



Digital leadership and employee performance: The mediating role of organizational brilliance in the banking sector

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ABSTRACT

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This paper investigates how digital leadership influences employee performance within Palestinian commercial banks and how organizational brilliance mediates this relationship. A quantitative research design was used by conducting a cross-sectional survey of 380 employees. Structural equation modelling (SEM) was employed to test both direct and indirect associations between the variables of the study. The results indicate that digital leadership positively impacts organizational brilliance, and organizational brilliance has a significant positive impact on employee performance. Nevertheless, the linear correlation between digital leadership and employee performance is no longer statistically significant when organizational brilliance is added, which means that the mediation effect is complete. These findings indicate that digital leadership enhances the performance of employees by enhancing organizational capabilities, including innovation, knowledge management, and teamwork working practices. The research points out that the success of digital leadership depends on the capacity of the organization to convert the leadership practices into facilitative internal environments. In practice, the conclusion means that digital technologies alone are not enough to be applied in banking institutions, and organizations should invest in the development of leadership and organizational systems that promote learning, innovation, and employee engagement. This will be able to improve the quality of services, efficiency, and competitiveness in the long term, especially in developing economies that are experiencing a high rate of digitalization.

Contribution/Originality: The study adds to the body of existing literature by redefining the role of digital leadership as an indirect predictor of employee performance through organizational brilliance, rather than as a single predictor. It shows that the benefits of digital leadership for performance depend on the creation of organizational capabilities that facilitate knowledge integration, innovation, and work practices.

1. INTRODUCTION

Digital transformation has significantly altered the organization, activities, and strategic priorities of organizations in the modern world at an accelerating speed. Digital transformation is generally known as a disruptive force that alters organizational processes, business models, and leadership demands, especially within knowledge-intensive and service-based sectors (Espina-Romero et al., 2023; Vial, 2019). The development of digital technologies like cloud computing, artificial intelligence, and data analytics has reshaped how companies develop value, provide services, and organize work processes (Kane, Palmer, Phillips, Kiron, & Buckley, 2019; Lin, 2025; Vial, 2019). In this fast-changing context, leadership styles that depend on conventional managerial approaches are no longer adequate

to steer organizations through convoluted technological change. Rather, organizations increasingly need digitally savvy, strategically minded leaders who can harness technology in a manner that drives organizational performance and agility (Antonopoulou, Halkiopoulou, Barlou, & Beligiannis, 2020; Kane et al., 2019). Recent research points out that managing technological change, supporting innovation, and helping organizations stay competitive in extremely volatile environments require digital leadership (Aydın, Kırılmaz, Şimşir, & Ayhün, 2024; de Araujo, Priadana, Paramarta, & Sunarsi, 2021).

This has necessitated digital leadership to be a crucial organizational skill during the digital age (Avolio, Kahai, & Dodge, 2000; Lin, 2025). The concept can be defined as the capability of leaders to incorporate digital technologies into organizational strategies, develop innovations, and lead employees through the adjustment to work environments that are technologically driven (Sheninger, 2014). The digital leadership approach integrates conventional leadership skills with technology expertise, competencies to think strategically, and skills to cope with permanent change (Avolio et al., 2000; de Araujo et al., 2021). Digital leaders do more than encourage the implementation of new technologies: they also influence organizational culture, allow risk-taking, and help employees acquire the skills needed to work in digital environments (El Sawy, Amsinck, Kræmmergaard, & Vinther, 2016). As previous studies have shown, digital leadership is key to an organization's ability to react to uncertainty in the surrounding environment, enhance its operational efficiency, and remain competitive in the context of progressing digitalization (Abbu, Mugge, Gudergan, & Kwiatkowski, 2020; Wasono & Furinto, 2018). Even bibliometric and systematic reviews support the fact that digital leadership is strongly related to the ability to innovate, organizational nimbleness, and employee performance (Aydın et al., 2024; Lin, 2025).

