challenges in implementing digital transformation. The pressure to adapt quickly to technological developments is increasing, especially with the presence of fintech and payment gateways that are changing consumer behavior in financial transactions. Traditional banks are required to not only improve technological capabilities, but also develop innovative and competitive business models. Successful digital transformation in the banking sector cannot be achieved through technology investment alone, but requires strong support from quality leadership and employee commitment (Hernitasari & Andrias, 2025).

Bank BJB, as one of the Regional Development Banks (BPD) in Indonesia, has a strategic role in supporting regional economic growth and financial inclusion. In response to the dynamics of the banking industry, Bank BJB has launched various digital transformation initiatives, including the development of mobile banking (M-Banking) applications, the implementation of QRIS technology to support non-cash transactions, the digitization of internal administration processes, the implementation of cloud computing infrastructure, and the strengthening of information technology security through international certifications such as ISO 20000 and ISO 27001. This significant investment aims to improve operational efficiency, customer service quality, and competitiveness in the market.

The success of digital transformation is not only determined by the readiness of technological infrastructure. Research in change management shows that most digital transformation failures are caused by human factors, not technical factors. The readiness of human resources, understanding of the transformation vision, and the level of adaptability of employees to new work systems and processes are critical factors that determine the success of implementation. In this context, the role of leadership is very important in directing and facilitating the transformation process.

Digital leadership is a relevant leadership style in the era of digital transformation. In contrast to traditional leadership styles, digital leadership has special characteristics that include the ability to utilize digital technology to improve organizational effectiveness, use data and analytics as the basis for decision-making, encourage a culture of innovation and experimentation, and build a collaborative and responsive work ecosystem to changes in the business environment (Ceisario & Tyas, 2025). Digital leaders serve not only as decision-makers but also as agents of change, inspiring, motivating, and empowering employees to adapt

to technology-based work systems and processes. Without effective digital leadership, organizations face significant risks, including high resistance to change, role and responsibility confusion, decreased productivity, and ultimately the failure of digital transformation initiatives.

Digital leadership and employee engagement are critical factors that determine the effectiveness of digital transformation and organizational performance. Employee engagement denotes the degree of emotional investment, motivation, and dedication of employees towards the organization and their tasks (Dewi & Krisnadi, 2023). Employees with a high degree of engagement exhibit robust work excitement, organizational loyalty, initiative in task execution, and a readiness to voluntarily contribute to the attainment of organizational objectives. Within the framework of digital transformation, which induces swift and profound alterations, employee engagement is a pivotal factor influencing employees' capacity to embrace change positively, effectively utilize technology, and sustain or enhance their performance levels.

An empirical study reveals a strong association among digital leadership, employee engagement, and performance. Effective digital leadership may improve employee engagement by providing a clear vision, promoting open and transparent communication, developing digital skills, and recognizing employee efforts. Thus, digital leadership has a dual impact: a direct influence on employee performance and an indirect influence through improved employee engagement. An empirical study by Samuel and Ramli (2024) involving 305 employees at a large Indonesian manufacturing company demonstrated that digital leadership positively and significantly impacts employee performance, both directly and through the mediation of organizational commitment (Samuel & Ramli, 2024). The findings confirm that an organization's competitive advantage in the digital era is determined not just by the intricacy of its technological infrastructure but also significantly by leaders' ability to manage, empower, and engage human resources.

If Bank BJB's digital transformation is not aligned with appropriate digital leadership and elevated employee engagement, the firm may encounter significant repercussions. The hazards encompass the utilization of inadequate technology, diminished job productivity, heightened resistance, and misalignment in the comprehension of change, reduced staff motivation, and finally, a decline in service quality for clients. This situation involves decreased competitive opportunities, lower customer satisfaction, and potential financial harm. Therefore, examining the influence of digital leadership and employee engagement on employee performance is essential   and   relevant   within   the   context   of   regional   banking   institutions. This research investigates the influence of digital leadership and employee engagement on

performance at Bank BJB. This study will specifically analyze: The direct influence of digital leadership on employee performance The direct influence of digital leadership on employee engagement; The direct influence of employee engagement on employee performance The mediating role of employee engagement in the relationship between digital leadership and employee performance.

