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BRIDGING LEADERSHIP GAP FOR DIGITAL TRANSFORMATION IN INDONESIA: THE MEDIATING ROLE OF TECHNOLOGY READINESS AND ITS IMPACT ON ORGANIZATIONAL PERFORMANCE

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ABSTRACT: This study attempts to close the gaps by examining the effects of leadership gaps and digital leadership on organizational performance with technology readiness serving as a mediating variable. A cross-sectional survey design was used in the study, and 150 leaders of Indonesian SOEs were given an online questionnaire. Partial Least Square (PLS) and Structural Equation Modeling (SEM) were used to examine the data. The results show that effective digital transformation and enhanced organizational performance are largely dependent on digital leadership and technological Readiness. The results also highlight how investing in workforce skills and technology infrastructure greatly improves an organization's capacity to carry out digital activities. For companies looking to improve their digital transformation initiatives, this study has significant ramifications.

Keywords: Leadership Gap; Digital Leadership; Technology Readiness; Digital Transformation; Organizational Performance

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INTRODUCTION

Digital transformation has emerged as a pivotal agenda for organizations globally, including state-owned enterprises (SOEs) in Indonesia, which hold a critical role in driving national economic growth (Ronaghi, 2024). Over the past decade, numerous SOEs have invested heavily in developing digital systems, such as mobile applications and websites, to enhance operational efficiency and improve public services (Ansari et al., 2023). However, the outcomes of these digital initiatives often fall short of expectations (Anwar & Saraih, 2024). A basic problem is highlighted by the fact that many systems fall short of their intended value because of a lack of alignment: decision-makers frequently lack the digital competencies needed to effectively steer technological adoption, which results in less-than-ideal system design and execution (Schiuma et al., 2022).

This inadequacy is further exacerbated by a recurring pattern of cybersecurity breaches within SOEs (Zhang et al., 2024). Reports indicate that several systems have been hacked in recent years, resulting in the leakage of sensitive personal data belonging to millions of citizens (Dubosson et al., 2022). For example, in 2021, a major breach exposed personal data from a prominent SOE, sparking widespread public concern over the reliability of digital systems (Chen & Zhang, 2024). Such incidents not only tarnish the organization's reputation but also undermine public trust in the digital services provided (Liu & Zhang, 2025). These challenges underscore the critical need for effective leadership in navigating the complexities of digital transformation while addressing cybersecurity vulnerabilities (Zulu et al., 2024).

The concept of the leadership gap has gained significant attention in the context of digital transformation (Zhang et al., 2024). This gap reflects the disparity between traditional leadership competencies and the demands of leading in a digital era (Anwar & Saraih, 2024). Many leaders in SOEs are accustomed to conventional management approaches and lack the digital literacy necessary to make informed decisions regarding technology adoption and integration (Olsen & LaGree, 2023). This leadership deficit hampers the ability to build systems that are both user – centric and secure, ultimately limiting the organization's capacity to achieve its digital transformation goals (Senadjki et al., 2024).

Conversely, digital leadership has been identified as acritical driver of successful digital transformation (Anwar & Saraih, 2024). Leaders with a strong digital orientation possess the vision and capability to foster innovation, align technology initiatives with organizational strategy and cultivate a culture that embraces change (Patil et al., 2024). Importantly, digital leaders are also more attuned to the risks associated with cybersecurity and can implement robust measures to protect organizational assets and data (Anwar & Saraih, 2024). Despite its importance, the intersection between leadership capabilities and digital transformation outcomes in SOEs remains underexplored, representing a key gap in existing literature (Sureeyatanapas et al., 2024).

Another vital aspect of the digital transformation process is technology readiness (Philip et al., 2023). Defined as the degree to which an organization is prepared to adopt and utilize new technologies, technology readiness encompasses infrastructure workforce skills and cultural openness to change (Kim & Park, 2025). A lack of technology readiness often manifests in inadequate system security measures, insufficient training programs, and resistance to adopting innovative solutions (Jaradat et al., 2024). Although studies have demonstrated that companies with greater technological readiness are better able to accomplish transformative results, in the context of SOEs, technology readiness plays a mediating function between organizational performance and leadership (Ming Ling & Muhammad, 2006).