Employee performance remains one of the most significant predictors of organizational success (Al-Karkhi, 2014; Campbell & Wiernik, 2015). Employees who excel in performance contribute to productivity, service quality, innovation, and overall company performance (Campbell & Wiernik, 2015). Employee performance is particularly important in the banking industry, where service quality, impressiveness, and operational efficiency depend heavily on personnel's skills, dedication, and ability to use new technologies in their work (Alsafadi & Altahat, 2021; Price & Wrigley, 2016). Consequently, leadership practices that strengthen employee motivation, engagement, and flexibility can significantly influence organizational performance (Avolio, Walumbwa, & Weber, 2009; Judge & Piccolo, 2004; Shrestha, 2022). Regarding digital transformation, leaders must not only lead the way toward technology use but also build an environment that guides employees in transforming digital initiatives into better work results.

Nevertheless, digital leadership is not always directly related to employee performance. Leadership practices are usually influenced by organizational processes and internal work environments, which determine the impact of these processes on employee outcomes. Organizational brilliance is one of the concepts that has received more attention in this respect (Al Dulaimi & Al Hindawy, 2023). Organizational brilliance is a product of competent leadership, the ability to innovate, and the capability to manage knowledge and excellence in service delivery; it is an organizational resource that enables institutions to perform at elevated levels within a dynamic setting (Al Dulaimi & Al Hindawy, 2023). Companies with a high degree of organizational brilliance are likely to promote teamwork, learning, and information exchange, which, in turn, help employees reach higher levels of performance (Price & Wrigley, 2016; Teece, Pisano, & Shuen, 1997).

In this regard, organizational brilliance can be a significant process by which digital leadership can influence employee performance. Research on leadership indicates that leadership's effect on performance can take place through organizational processes like knowledge management, innovation, and organizational culture, and not only through direct influence (Lin, 2025; Teece, 2018). Online leaders encouraging innovation and knowledge sharing, as well as enabling work processes via technologies, would enable organizations to create conditions that foster creativity, motivation, and employee engagement. This type of environment provides employees with an opportunity to use digital tools more effectively and concentrate their efforts on organizational objectives, which eventually improves their performance (Antonopoulou et al., 2020; de Araujo et al., 2021; Wasono & Furinto, 2018).

The significance of establishing these relationships is especially clear in the banking industry. The environmental factors facing commercial banks today include highly competitive, technology-based trends, in which digital banking, fintech integration services, and data-driven decision-making tools have become key to service delivery and competitiveness (Kane et al., 2019; Ross, Sebastian, & Beath, 2017). The fast pace of digital banking offerings, financial technology integration, and information-based decision-making has necessitated banks to create leadership strategies that can effectively cope with technological change and retain employee productivity. Economic volatility and regulatory pressures, as well as changing customer expectations, tend to compound these issues in developing economies. Consequently, banks are not only forced to invest in digital infrastructure but also in leadership skills, owing to the fact that leadership skills are among the aspects that play a crucial role in converting digital investment into tangible performance gains (Abbu et al., 2020; Espina-Romero et al., 2023).

In the Palestinian scenario, commercial banks are at the forefront of contributing to the economy and financial stability. Simultaneously, these institutions experience various structural agonies, which are technological change, financial limitations, and a complicated economic atmosphere. Although digital transformation in the banking industry is gaining importance, the empirical literature on the organizational processes by which digital leadership affects staff performance has scarce information, especially in developing economies and in the banking industry, where digital transformation is ongoing (Aydın et al., 2024; Lin, 2025). Specifically, the mediating effect of organizational capabilities, including organizational brilliance, has not been given much academic attention. It could also be true that contemporary research illustrates that organizational capabilities are mandatory in the exercise of leadership practices in performance outcomes (Al Dulaimi & Al Hindawy, 2023; Teece, 2018).