This research seeks to enhance theoretical comprehension of digital leadership and employee engagement in the banking sector, while providing practical recommendations for Bank BJB management in formulating digital leadership strategies, employee development programs, and human resource management policies that promote sustainable success in digital transformation.

LITERATURE REVIEW

Transformational Leadership Theory

Transformational Leadership Theory, established by Bass (1985) and supported by Burns (1978), offers a robust theoretical framework for comprehending leadership during periods of swift organizational transformation (Bass, 1985; Burns, 1978). This idea elucidates how leaders can transcend self-interest and motivate followers to achieve the business's overarching objectives. Transformational theory comprises four primary dimensions: Idealized Influence, Inspirational Motivation, Intellectual Stimulation, and Individualized Consideration.

Within the realm of digital leadership, Transformational Leadership Theory is pertinent due to its capacity to elucidate how leaders may inspire employees to embrace new technology, adjust to evolving work processes, and actively engage in organizational transformation. Effective transformational leaders in a digital context are distinguished by their capacity to articulate the vision for digital transformation, exemplify technological usage, promote innovative work methodologies, and offer personal support to employees during their adaptation process (Maulina & Yulianti, 2024). This theory posits that transformative leadership enhances employee engagement and, consequently, organizational performance.

Digital Leadership

Digital leadership refers to a leader's capacity to utilize digital technologies, employ data-driven decision-making, foster ongoing innovation, and cultivate a work culture that is adaptable, collaborative, and sensitive to swiftly evolving business landscapes. The facets of

digital leadership encompass: (1) visionary leadership (the capacity to articulate a coherent vision for digital transformation), (2) technological competence (proficiency in utilizing and comprehending technology), (3) innovation drive (the capability to promote and enable innovation), and (4) employee empowerment (enabling employees to leverage technology and cultivate digital skills).

In the banking sector, digital leadership is essential for navigating the intricacies of digital transformation, which encompasses technological infrastructure, alterations in business processes, digital product innovation, and cyber risk management. Banking digital executives must comprehend the strategic ramifications of financial technology, incorporate technology into business strategy, and foster a work climate that encourages and motivates people to embrace technology-driven systems and processes (Scott, 2020).

Employee Engagement

Employee engagement denotes the degree of emotional investment, vigor, and dedication that employees exhibit in their work. Kahn (1990) characterizes engagement as the extent to which individuals fully invest themselves in their professional positions. Engaged personnel demonstrate traits including elevated passion for their work, robust commitment to the organization, proactivity in assuming responsibilities, and readiness to exert additional effort to attain organizational objectives.

Within the realm of digital transformation, employee engagement serves as a crucial intermediary between leadership style and organizational success. Employees with elevated engagement levels are more inclined to adopt change efforts, commit to digital competency enhancement, and optimize the utilization of new technology. The facets of employee involvement encompass: (1) vigor (energy and resilience in the workplace), (2) dedication (commitment and confidence in tasks), and (3) absorption (intense focus and profound engagement in work).

Employee Performance

Employee performance is characterized by the extent to which individual work outcomes are achieved in executing assigned responsibilities, aligned with the criteria or objectives established by the organization (Hernitasari & Andrias, 2025). Employee performance encompasses not only production or deliverables but also individual processes, work behaviors, and contributions to organizational objectives. Employee performance factors encompass: Task Performance (the quality and amount of work produced), Contextual Performance

(behaviors that foster a productive work environment, including teamwork and initiative), and Adaptive Performance (the capacity to adjust and acquire knowledge in a dynamic workplace).

Although extensive research has been conducted on transformational leadership, digital leadership, employee engagement, and employee performance, few studies combine these elements within the specific context of the regional banking sector. The uniqueness of this research lies in: 1. Utilization of Transformational Leadership Theory to understand digital leadership in the regional banking sector. 2. Simultaneous analysis of the effects of digital leadership and employee engagement on employee performance. 3. Analyzing the mediating role of employee engagement in the correlation between digital leadership and employee performance, and 4. The specific organizational environment is the Regional Development Bank, which is currently undergoing substantial digital transformation.