There is a significant knowledge gap on how these processes play out in the public sector, particularly in SOEs, as most of the previous research on digital transformation has been on private sector entities. Additionally, there is no empirical data on how digital leadership interacts with technology readiness to affect the results of digital transformation, despite the fact that the relationship between leadership and organizational performance has been extensively studied (Anwar & Saraih, 2024). Addressing this gap is crucial, as SOEs operate within unique regulatory and socio-political environments that shape their digital transformation journeys differently from their private sector counterparts (Ren & Lin, 2024).

This study aims to fill these gaps by investigating the impact of leadership gaps and digital leadership on organizational performance, with technology readiness as a mediating variable (Nasution et al., 2020). By employing a quantitative approach, this research seeks to provide

actionable insights for policymakers and practitioners in SOEs to enhance their digital transformation strategies (Al-Khayari et al., 2024). Ultimately, the findings of this study are expected to contribute to the broader discourse on public sector digitalization and its implication for organizational resilience and competitiveness (Mai et al., 2024).

The scope for this research to address important problems that SOEs confront, like inefficiencies in providing digital services and technological challenges, makes it urgent (Cavalcanti et al., 2022). By identifying the key drivers of successful digital transformation, this study offer a framework for bridging the leadership gap and fostering a culture of technological readiness (Nasution et al., 2020). It also emphasizes how crucial it is to incorporate digital leadership concepts to protect organizational resources and provide stakeholders with long-term value. The main objective of this research is to position SOEs and leaders in the digital sector by offering a path for accomplishing reliable and effective digital transformation.

THEORETICAL REVIEW

Leadership gap

The concept of leadership gap, particularly in the context of digital transformation, has gained increasing attention in organizational studies (Cobb et al., 2020). Bass & Avolio, (1994) define the leadership gap as the disparity between the required competencies for effective leadership in a given context and actual skills possessed by leaders (Cobb et al., 2020). This gap is particularly evident in state-owned enterprises (SOEs), where leaders often lack the digital competencies necessary to drive technological adoption and innovation (Gulati et al., 2020). Studies by McKinsey & Company (2020) emphasize that the lack of digital leadership not only delays transformation initiatives but also contributes to poorly designed systems that fail to meet user needs.

Digital Leadership

Digital leadership is the ability to guide an organization through digital change, fostering innovation and aligning technological initiatives with business strategy (Kane, 2019). Digital leaders are characterized by their ability to manage digital ecosystems, promote agility, and address cybersecurity risks. Empirical studies by Westerman et al. (2014) and Hanelt et al.(2021) suggest that organizations with strong digital leadership demonstrate higher levels of digital maturity and are better equipped to handle the challenge of transformation.

Technology Readiness

Technology readiness, as conceptualized by Parauraman (2000), refers to the preparedness of an organization to adopt and effectively use new technologies. It encompasses four dimensions: optimism, innovativeness, discomfort, and insecurity (Kaushik & Agrawal, 2021). Research by Tsou & Hsu (2015) highlights the pivotal role of technology readiness in mediating the relationship between leadership and organizational outcomes (Patil et al., 2024). Higher technology readiness is associated with improved system functionality, better user adoption, and greater resilience against cyber threats.

Digital Transformation

Digital transformation involves the integration of digital technologies into all aspects of an organization, fundamentally changing how it operates and delivers value to stakeholders (Vial,2019). It is not merely a technological shift but a holistic organizational change that requires alignment across strategy, culture and processes (Ratna et al., 2024). Studies by Besson & Rowe (2012) and Verhoef et al. (2021) underscore the importance of leadership and organizational readiness in achieving successful digital transformation (Ren & Lin, 2024).

Organizational Performance

Organizational performance refers to the effectiveness and efficiency with which an organization meets its goals (Kaplan & Norton, 1996). In the context of digital transformation, performance metrics often include organizational efficiency, customer satisfaction, and financial outcomes (Guild et al., 2006). Studies by Bharadwaj et al. (2013) and Teece (2018) reveal that successful digital transformation significantly enhances organizational performance by streamlining operations, improving decision-making and fostering innovation (Al-Khayari et al., 2024).

While existing research provides valuable insights into the individual roles of leadership, technology readiness and digital transformation, there is limits empirical evidence on the interplay between these variables in the context of SOEs (Nasution et al., 2020). Most studies focus on private sector organizations, leaving a gap in understanding how public sector entities navigate digital transformation amidst unique regulatory and socio-political challenges (Al-Khayari et al., 2024). Additionally, the mediating role of technology readiness in bridging the leadership gap and its impact on digital transformation outcomes remains underexplored, particularly in developing economies like Indonesia (Nasution et al., 2020).