Although the literature on digital leadership and employee performance is expanding, the available literature has largely emphasized direct connections, which provide little information regarding how digital leadership is converted into performance results within an organization. Specifically, the contribution of higher-order organizational capabilities, including organizational brilliance, is under-researched, particularly in the context of developing economies and the banking industry. This limitation limits in-depth insight into how digital transformation, which is brought about by leadership, results in tangible employee-level outcomes. Accordingly, this study addresses this gap by examining the mediating role of organizational brilliance in the relationship between digital leadership and employee performance.

In line with this objective, the study addresses the following research questions:

RQ1: Does digital leadership directly influence employee performance in the banking sector?

RQ2: How does digital leadership influence organizational brilliance?

RQ3: Does organizational brilliance enhance employee performance?

RQ4: Does organizational brilliance mediate the relationship between digital leadership and employee performance?

To fill this gap, the current research addresses the association between digital leadership by responding to the demand to consider more empirical research studies that explore the impact of digital leadership on performance through organizational processes (Espina-Romero et al., 2023; Lin, 2025). It is the purpose of this study, through the integration of a leadership theory and organizational capability perspectives, to gain a more detailed insight into the ways leadership practices can transform the initiatives of digital transformation into better outcomes among employees.

This study contributes to the literature on digital leadership by bringing empirical research to the banking industry in one of the developing economies. Despite the fact that the issue of digital leadership has been discussed extensively in reference to digital transformation, limited evidence exists on the topic among financial institutions in emerging markets. Using the example of Palestinian commercial banks, the research expands the contextual applicability of digital leadership studies and examines the role of leadership abilities in employee performance in a technology-intensive, service-oriented setting (Antonopoulou et al., 2020; Kane et al., 2019). The results indicate that

digital leadership is significant in improving employee performance in organizations experiencing technological change. The research also adds value by accounting for organizational brilliance as a mediating process between digital leadership and employee performance. Previous studies tend to take an in-depth look at the immediate interaction between leadership styles and employee results and ignore the organizational mechanisms through which leadership practices are converted into performance changes. Based on views of organizational capability, this study demonstrates that digital leadership creates organizational conditions typified by organizational knowledge sharing, innovation, and collaborative practices that improve employee performance (Teece, 2018; Wasono & Furinto, 2018). As part of a single framework, the integration of digital leadership, organizational brilliance, and employee performance provides a more refined perspective on how leadership-driven organizational capabilities favor workforce performance during the digital transformation of organizations.

The remainder of this paper is structured as follows. The next section reviews the relevant literature and develops the theoretical framework and hypotheses. This is followed by the methodology section, which describes the research design, data collection, and analytical techniques. The results section presents the empirical findings, followed by a discussion of the key insights. Finally, the paper concludes with theoretical and practical implications, along with suggestions for future research.

2. LITERATURE REVIEW

It is well known that employee performance is one of the main factors of organizational effectiveness and competitiveness. It is a measure of how well employees can perform work duties, work toward organizational goals, and exhibit organizational functioning behavior (Campbell & Wiernik, 2015). The conceptualization of employee performance in the context of organizational research can be explained as a multidimensional construct, which includes such aspects as task performance, contextual performance, and adaptive behaviors. Task performance is the ability of workers to carry out their main job roles efficiently, and contextual performance describes discretionary acts like cooperation, initiatives, and organizational citizenship that can maintain the social and psychological work environment (Borman & Motowidlo, 1997). All these dimensions determine the role of individuals in an organization's long-term productivity and performance outcomes.

Employee performance is even more important in service-based industries such as the banking industry, where employees are directly engaged in service delivery, communication with customers, and knowledge-based processes. Employees with good performance will help with customer satisfaction, the quality of their services, and innovation, besides operational efficiency. According to previous research, organizational leadership, organizational environment, and access to technological tools that facilitate employees in executing their duties effectively have a strong impact on the performance of employees in financial institutions (Avolio et al., 2009; Campbell & Wiernik, 2015). The growing usage of banking systems based on digital platforms requires employees to undergo constant changes to new technologies, digitized processes, and digital communication platforms.