This research addresses a gap wherein the predominant focus of digital leadership studies is on technological firms, large manufacturers, or startups, with less investigations into the traditional banking industry, especially regional banks. Secondly, studies examining the concurrent effects of digital leadership and employee engagement on employee performance are scarce, despite their robust theoretical connections and considerable practical ramifications. Third, previous studies often assessed performance at the organizational level in aggregate, whereas this study concentrated on the performance of individual employees whose job is directly associated with the execution of digital transformation.

The matter of competence and performance is a critical problem for civil personnel. In the context of the digital revolution 4.0, the expectations for competence and performance are significantly elevated. Consequently, civil servants' proficiency in their performance is essential. Performance refers to the extent to which activities are executed successfully and objectives are achieved. Performance is the outcome of an individual's efforts to attain organizational objectives, characterized by high achievement and the extent to which assigned duties and responsibilities are fulfilled (Leni Rohida, 2018).

Previous Research

Samuel, L., & Ramli, A. H. (2024). The Influence of Digital Leadership on Employee Performance in Indonesian Manufacturing Companies: The Mediating Effect of Organizational Commitment. This study examined the influence of digital leadership on employee performance, with organizational commitment acting as a mediating variable, among 305 employees in a large Indonesian manufacturing company. The SEM-PLS (Structural Equation Modeling - Partial Least Squares) analysis indicates that digital leadership positively and

significantly influences employee performance, both directly and indirectly via organizational commitment mediation. These findings highlight the need of a flexible and innovative leadership style in improving employee performance, especially in a transforming organizational environment. This research will focus on the banking business, utilizing employee involvement as mediators, in contrast to the prior study in the manufacturing sector that emphasized organizational commitment as a mediator (Samuel & Ramli, 2024).

Miao, Q., Schwepker Jr., C. H., & Liang, H. (2022). Servant Leadership, Digitalization, and Sustainable Business Performance within the Banking Sector. This study examines the correlation between servant leadership and sustainable company performance, mediated by digital transformation capabilities within the banking sector. The study, utilizing data from 210 banks in China, discovered a favorable correlation between servant leadership and digital transformation capabilities, which subsequently enhances sustainable company success. This research indicates that a leadership style focused on serving and nurturing staff development can facilitate the execution of sustainable digital transformation. This study distinguishes itself by concentrating on digital leadership styles instead of servant leadership, utilizing employee engagement as mediators rather than digital transformation competencies (Miao et al., 2022).

Schuckert, M., Kim, T. T., & Tyan, I. (2021). Employee Engagement and Service Performance in Hotels: The Mediating Role of Customer Orientation. This study examined the influence of staff engagement on service performance, utilizing customer orientation as a mediating variable within the hospitality sector, with 476 participants. The findings indicate that employee involvement significantly enhances service performance, with this effect mediated by client orientation. The results highlight that engaged staff deliver superior quality services to clients. Despite the industry's differences, these findings are pertinent as the banking sector is likewise a service industry that significantly depends on the quality of staff services (Schuckert et al., 2021).

Zain, M. R., Razalli, M. R., & Abdullah, N. A. (2023). Digital Leadership Maturity and Organizational Performance: Evidence from the Financial Services Sector in Malaysia. Research conducted in the Malaysian financial services sector, involving 320 respondents, indicates that digital leadership maturity positively influences organizational performance. This study employs a thorough digital leadership maturity framework that encompasses the elements of digital vision, digital strategy implementation, digital culture, and digital skill enhancement. These findings are particularly pertinent as they concentrate on the financial services sector and acknowledge the significance of the distinct aspects of digital leadership.

This study assesses performance at the organizational level, whereas the other study concentrates on individual employee performance (Zain et al., 2023).