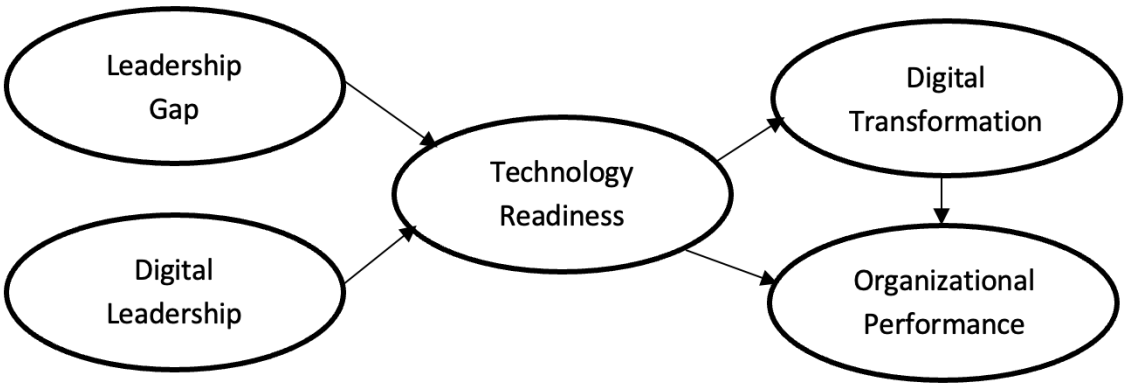

Figure 1. Conceptual Framework

The proposed model integrates five key constructs—leadership gap, digital leadership, technology readiness, digital transformation, and organizational performance—to explain the dynamics of digital transformation within state-owned enterprises (SOEs). A leadership gap, characterized by the mismatch between required and actual competencies, is hypothesized to hinder both technology readiness and the overall digital transformation process. In contrast, digital leadership is expected to positively influence these outcomes by fostering a conducive environment for innovation and technological adoption. Technology readiness serves as a critical mediating variable, reflecting the organization's capability and willingness to embrace digital technologies, thereby bridging the impact of leadership on transformation success. Furthermore, the model posits that digital transformation directly enhances organizational performance by streamlining operations, increasing customer responsiveness, and enabling data-driven decision-making. By examining these interrelationships, the model seeks to offer a comprehensive understanding of how leadership dynamics and organizational preparedness shape digital transformation outcomes in the public sector.

H1: Leadership gap negatively affects digital transformation.
H2: Digital leadership positively affects digital transformation.
H3: Leadership gap negatively affects technology readiness.
H4: Digital leadership positively affects technology readiness.
H5: Technology readiness positively affects digital transformation.
H6: Digital transformation positively affects digital performance.
H7: Technology readiness mediates the relationship between leadership gap and digital transformation

H8: Technology readiness mediates the relationship between digital leadership and digital transformation.

RESEARCH METHOD

Research Design

This study adopts a quantitative research approach to investigate the relationship between leadership gaps, digital leadership, technology readiness, digital transformation and organizational performance in state-owned enterprises (SOEs). The research employs a cross-sectional survey design, which is appropriate for capturing data at a single point in time to test the hypothesized relationships among the variables.

The target population for this consists of leaders in Indonesian SOEs, specifically those holding positions of middle management or higher. These individuals are selected because they play a critical role in decision- making processes related to digital transformation and technology adoption. A purposive sampling technique is used to ensure the sample consists of respondents who meet the criteria of having at least a middle managerial position (Robinson & Robinson, 2016). The sample size is set at 150 respondents (Hair et al., 2017), which is considered sufficient for conducting Structural Equation Modeling (SEM) using Partial Least Squares (PLS) analysis.

Data collected through an online survey distributed to the selected respondents. The survey includes a structured questionnaire of five sections, each focusing on one of the key variables: leadership gap (Darmon, 2024), digital leadership (Fatima & Masood, 2024), technology readiness (Koteikor Baidoo & Nwagwu, 2024), digital transformation (Ansari et al., 2023) and organizational performance (Fatima & Masood, 2024). The questionnaire is designed to ensure clarity and ease of understanding minimizing respondent fatigue and maximizing data quality. Targeted respondents are individual holding leadership positions, with minimum designation of middle manager, to ensure relevance to the study objectives. The survey instrument is developed based on validated scales from previous studies to ensure its reliability and validity. Each section of the questionnaire is tailored to capture the nuances of the respective variables, drawing from established literature to maintain alignment with theoretical constructs. Pre-testing and pilot surveys are conducted to refine the instrument and ensure its suitability for the intended population.