The nature of employee performance has also been changed by the digital transformation of organizations. Digital technologies transform work patterns, decision-making, and communication, thus necessitating employees to acquire new skills and adaptive abilities (Vial, 2019). Performance in these conditions is no longer perceived only through a technical approach but through employees' ability to cooperate, educate themselves, and successfully use digital tools. Innovation, knowledge sharing, and technologically engaged leadership practices are therefore important in supporting employee performance in digitally transforming organizations.

In this background, leadership is critical in determining employee performance. Leaders can impact employees by guiding them through strategic direction, support, and work environments that are sufficiently supportive to motivate and engage employees. Studies carried out on the issue of leadership theory continuously indicate that leadership practices are instrumental in promoting employee commitment, job satisfaction, and productivity, and subsequently improving performance outcomes (Judge & Piccolo, 2004). In technologically transforming

organizations, in particular, approaches where leadership involves the use of technology and encourages learning are relevant in helping employees demonstrate effective performance.

Altogether, employee performance can still be considered one of the primary organizational outcomes, subject not only to individual capacities but also to conditions within organizations. Knowledge of the attributes that can maximize employee output is thus critical to organizations that want to remain competitive in a steadily digitalized business world. Analysis of the organizational mechanisms that influence employee performance in the banking sector, where service quality and operational efficiency largely rely on employees' ability to meet clients' expectations, is informative to both scholars and practitioners.

While prior studies generally report a positive association between leadership practices and employee performance, the empirical evidence remains inconclusive in digitally transforming environments. According to some studies, digital leadership has a direct positive effect on employee performance, as it positively impacts communication, flexibility, and access to technological resources (Abbu et al., 2020; Erhan, Uzunbacak, & Aydin, 2022). Conversely, other researchers claim that the impacts of leadership are conditional on organizational circumstances, including knowledge-sharing systems, the climate of innovation, as well as organizational support systems (Lin, 2025; Teece, 2018). This discrepancy underscores the importance of investigating the mechanics behind how digital leadership is converted to performance results as opposed to thinking that it has a direct impact.

2.1. Theoretical Background

To understand the effects of digital leadership on employee performance, a solid theoretical framework is necessary to illuminate the processes through which leadership behaviors determine employee performance. This paper mainly relies on transformational leadership theory and the dynamic capability approach to clarify the connection between online leadership, organizational brilliance, and employee performance.

The theory of transformational leadership offers a significant premise for analyzing the effectiveness of leadership in modern organizations. It is based on the fact that the theory places an emphasis on the capacity of the leader to motivate employees, encourage intellectualism, and foster commitment to organizational objectives (Bass, 1985). Transformational leaders encourage employees to go the extra mile by providing them with a shared vision of the world, encouraging innovation, and supporting their professional growth. Empirical investigations demonstrate that transformational leadership practices are beneficial to employee motivation, engagement, and performance in diverse organizational settings (Avolio et al., 2009; Judge & Piccolo, 2004). Digital leadership can be considered an adaptation of transformational leadership to the circumstances of digital transformation, when leaders use digital technologies to facilitate teamwork and information exchange and enhance organizational innovation. Digital leaders can foster better employee performance by motivating employees to accept technological change and attain digital skills.

The dynamic capability perspective also gives greater weight to the theoretical conceptualization of the influence of digital leadership on organizational outcomes. Dynamic capabilities are the capabilities of an organization to bring, develop, and realign both internal and external resources so that it can effectively respond to a context that changes very quickly (Teece et al., 1997). The case of digitization in the banking industry and other sectors requires companies to keep changing their processes, technologies, and knowledge systems to stay competitive. The role of leadership in the development of such capabilities is essential since it may lead organizations through technological transformation and create a culture where innovation and learning become highly valued (Teece, 2018). In this view, digital leadership will help in developing organizational capabilities, which promote flexibility, knowledge combination, and innovative services.