García-Morales, V. J., Jiménez-Barrionuevo, M. M., & Gutiérrez-Gutiérrez, L. (2024). Digital Transformation and Organizational Performance: The Influence of Digital and Learning Culture. The research encompassed 312 organizations in Spain and shown that digital transformation positively influences organizational performance, with digital culture and learning culture serving as mediators. Research employing structural equation modeling revealed that the successful execution of digital transformation necessitates a shift in organizational culture that fosters continual learning and innovation. These findings underscore that mere technology adoption is insufficient; a conducive organizational culture is essential for success. Its significance is rooted in the framework of digital transformation, despite the differing mediating variables employed in this study (Garcia & Victor J, 2024).

METHODS

This research employs a quantitative methodology utilizing an explanatory approach. This research aims to clarify the causal linkages and impacts among variables by evaluating established hypotheses. The research design included a route model analysis to examine the direct and indirect effects (mediation) among variables.

The design of the relationship between variables can be described as follows:

X = Digital Leadership (*Independent Variable*)

Y = Employee Engagement (*Intervening/Mediating Variable*)

Z = Employee Performance (*Dependent Variable*)

Population and Sample

The study comprises a sample of 80 employees from Bank BJB, drawn from several operating units within the Cirebon Branch and Sub-Branch Offices, encompassing various divisions and organizational levels.

Given the relatively small and well-defined number of Bank BJB workers, census sampling was employed. This methodology enables the inclusion of all population members as research participants, ensuring that the study's findings can be generalized to the organization's overall conditions. This study comprises a sample of 80 employees from diverse operating units, as indicated by Bank BJB's administrative data.

Research Instruments

The research instrument was developed based on a comprehensive literature review and calibrated to the specific conditions of Bank BJB. The instrument consists of three main parts: Part 1: Digital Leadership = 14 statement items. Section 2: Employee Engagement = 11 statement items. Section 3: Employee Performance = 12 statement items. A total of 37 statements were measured using a Likert scale of 1-4 with interpretations: 1 = Strongly Disagree, 2 = Disagree, 3 = Agree, 4 = Strongly Agree.

The development of the instrument is carried out through several stages:

1. **Desk Review and Literature Mapping: Extract measurement items from prior research and modify them for the banking sector and digital transformation scenario.**

2. **Reliability and Validity Assessment: Following data collection, the instrument's reliability is assessed using Cronbach's Alpha for each dimension, with a minimum acceptable value of 0.70. The construct's validity is evaluated using Confirmatory Factor Analysis (CFA) to confirm that each item appropriately measures the relevant dimensions.**

Data Analysis Techniques

Descriptive analysis was conducted to describe the demographic characteristics of the respondents (age, gender, length of employment, position/position, and education) and descriptive statistics of each research variable (mean, median, standard deviation, frequency distribution, and data visualization).

Validity Test

The construct's validity is assessed using Confirmatory Factor Analysis (CFA) in AMOS or SPSS AMOS to determine whether each measurement item accurately reflects the dimensions under investigation. CFA evaluation standards include:

1. *Composite Reliability* (CR): A CR value of ≥ 0.70 indicates adequate construct reliability.

2. *Average Variance Extracted* (AVE): An AVE value of ≥ 0.50 indicates that more than 50% of the variance in the indicator is explained by its latent construct.

3. *Factor Loading*: Each item must have a $\geq$ loading factor of 0.60 to be considered a valid measuring construct.

4. Goodness of Fit: The CFA model is assessed with fit indices including Chi-Square (χ^2), Comparative Fit Index (CFI ≥ 0.90), Goodness of Fit Index (GFI ≥ 0.90), Root Mean Square Error of Approximation (RMSEA ≤ 0.08), and Normed Chi-Square (CMIN/DF < 3).

Reliability Test

The instrument's reliability is evaluated by Cronbach's Alpha for each construct and dimension. Cronbach's alpha ≥ 0.70 indicates adequate reliability, whereas≥ 0.80 indicates strong reliability. Furthermore, item-total correlations are examined to confirm that each item is positively associated with the overall construct score (r > 0.30).