Table 1. Variable measurement

Variables	Indicators	References
Leadership Gap	Ability to understand digital technologies. Ability to drive organizational change and innovation. Organizational needs and leaders' competencies.	Yukl (2010); Bass & Avolio (1994)
Digital Leadership	Understanding of digital technologies. Ability to create a digital vision. Communication and collaboration across departments. Speed in making data driven decisions.	El Sawy et al. (2016); Kanne et al. (2019)
Technology Readiness	Availability of technological infrastructure. Employees' competence in using technology. Managerial support for technology adoption. Organizational willingness to invest in new technologies.	Parasuraman (2000); Venkatesh et al. (2003)
Digital Transformation	Adoption of new technologies. Innovation in technology based.	Westerman et al. (2011); Fitzgerald et al. (2014)

Variables	Indicators	References
Organizational Performance	Integration of digital systems. Shift in organizational culture towards. Growth in revenue or profitability. Operational efficiency following digital transformation. Customer satisfaction with digital products/services. Competitive advantage in the market.	Kaplan & Norton (1996); Teece (2018)

Data Analysis Technique

The data is analyzed using Structural Equation Modeling (SEM) with the Partial Least Square (PLS) approach (Hair et al., 2017). This method is chosen due to its robustness in handling complex models and small- to- medium sizes effectively. SEM-PLS allows for simultaneous assessment of both the measurement model and the structural model, offering a comprehensive evaluation of the research framework (Cepeda-Carrion et al., 2019). The analysis involves two key steps. First, the measurement model is assessed to evaluate the reliability and validity of the constructs, ensuring that the indicators accurately represent the underlying variables. Second, the structural model is tested to examine the hypothesized relationship among the variables, providing insights into the direct and mediated effects within the conceptual framework.

RESULTS

Measurement model evaluation

To evaluate the measurement model, four key indicators were examined: factor loadings, Average Variance Extracted (AVE) Composite Reliability (CR), and Cronbach Alpha (CA), and VIF. The results, as presented in Table 2, indicate that the constructs meet the criteria for reliability and validity.

Table 2. Loading Factors, AVE, Composite Reliability and Cronbach's Alpha

Variable	Loading Factor	AVE	Composite Reliability (CR)	Cronbach's Alpha (CA)	VIF
Leadership Gap (LG)		0.771	0.852	0.855	2.136
LG1 (Understand and leverage digital technology)	0.877				2.159
LG2 (Ability to drive change and innovation)	0.892				1.991
LG3 (leaders' competencies)	0.865				1.576
Digital Leadership (DL)		0.667	0.849	0.830	4.124
DL1 (Understanding of digital technologies)	0.712				1.522
DL2 (Digital vision for the organization)	0.920				3.289
DL3 (Communication and collaboration)	0.762				2.088
DL4 (data-driven decision)	0.858				1.935
Technology Readiness (TR)		0.595	0.843	0.779	3.315
TR1 (Technological infrastructure)	0.686				3.255
TR2 (Employees competence)	0.593				3.052

Variable	Loading Factor	AVE	Composite Reliability (CR)	Cronbach's Alpha (CA)	VIF
TR3 (Technology adoption0	0.886				1.696
TR4 (Invest in new technologies)	0.879				2.710
Digital Transformation (DT)		0.732	0.879	0.877	2.481
DT1 (New technologies in operations)	0.895				2.536
DT2 (Innovation in Technology)	0.780				1.603
DT3 (Integration of digital systems)	0.861				3.489
DT4 (Shift in organizational culture)	0.881				1.512
Organizational Performance (OP)		0.643	0.855	0.812	2.136
OP1 (Revenue or profitability)	0.829				2.159
OP2 (Operational efficiency following)	0.698				1.991
OP3 (Customer satisfaction with digital)	0.930				1.576
OP4 (Competitive advantage)	0.730				4.124