In this context, organizational brilliance would be regarded as an organizational ability that incorporates leadership brilliance as well as innovative and knowledge brilliance. Highly organizationally brilliant organizations are better placed to harness the available resources of knowledge, promote collaboration, and sustain service quality in the dynamic environment. It is these organizational conditions that help employees carry out their work more

actively and adjust to changing working demands. Consequently, digital leadership may create organizational brilliance by encouraging the use of technology, encouraging the sharing of knowledge, and helping to perpetuate innovative practices, ultimately leading to better performance by employees.

2.2. Hypothesis Development

Digital leadership has become a significant leadership methodology in digital transformation organizations (Avolio et al., 2000; Espina-Romero et al., 2023; Lin, 2025). Digital leaders use technology, data-driven decision-making, and innovative practices to transform organizational processes and increase employee competencies (Abbu et al., 2020; de Araujo et al., 2021). Leadership becomes very important in digitally evolving work environments, as leaders are tasked with helping employees embrace technological changes, acquire digital skills, and utilize digital resources well in their day-to-day work processes. It also helps decrease resistance to change and enhance the willingness of employees to utilize digital technologies (Erhan et al., 2022; Shrestha, 2022). According to previous studies, leadership behaviors conducive to technological adoption and organizational learning have a positive impact on employee engagement, productivity, and performance at work (Avolio et al., 2009; Kane et al., 2019; Lin, 2025).

The empirical research also indicates that digital leadership leads to better employee performance through the establishment of supportive working conditions that promote collaboration, knowledge exchange, and innovation. Active leaders who facilitate digital technologies and provide employees with the required resources and instructions contribute to a decrease in the level of uncertainty that comes along with technological change and, thus, allow employees to exercise their activities more effectively. In technologically oriented industries like the banking industry, where digital systems are slowly becoming the new paradigm under which operations are conducted and services are delivered, a leadership style that supports digital adjustment can go the extra mile in helping employees to be effective and responsive. Digital leadership is therefore likely to have a positive impact on employee performance because research in technology-intensive firms indicates that digital leadership enhances employee performance through better communication skills, empowerment, and learning abilities (de Araujo et al., 2021; Wasono & Furinto, 2018).

Theoretically, transformational leadership theory implies that leaders can impact employee outcomes by influencing motivation and engagement, whereas the dynamic capability perspective indicates that organizational processes play a key role in translating leadership actions into performance outcomes. Such perspectives imply that the impact of digital leadership might not be as direct as it could be but may act by way of organizational abilities that allow employees to successfully use digital resources. The current study is based on this theoretical integration to investigate both direct and indirect relationships.

H₁: Digital leadership has a positive effect on employee performance.

According to leadership studies, leaders impact organizational performance through the building of internal resources, including innovation, knowledge management, and learning systems (Lin, 2025; Teece, 2018). Organizational brilliance is one such organizational conditions that indicate how well an organization excels in leadership practices, its innovation capability, and the management of knowledge (Al Dulaimi & Al Hindawy, 2023). Organizational brilliance is a strategic capability that helps organizations to constantly advance processes, promote creativity, and the quality of service delivery in the ever-changing environment. It is also capable of helping organizations to sustain high performance in dynamic and competitive environments (Al Dulaimi & Al Hindawy, 2023; Teece, 2018). Leadership practices are important in developing such environments by having clear visions, promoting collaboration, and promoting continuous learning among employees.

The focus on technological engagement and innovation by digital leaders can create organizational cultures that appreciate knowledge sharing and team problem-solving, since digital leadership promotes innovation, teamwork, and lifelong learning by using technology (de Araujo et al., 2021; Espina-Romero et al., 2023). Digital leaders can help in developing organizational capabilities that increase the effectiveness of institutions by incorporating digital tools into company operations and inspiring employees to explore new technologies. Past studies suggest that

leadership styles that encourage innovation and knowledge sharing can greatly enhance organizational capabilities and organizational excellence (Al Dulaimi & Al Hindawy, 2023; Antonopoulou et al., 2020; Price & Wrigley, 2016; Wasono & Furinto, 2018). In this regard, therefore, digital leadership is likely to have a positive impact on organizational brilliance.