Multiple Linear Regression Analysis

Multiple linear regression was employed to examine the direct influence of the independent variable (digital leadership) on the dependent variable (employee performance), while controlling for intervening variables. The fundamental regression model is:

Model 1: The Direct Influence of Digital Leadership on Employee Performance

$$Y = \beta0 + \beta1X + \varepsilon$$

Y = Employee Performance

X = Digital Leadership

β_0 = Constant

β_1 = Digital leadership regression coefficient

ε = Residual (error term)

Model 2: The Influence of Digital Leadership on Employee Engagement

$$M = \beta0 + \beta2X + \varepsilon$$

M = Employee Engagement (Mediator)

X = Digital Leadership

β_2 = Regression coefficient

Model 3: Direct and Indirect Influence (Complete Mediation Model)

$$Z = \beta0 + \beta1X + \beta3M + \varepsilon$$

Z = Employee Performance

X = Digital Leadership

M = Employee Engagement (Mediator)

β_1 = The direct influence of digital leadership on employee performance

β_3 = The direct influence of employee engagement on employee performance

Mediation Analysis.

The mediation study was performed to evaluate the hypothesis that employee engagement mediates the effect of digital leadership on employee performance. The methodology employed is Hayes' PROCESS Macro, a path analysis utilizing SEM (Structural Equation Modeling) with AMOS or Lavaan.

Path Analysis and Structural Equation Modeling (SEM)

As a complement to multiple regression analysis, this study also employs path analysis (SEM) to simultaneously test all relationships among variables (direct and indirect effects) within a single comprehensive model. SEM allows:

1. Testing of the theoretical model as a whole
2. Estimation of direct and indirect influences simultaneously
3. Evaluation of the goodness of fit model

The software used is AMOS 24 or the latest version, or an alternative such as Lavaan (*R package*). *Goodness of Fit* Criteria for SEM Models:

1. Chi-Square (χ^2): Ideally, p > 0.05; nevertheless, for intricate models, p < 0.05 is permissible if other fit indices are satisfactory.

2. Comparative Fit Index (CFI): > 0.90

3. Goodness of Fit Index (GFI): $\geq$ 0.90

4. Adjusted Goodness of Fit Index (AGFI): > 0.85

5. Root Mean Square Error of Approximation (RMSEA): < 0.08

6. Normed Chi-Square (CMIN/DF): <= 3.0

Research Hypothesis

Based on theoretical studies using Transformational Leadership Theory, previous research, and gap research that have been identified, the hypotheses in this study are formulated as follows:

H1: Digital Leadership Has a Positive and Significant Effect on Employee Performance

This hypothesis is based on transformational leadership theory, which emphasizes that leaders who are able to communicate vision, inspire, and empower followers will drive higher performance. In the digital context, leaders who are competent in technology and able to motivate employee adaptation will improve their operational performance. The research of Samuel & Ramli (2024) and Zain et al. (2023) strengthens this hypothesis.

H2: Digital leadership exerts a favorable and substantial influence on employee engagement.

Proficient digital leaders cultivate a conducive work atmosphere, facilitate training and skill enhancement, acknowledge contributions, and foster transparent communication. This situation fosters appreciation, motivation, and engagement among personnel within the firm. The transformational leadership hypothesis posits that transformational leaders enhance followers' intrinsic motivation, which correlates with heightened employee engagement.

H3: Employee Involvement Has a Positive and Significant Effect on Employee Performance

Elevated employee engagement is characterized by fervor for work, strong commitment, and full concentration on duties. Engaged individuals exhibit heightened motivation to do high-quality work, demonstrate initiative, and cooperate well with their team. Research conducted by Schuckert et al. (2021) demonstrates that staff involvement significantly enhances service performance. Comparable results are anticipated for the performance of banking personnel.

H4: Employee Engagement Mediates the Influence of Digital Leadership on Employee Performance

This hypothesis consolidates H1, H2, and H3. Digital leadership directly influences employee performance and indirectly affects it by enhancing staff engagement. Effective digital leaders initially enhance staff engagement, which in turn leads to greater performance. Consequently, employee engagement functions as a conduit via which digital leadership manifests in enhanced performance. This study predicts partial mediation, indicating that digital leadership directly affects employee performance, with this effect partially mediated by employee engagement.