The AVE values for all constructs exceed the recommended threshold of 0.5 ranging from 0.595 (Technology Readiness) to 0.771 (Leadership Gap). These findings confirm adequate convergent validity, indicating that the indicators sufficiently explain their respective constructs. Furthermore, the Composite Reliability (CR) values are well above the acceptable threshold of 0.7, ranging from 0.843 (Technology Readiness) to 0.879 (Digital Transformation). Similarly, Cronbach's Alpha values also exceed the minimum criterion of 0.7, ensuring internal consistency reliability across all contracts. All observed indicators demonstrate strong loading on their respective latent variables, with most values surpassing 0.7. However, one item within the Technology Readiness construct (TR2: Employees' Competence) shows a slightly lower loading (0.593), which, while below the ideal threshold, can still be considered acceptable in exploratory research. Discriminant validity was evaluated using the cross-loading approach, as shown in Table 3. This method ensures that each construct is distinct and measures a unique aspect of the conceptual framework. According to the Fornell-Larcker criterion, an indicator should load more highly on its associated construct than on any other constructs.

Table 3. Discriminant Validity (Cross Loading)

Code	Digital Leadership	Digital Transformation	Leadership Gap	Organizational Performance	Technology Readiness
DL1	0.712	0.546	0.435	0.698	0.612
DL2	0.920	0.866	0.902	0.930	0.862
DL3	0.762	0.555	0.508	0.730	0.733
DL4	0.858	0.833	0.833	0.784	0.786
DT1	0.792	0.895	0.820	0.765	0.809
DT2	0.670	0.780	0.619	0.680	0.784
DT3	0.729	0.861	0.877	0.717	0.733
DT4	0.778	0.881	0.892	0.772	0.818
LG1	0.729	0.861	0.877	0.717	0.733
LG2	0.778	0.881	0.892	0.772	0.818
LG3	0.705	0.728	0.865	0.829	0.734
OP1	0.705	0.728	0.865	0.829	0.734
OP2	0.712	0.546	0.435	0.698	0.612
OP3	0.920	0.866	0.902	0.930	0.862
OP4	0.762	0.555	0.508	0.730	0.733

TR1	0.661	0.493	0.423	0.640	0.686
TR2	0.539	0.397	0.268	0.516	0.593
TR3	0.813	0.930	0.924	0.838	0.886
TR4	0.804	0.852	0.839	0.797	0.879

The results confirm that all indicators have the highest loading values on their respective constructs. For example, within Digital leadership construct, DL2 (Digital Vision for the organization) exhibits a loading of 0.920 on its construct, significantly exceeding its cross-loadings on other constructs such as Digital Transformation (0.866) and Technology Readiness (0.862). Similarly, for the Digital Transformation construct, DT1 (New technologies in operation) demonstrate a strong loading of 0.895, with cross-loading on another construct being considerably lower. These results provide evidence of adequate discriminant validity, confirming that the latent variables are empirically distinct, and that each indicator meaningfully represent its respective construct. Therefore, the constructs can reliably be utilized in the structural model for further analysis hypotheses testing. Variance Inflation Factor (VIF) was assessed to evaluate the potential issue of multicollinearity among the indicators. A VIF value below 5 is considered acceptable, indicating that collinearity does not pose a threat to the structural model.

All indicators exhibit VIF values within acceptable limits, ranging from 1.512 (OP4: Competitive advantage) to 4.124 (DL2: Digital Vision for the Organization). The highest VIF value (4.124) for DL2 suggests that while this indicator has a strong correlation with others within the same construct, it remains within the acceptable threshold. These results confirm the absence of multicollinearity issues, ensuring that the model is stable, and the regression coefficients are not biased. Therefore, the indicators are appropriate for subsequent analysis within the structural model. The total effects between constructs were analyzed to understand the overall influence of exogenous variables on endogenous variables, both directly and indirectly. The results, as outlined in table 4, highlight several significant relationships.