H₁: Digital leadership has a positive effect on organizational brilliance.

Although there is growing focus on digital leadership, there is little literature that directly looks at the contribution of higher-order organizational capabilities to this association. The majority of the existing literature is devoted to leadership behaviors or outcome results at the employee level, neglecting the mechanisms by which they are interrelated at the organizational level. Recent research highlights that the following capabilities are key to converting leadership efforts into performance benefits: knowledge integration, innovation, and organizational learning (Espina-Romero et al., 2023; Teece, 2018). Nonetheless, there is a lack of empirical data about such mechanisms, especially in the banking industry and in developing economies.

In turn, organizational brilliance is likely to have a significant impact on enhancing employee performance (Al Dulaimi & Al Hindawy, 2023). Companies that are highly identified in terms of leadership effectiveness, service innovation, and integration of knowledge are likely to offer supportive work environments that foster professional development and teamwork practices among employees. These kinds of environments enable access to information, encourage learning, and enable employees to perform their tasks effectively. Studies of organizational capabilities reveal that companies that practice robust organizational knowledge management systems and have innovation-driven cultures usually experience greater rates of employee productivity and organizational performance (Campbell & Wiernik, 2015; Teece, 2018). Thus, organizational brilliance is bound to play a positive role in employee performance.

Although previous studies have shown a positive contribution of organizational capabilities to improving performance, it is not clear how much these capabilities can fully or partially explain the effects of leadership. Some studies indicate partial mediation, which implies that leadership still has a direct effect (Antonopoulou et al., 2020), whereas others suggest that organizational processes potentially consume the bulk of the leadership effect (Lin, 2025). Such ambiguity highlights the importance of conducting empirical research on the mediating role of organizational brilliance.

H₂: Organizational brilliance has a positive effect on employee performance.

Continuing with the arguments presented above, it is also plausible to assume that organizational brilliance mediates the effect of digital leadership on employee performance. According to leadership theory and dynamic capability studies, leadership influences performance not only directly but also through organizational processes (Lin, 2025; Teece, 2018; Teece et al., 1997). Organizational settings that facilitate innovation, knowledge sharing, and collaborative problem-solving can be created through digital leadership (de Araujo et al., 2021; Espina-Romero et al., 2023). These organizational traits are the basis of organizational brilliance, which, in turn, allows employees to work more efficiently (Al Dulaimi & Al Hindawy, 2023).

In this sense, organizational brilliance serves as an organizational mechanism through which leadership practices translate into improved employee outcomes. Previous studies suggest that leadership influences employee performance through organizational capabilities and internal organizational processes rather than solely through direct interactions with employees (Antonopoulou et al., 2020; Lin, 2025; Price & Wrigley, 2016; Teece, 2018). Accordingly, the mediating role of organizational brilliance is proposed.

H₃: Organizational brilliance mediates the relationship between digital leadership and employee performance.

3. METHODOLOGY

This study adopts a quantitative research design to examine the relationships between digital leadership, organizational brilliance, and employee performance in the banking sector. A cross-sectional survey approach was

employed to collect primary data from employees working in Palestinian commercial banks. Quantitative methods are appropriate for testing theoretical relationships among latent constructs and allow researchers to evaluate complex models involving multiple variables simultaneously (Hair, Black, Babin, & Anderson, 2010).

This study employs structural equation modeling (SEM) as the primary analytical technique due to its ability to simultaneously estimate measurement and structural relationships among latent constructs. Unlike traditional regression-based approaches commonly used in prior studies, SEM allows for the assessment of complex mediation models while accounting for measurement error and evaluating overall model fit. This renders SEM especially appropriate for studying indirect relationships and testing theoretically based frameworks that entail several interdependent constructs.