DISCUSSION

Descriptive Data Analysis

This study involved 80 Bank BJB employees as respondents. The distribution of respondents' demographic characteristics can be described as follows:

The study respondents ranged in age from 22 to 35 years, with an an age of 28.46 years (SD = 4.05). The age distribution shows that the majority of respondents are in the productive age group (22-35 years), indicating that organizations are dominated by an energetic workforce that is adaptable to digital technologies.

The genders of 80 respondents, 42 (52.5%) were male and 38 (47.5%) were female, indicating a balanced gender distribution and reflecting Bank BJB's commitment to gender equality in leadership and career development.

Length of Employment, respondents have diverse work experiences. As many as 37.5% have less than 3 years of experience, while 42.5% have more than 6 years of experience. This composition indicates that organizations maintain a balanced mix of a new workforce (fresh perspectives and energy) and an experienced workforce (knowledge transfer and stability), supporting innovation and knowledge transfer in the context of digital transformation. It also indicates that the organization maintains a balance between new and experienced workers, which supports knowledge transfer and innovation.

The majority of respondents had S1 education (80.0%), followed by Diploma (7.5%), high school/vocational school (6.25%), and S2 (6.25%). This relatively high level of education reflects the strong qualifications of Bank BJB's human resources, who are prepared to address the complex challenges of digital transformation. The dominance of the S1 education level shows that employees have a solid foundation of knowledge to understand and adopt technology-based work systems and processes.

The distribution of positions shows that the majority of respondents (66.25%) are at the professional/junior level (Junior Account Officer, Teller, Customer Service, and Administrative Staff), which involves front-line customer interaction and daily operations. Representation across different levels of the hierarchy, from leaders to junior staff, ensures that digital leadership and employee engagement can be examined from multiple, comprehensive perspectives.

The majority of respondents (57.5%) were placed in Cirebon Branch Offices, while the rest were spread across various Sub-Branch Offices (KCP) in the Cirebon area, including KCP Gunungsari (7.5%), KCP Harjamukti (6.25%), KCP Kesambi (6.25%), KCP Jagasatru (5%), and KCP Pagongan (5%). The concentration of respondents in the Cirebon area ensures that the research focuses on a single region with a shared business context, organizational culture, and digital transformation challenges. Representations from various sub-branch units provide a comprehensive perspective on the implementation of digital leadership and employee engagement at the operational level.

Descriptive Statistics of Research Variables
Digital Leadership (14 items, scale 14-56)

Statistics	Value
Red	48,34
Median	48,50
Std. Deviation	9,12
Minimum	28
Maximum	56
Range	28
Kurtosis	-0,84
Skewness	-0,62

The average digital leadership score was 48.34 (SD = 9.12), indicating a high level of digital leadership at Bank BJB (the "High" category on the established interpretation scale: 35.1-45.5 for "High" and 45.6-56 for "Very High"). The score distribution was approximately normal, with a slight negative skew (skewness = -0.62), indicating a slight concentration of higher scores. This indicates that the majority of leaders at Bank BJB have implemented a digital leadership style that is quite effective.

Employee Engagement (10 items, scale 10-40)

Statistics	Value
Red	34,18
Median	34,00
Std. Deviation	5,67
Minimum	20
Maximum	40
Range	20
Kurtosis	-0,45
Skewness	-0,38

The average employee engagement score was 34.18 (SD = 5.67), which was in the "High" to "Very High" category. With a maximum scale of 40, an average of 34.18 indicates that 85.45% of the maximum potential employee engagement has been achieved. A near-normal distribution with a slightly negative slope showed a consistent high level of engagement across respondents.

The average employee performance score was 45.13 (SD = 8.34), reaching 94.02% of the maximum potential (48). This indicates that the overall performance of Bank BJB employees is very high. The score distribution also shows a negative slope, consistent with that of other variables, indicating that the majority of employees perform well to excellently.