Table 4. Total Effect

Paths	Total effects
Digital Leadership -> Digital Transformation	0.604
Digital Leadership -> Organizational Performance	0.519
Digital Leadership -> Technology Readiness	0.657
Digital Transformation -> Organizational Performance	0.859
Leadership Gap -> Digital Transformation	0.292
Leadership Gap -> Organizational Performance	0.251
Leadership Gap -> Technology Readiness	0.317
Technology Readiness -> Digital Transformation	0.920
Technology Readiness -> Organizational Performance	0.791

The t-value chart presents the significance testing results of the structural paths in the model using the Partial Least Squares Structural Equation Modeling (PLS-SEM) approach. The t-values indicate the strength and significance of the relationships between latent constructs, derived through a bootstrapping procedure. A t-value greater than 1.96 suggests statistical significance at the 5% level ($p < 0.05$), while values exceeding 2.58 indicate significance at the 1% level ($p < 0.01$). These thresholds help determine whether the hypothesized relationships are statistically supported. The higher the t-value, the stronger the evidence that the observed effect is not due to random chance. Therefore, the t-value chart serves as a crucial tool for validating the proposed hypotheses and assessing the robustness of the structural model in empirical research.

The structural model estimation using PLS-SEM revealed statistically significant relationships among the constructs, as indicated by the T-values derived from the bootstrapping procedure. Digital leadership demonstrated a strong and significant influence on technology readiness ($T > 1.96$; total effect = 0.657), suggesting that leaders with digital competencies substantially enhance an organization's preparedness for technological adoption. Similarly, digital leadership significantly affected digital transformation ($T > 1.96$; total effect = 0.604), indicating its critical role in steering organizations through complex digital changes. Furthermore, digital leadership had a meaningful positive impact on organizational performance ($T > 1.96$; total effect

= 0.519), reflecting the importance of leadership in aligning digital initiatives with strategic goals. Technology readiness emerged as the most influential construct, exerting a very strong and significant effect on digital transformation (T > 2.58; total effect = 0.920) and organizational performance (T > 2.58; total effect = 0.791), thereby underscoring the essential role of technological infrastructure and readiness in ensuring successful transformation and improved performance outcomes. Leadership gap, while exhibiting lower effect sizes, also demonstrated significant negative relationships with technology readiness (T > 1.96; total effect = 0.317), digital transformation (T > 1.96; total effect = 0.292), and organizational performance (T > 1.96; total effect = 0.251), reinforcing that deficiencies in leadership competencies can hinder digital progress and overall effectiveness. Lastly, digital transformation significantly enhanced organizational performance (T > 2.58; total effect = 0.859), confirming its central role in driving operational efficiency, innovation, and strategic outcomes. These results collectively validate the proposed model and highlight the cascading and mediating effects among the constructs, particularly within the context of digital transformation in public sector organizations. The structural model was assessed through path coefficients and R^2 values to evaluate the strength and significance of hypothesized relationship among constructs as shown in Table 5.

Table 5. Path coefficient

Variable	Path coefficients	R-square	R-square adjusted
Digital Leadership -> Technology Readiness	0.657	0.882	0.845
Digital Transformation -> Organizational Performance	0.859	0.738	0.736
Leadership Gap -> Technology Readiness	0.317		
Technology Readiness -> Digital Transformation	0.920	0.882	0.880

Path coefficients reveal the direct effects between variables. The strongest path coefficient is observed between Technology Readiness and Digital Transformation (0.920), indicating a substantial and direct influence of an organization's readiness on its digital transformation initiatives. Similarly, Digital Leadership significantly influences Technology Readiness (0.657), highlighting the critical role of leadership in preparing the organization for technological advancements.

The path coefficient between Digital Transformation and Organizational Performance (0.859) demonstrates a robust impact, emphasizing that effective digital transformation strategies directly enhance organizational outcomes. Additionally, Leadership Gap moderately influences Technology Readiness (0.317), suggesting that addressing gaps in leadership competencies has a positive but smaller impact on an organization's readiness for technology adoption. The R^2 values indicate the explanatory power of the model. For Technology Readiness, the R^2 value of 0.882 suggests that 88.2% of the variance is explained by Digital Leadership and Leadership Gap. Similarly, Digital Transformation has an R^2 value of 0.882, indicating that its variance is highly explained by Technology Readiness. Lastly, Organizational Performance has an R^2 value of 0.738, meaning 73.8% of its variance is accounted for by Digital Transformation and Technology Readiness.

DISCUSSION

The findings illustrate the critical role of digital leadership in cultivating organizational preparedness for technological adoption. Leaders who demonstrate digital fluency tend to establish a supportive climate for change by shaping attitudes, encouraging experimentation, and aligning resources with innovation objectives. This alignment strengthens the organization's ability to anticipate and respond to digital demands. As such, Hypothesis 1 is accepted, confirming that digital leadership significantly influences technology readiness.