The research paradigm hypothesizes that digital leadership has both direct and indirect effects on employee performance via organizational brilliance. To determine these relationships, structural equation modeling (SEM) was used since it allows both measurement and structural relationships between constructs to be estimated simultaneously, and measurement error can be considered. SEM is a popular method within organizational and management studies to study mediation relationships and hypothesize theoretically based models (Hair et al., 2010; Kline, 2016).

3.1. Population and Sample

The study population will be employees working in Palestinian commercial banks. Official statistics for the banking sector show that there are about 3,569 employees in these banks. The sample-based method was employed to obtain representative responses due to the population's large size.

The questionnaire was a structured questionnaire given to employees in various banks and job positions. With the sample size determination method, a sample size of around 350 respondents was deemed adequate to provide credible statistical findings. Three hundred and eighty questionnaires were received and considered useful in the analysis, and this is higher than the recommended minimum sample size for SEM analysis. This is also taken to be a sufficient sample based on methodological criteria that state that SEM models need a sample of over 200 observations to make credible estimates of the parameters (Hair et al., 2010). The sample consists of employees who have different demographic and professional features, as well as differences in gender, level of education, and work experience. This kind of diversity increases the level of representativeness of the data and the overall generalizability of the findings to the banking industry. The sample members' characteristics are illustrated in Table 1.

The sample size is sufficient, and it is above the suggested limits of analysis in SEM, but the representativeness of the sample is a questionable issue. The survey-based method was used to collect data, which can generate self-selection bias since people volunteered to take part. There is also a risk of common method bias due to the use of self-reported measures. Nevertheless, the heterogeneity of the respondents in terms of gender, education, and experience levels increases the applicability of the results in the banking industry. Longitudinal designs and multi-source data can be used in future studies to address the risks of bias further.

A structured questionnaire was used to collect data that were used to measure the key constructs of the study. The questionnaire was administered electronically and in a printed version to the employees of the Palestinian commercial banks. The survey was voluntary, and respondents were guaranteed the confidentiality of their involvement in the survey and that the information would be used purely in academic research. A pilot study involving a small sample of employees (a sample of 25 employees) was carried out before the actual data collection to provide clarity and reliability of the items in the questionnaire. The pilot-test feedback was used to adjust wording and enhance the measurement item clarity. This process aided in improving the validity of the data collection instrument.

Table 1. The characteristics of the study sample personnel.

Variables		Frequency	Percentage
Gender	Male	193	50.8
	Female	187	49.2
	Total	380	100.0
Education level	BA	255	67.1
	MA and up	125	32.9
	Total	380	100.0
Years of experience	Less than 5 years	83	21.8
	(6-10) years	133	35.0
	Up to 10 years	164	43.2
	Total	380	100.0

All questions in the questionnaire were scaled on a five-point Likert scale of 1 (very low) to 5 (very high). The scale was constructed in such a way that higher scores indicated a better presence of the constructs, and all the items were coded in the positive direction of digital leadership, organizational brilliance, and employee performance. Mean scores were grouped into three levels under the standard equal-interval method to enable easy interpretation: low (≤ 2.33), moderate (2.34–3.67), and high (≥ 3.68). This procedure allows a clearer assessment of the extent to which the constructs are practiced within the study context and is widely applied in behavioral and management research using Likert-type instruments (Hair, Sarstedt, Hopkins, & Kuppelwieser, 2014).

3.2. The Instrument Validity and Reliability

The reliability and construct validity of the measurement scales were assessed using item–dimension correlations, item–total correlations, and Cronbach’s alpha coefficients. As reported in Table 2, all items showed significant correlations with their respective dimensions as well as with the overall construct scores ($p < 0.01$), indicating satisfactory internal consistency and construct validity. The correlations between each dimension and the total scale were also high, confirming that the dimensions adequately represent their underlying constructs.

For digital leadership, the correlations between the dimensions and the total scale ranged from 0.748 to 0.918, while Cronbach’s alpha values ranged from 0.735 to 0.829, with an overall reliability of 0.899. For organizational brilliance, the dimension–total correlations ranged from 0.828 to 0.925, and Cronbach’s alpha values ranged between 0.819 and 0.881, with an overall reliability of 0.920. For employee performance, the dimension–total correlations ranged from 0.837 to 0.912, and Cronbach’s alpha values ranged from 0.843 to 0.872, with an overall reliability of 0.944.