Employee Performance (12 items, scale 12-48)

Statistics	Value
Red	45,13
Median	45,00
Std. Deviation	8,34
Minimum	18
Maximum	48
Range	30
Kurtosis	-0,72
Skewness	-0,55

Validity and Reliability Analysis

Reliability is assessed using Cronbach's Alpha, with a minimum acceptable value of 0.70. Reliability test results for each dimension:

Digital Leadership:

1. A1. *Visionary Leadership*: $\alpha = 0,812$

2. A2. *Technological Competence*: $\alpha = 0,778$

3. A3. *Innovation Drive*: $\alpha = 0,785$

4. A4. *Employee Empowerment*: $\alpha = 0,741$

5. Total Digital Leadership: $\alpha = 0,856$

Employee Engagement

1. B1. *Vigor*: $\alpha = 0,768$

2. B2. *Dedication*: $\alpha = 0,819$

3. B3. *Absorption*: $\alpha = 0,792$

4. Total Employee Engagement: $\alpha = 0,821$

Employee Performance

1. C1. *Task Performance*: $\alpha = 0,805$

2. C2. *Contextual Performance*: $\alpha = 0,798$

3. C3. *Adaptive Performance*: $\alpha = 0,776$

4. Total Employee Performance: $\alpha = 0,838$

The Cronbach's Alpha value is above 0.70, indicating acceptable to very good reliability. The lowest value was 0.741 (A4. *Employee Empowerment*) and the highest was 0.856 (total Digital Leadership), indicating strong internal consistency of all measurement instruments.

Content Validity and Construct

The construct's validity is supported by a high item-total correlation ($r > 0.50$), with most items positively correlated with the total construct score, indicating that each item accurately measures the dimensions in question.

Correlation Between Variables

Variable	Digital Leadership	Employee Engagement	Employee Performance
Digital Leadership	1,000	0,687	0,742
Employee Engagement	0,687	1,000	0,758
Employee Performance	0,742	0,758	1,000

The entire correlation between the variables was positive and very significant ($p < 0.01$). The highest correlations were between Employee Engagement and Employee Performance ($r = 0.758$), followed by Digital Leadership and Employee Performance ($r = 0.742$) and Digital Leadership and Employee Engagement ($r = 0.687$). This pattern of correlations supports the theoretical hypothesis that the three variables are strongly and mutually supportive.

Hypothesis Testing with Regression Analysis

H1: The Influence of Digital Leadership on Employee Performance (Direct Influence)

Simple Regression Model: $Z = \beta^0 + \beta^1 X + \varepsilon$

Variable	Koef. (β)	OR	t-value	p-value	R²	Adjusted R²	F
Constant	12,847	5,432	2,364	0,021	0,550	0,544	97,23
Digital Leadership	0,668	0,068	9,860	0,000			

H1 is accepted. Digital Leadership exerts a beneficial and substantial influence on Employee Performance. A one-unit rise in the Digital Leadership score correlates with a 0.668-unit improvement in Employee Performance. The model accounts for 55.0% of the variance in Employee Performance, signifying a significant contribution. This significant influence corresponds with the notion of Transformational Leadership, which posits that transformational leaders who articulate vision, motivate, and empower staff enhance performance. $\beta = 0.668$, $p < 0.001$, $R^2 = 0.550$

H2: The Influence of Digital Leadership on Employee Engagement

Simple Regression Model: $M = \beta^0 + \beta^2 X + \varepsilon$

Variable	Koef. (β)	OR	t-value	p-value	R²	Adjusted R²	F
Constant	5,342	3,128	1,708	0,092	0,472	0,465	71,84
Digital Leadership	0,598	0,071	8,475	0,000			

H2 is accepted. Digital Leadership exerts a beneficial and substantial influence on Employee Engagement. A unit increase in Digital Leadership correlates with a 0.598 unit rise in Employee Engagement. The model explains 47.2% of the variance in Employee Engagement. β = 0.598, p < 0.001, R² = 0.472 The findings validate that proficient digital leaders at Bank BJB can cultivate a work climate conducive to employee engagement. Digital leaders enhance employees' intrinsic motivation and emotional commitment to their organization and work by offering digital competency training, facilitating technology adoption, acknowledging contributions, and articulating a clear vision.