Digital leadership also serves as a catalyst for transformation. When leaders understand both the strategic importance and operational challenges of digital initiatives, they become more effective in driving systemic change. Their presence helps translate abstract strategies into coordinated actions across departments. This reinforces Hypothesis 2, which posits that digital leadership positively affects the success of digital transformation efforts. In addition to shaping

processes, digital leadership contributes meaningfully to organizational performance. Leaders who integrate digital thinking into broader management practices are better able to link innovation with institutional goals. The acceptance of Hypothesis 3 affirms that the quality of leadership directly impacts performance by ensuring that digital investments generate strategic returns.

Technology readiness emerges as a central element in this framework. Organizations that are technologically prepared—through adequate infrastructure, digital literacy, and responsive systems—are more capable of executing complex transformations. This supports Hypothesis 4, which emphasizes the enabling role of readiness in facilitating change. Beyond its influence on transformation, technology readiness also proves instrumental in enhancing performance. Institutions that maintain digital agility tend to deliver services more efficiently, adapt quickly to shifts in the environment, and foster continuous improvement. These observations validate Hypothesis 5, which links technology readiness to stronger performance outcomes.

The study further highlights the negative consequences of leadership deficiencies. A lack of digital leadership capacity can weaken readiness, hinder transformation efforts, and reduce overall effectiveness. These challenges are reflected in the acceptance of Hypotheses 6, 7, and 8, which demonstrate that leadership gaps have a tangible, adverse impact across critical dimensions of digital capability. The connection between digital transformation and performance is particularly robust. Transformation not only modernizes operations but also encourages innovation, improves service delivery, and aligns organizations with evolving societal expectations. The results support Hypothesis 9, confirming that successful digital transformation contributes directly to enhanced organizational performance.

The findings of this study provide empirical evidence for the significant role of leadership and technology readiness in driving digital transformation and enhancing organizational performance. First, the robust relationship between technology readiness and digital transformation aligns with previous studies highlighting the importance of technological infrastructure and employee competence in facilitating digital initiatives (Ronaghi, 2024). Organizations that invest in technology adoption and workforce capability are better positioned to integrate new systems and processes, thereby achieving transformative outcomes. Second, the influence of Digital Transformation on Organizational Performance underscores its critical impact on key performance indicators such as profitability, operational efficiency, and competitive advantage. These findings corroborate prior research which identified digital transformation as a strategic enabler of business value creation (Shahzad, 2024). The integration of digital systems and a culture shift towards innovation allow organizations to respond effectively to market demands and enhance customer satisfaction. Third, Digital Leadership's role in fostering Technology Readiness emphasizes the importance of leadership in shaping an organization's digital agenda. Leaders who demonstrate a strong digital vision and data-driven decision-making capabilities create an environment conducive to technological readiness (Omotayo & Adekunle, 2021). This supports earlier work by Westerman, et al. (2014) which found that effective digital leadership is a key driver of digital maturity.

The Leadership gap showed a moderate influence on Technology readiness and Digital transformation, these results highlight the need to address deficiencies in leadership competencies. Organization must prioritize upskilling leaders to drive change and innovation, consistent with the findings of McKinsey & Company (2018), which reported that leadership capability is often a bottleneck in digital transformation efforts.

CONCLUSION AND FURTHER STUDY

This study demonstrates that digital leadership and technology readiness are foundational elements for successful digital transformation and the enhancement of organizational performance. The findings underscore that investment in technological infrastructure and workforce capability significantly strengthens an organization's capacity to implement digital initiatives effectively. Furthermore, digital transformation acts as a key mediating variable between readiness and performance, underscoring its role as a strategic enabler in the digital era. Leadership is pivotal in cultivating readiness, yet gaps in leadership competencies may constrain the effectiveness of digital transformation efforts. These insights highlight the necessity for organizations to not only invest in technology but also in developing digital leadership capabilities. Future research could explore these dynamics across various industry sectors or

examine additional mediating variables such as organizational agility or innovation capability. By addressing current limitations and expanding the scope of inquiry, subsequent studies can offer a more comprehensive understanding of the pathways to achieving digital success.

ETHICAL DISCLOSURE

All participants provided written informed consent prior to participation. They were informed about the study's purpose, their voluntary participation, the right to withdraw at any time, and they confidentiality of their responses.

CONFLICT OF INTERESTS

The authors declare no conflict of interest and no funding received from any organizations or institutions.

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