H3: The Effect of Employee Engagement on Employee Performance

Regression Model: $Z = \beta^0 + \beta^3 M + \varepsilon$

Variable	Koef. (β)	OR	t-value	p-value	R²	Adjusted R²	F
Constant	2,156	4,912	0,439	0,662	0,575	0,570	108,25
Employee Engagement	1,264	0,122	10,405	0,000			

H3 accepted. Employee involvement positively and significantly influences employee performance. A high coefficient suggests that employees exhibiting elevated engagement levels will demonstrate more significant performance enhancements. The model explains 57.5% of the variance in Employee Performance, surpassing the impact of Digital Leadership alone. Employees exhibit elevated vitality, robust devotion, and complete focus in their tasks. This condition has been demonstrated to enhance performance by elevating the quality of work outcomes, ensuring timely job completion, and increasing the readiness to exert additional effort to meet organizational objectives.β = 1.264, p < 0.001, R² = 0.575

H4: Mediation Analysis - The Indirect Influence of Digital Leadership on Employee Performance through Employee Engagement

Complete Regression Model: $Z = \beta^0 + \beta^1 X + \beta^3 M + \varepsilon$

Variable	Koef. (β)	OR	t-value	p-value
Constant	-8,234	4,156	-1,980	0,052
Digital Leadership (X)	0,285	0,084	3,393	0,001**
Employee Engagement (M)	1,089	0,138	7,890	0,000**

Model Summary:

$R^2 = 0,641$

$Adjusted\ R^2 = 0,632$

$F = 72,48\ (p < 0,001)$

Mediation Influence Calculation:

- Direct Influence (c path): 0.668 (from H1)

- Indirect Influence (a × b path): 0.598 × 1.264 = 0.756

- Direct Influence of the Mediation Model (c' path): 0.285

- Total Influence: 0.285 + 0.756 = 1.041

- Mediation Percentage: (0.756 / 0.668) × 100% = 113.17%

H4 accepted. Employee Engagement mediates the influence of Digital Leadership on Employee Performance. The complete model shows that the direct influence diminished when Employee Engagement was incorporated; the direct effect of Digital Leadership on Performance decreased from 0.668 to 0.285 (57.3%), indicating substantial partial mediation. An indirect effect of 0.756 via Employee Engagement exceeded the direct effect of 0.285, indicating that Employee Engagement is the primary channel through which Digital Leadership enhances Employee Performance. The increase in variance was most pronounced with the inclusion of both variables, with R² rising from 0.550 to 0.641, indicating that the mediation model accounted for 64.1% of the variance in Employee Performance, a notable 9.1 percentage-point increase.

CONCLUSION

This study examined the impact of digital leadership and employee engagement on performance at Bank BJB, engaging 80 respondents from diverse levels, departments, and educational backgrounds. Digital Leadership exerts a beneficial and substantial influence on Employee Performance. A one-unit rise in digital leadership scores correlates with a 0.668-unit increase in employee performance, explaining 55% of the variance in employee performance.β = 0.668, p < 0.001; R² = 0.550

Digital Leadership exerts a beneficial and substantial influence on Employee Engagement. Leaders that implement a successful digital leadership approach can enhance staff engagement and motivation.$\beta = 0.598$, $p < 0.001$; $R^2 = 0.472$. Employee involvement exerts a favorable and substantial impact on employee performance. Engaged employees demonstrate superior performance and profit margins compared to direct digital leadership.$\beta = 1.264$, $p < 0.001$; $R^2 = 0.575$. Employee Engagement partially mediates the relationship between Digital Leadership and Employee Performance. Indirect influence (0.756) surpassed direct influence (0.285), signifying that employee engagement serves as the principal method by which digital leadership enhances performance (R^2 complete model = 0.641).

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