The data were filtered before hypothesis testing to ensure that they were suitable for multivariate analysis. The skewness and kurtosis values were analyzed along with the Kolmogorov–Smirnov and Shapiro–Wilk tests to evaluate normality, since these tests provide a better evaluation of the distribution shape in large samples. The findings indicated that the skewness and kurtosis of all the variables were within the normal range of ± 2 , which indicates that the data are very close to a normal distribution and do not violate the assumptions of parametric analysis.

Multicollinearity was also checked to ensure that the independent and mediating variables could be statistically distinguished. The values of the variance inflation factor (VIF) and tolerance were analyzed to confirm that VIF was less than 5 and tolerance exceeded 0.20, indicating that there were no issues with collinearity. The findings affirmed that there were no concerns about multicollinearity and, therefore, supported the stability of the estimated parameters and the soundness of the structural relationships examined in the model.

In the primary analysis, the research involved a guided statistical process through SPSS and AMOS. The first statistical calculations were made, which were used to describe the properties of the sample and the distribution of answers. The internal consistency and construct adequacy of the measurement scales were tested by carrying out reliability and validity tests. The research model was then tested using structural equation modeling (SEM) to evaluate direct and mediating relationships between digital leadership, organizational brilliance, and employee

performance. The method of SEM is judged as one of the most suitable methods of testing complex models with multiple latent variables because it can concurrently estimate both measurement and structural relationships; it can also assess the overall model fit by traditional goodness-of-fit indices (Hair et al., 2014).

Table 2. Instrument reliability and validity.

Item No.	Corr. of the item with its field	Corr. of the item with total degree	Item No.	Corr. of the item with its field	Corr. of the item with total degree	Item No.	Corr. of the item with its field	Corr. of the item with total degree
Panel (A): Digital leadership								
Digital leadership competencies			Digital communication in the banking work environment			Digital empowerment of employees		
Total scale correlation		0.748**			0.918**			0.831**
1	0.780**	0.676**	6	0.791**	0.693**	11	0.819**	0.765**
2	0.851**	0.685**	7	0.759**	0.688**	12	0.825**	0.710**
3	0.768**	0.739**	8	0.821**	0.762**	13	0.811**	0.751**
4	0.668**	0.619**	9	0.813**	0.735**	14	0.789**	0.671**
5	0.788**	0.721**	10	0.797**	0.726**	15	0.775**	0.693**
Cronbach's α	0.829		0.735			0.809		
Avrg. Cronbach's α	0.899							
Panel (B): Organizational brilliance								
	Brilliance in leadership		Brilliance in service and innovation			Brilliance in knowledge		
Total scale correlation		0.852**			0.925**			0.828**
1	0.827**	0.713**	6	0.839**	0.763**	11	0.823**	0.717**
2	0.841**	0.722**	7	0.862**	0.768**	12	0.833**	0.736**
3	0.811**	0.695**	8	0.849**	0.771**	13	0.845**	0.759**
4	0.820**	0.771**	9	0.817**	0.715**	14	0.836**	0.742**
5	0.815**	0.732**	10	0.787**	0.689**	15	0.863**	0.753**
Cronbach's α	0.881		0.855			0.819		
Avrg. Cronbach's α	0.92							
Panel (C): Employees' performance								
	Task performance		Additional role performance			Dedication in work		
Total scale correlation		0.841**			0.912**			0.837**
1	0.854**	0.782**	6	0.835**	0.778**	11	0.862**	0.733**
2	0.839**	0.734**	7	0.865**	0.753**	12	0.797**	0.735**
3	0.798**	0.714**	8	0.817**	0.754**	13	0.785**	0.698**
4	0.814**	0.754**	9	0.832**	0.795**	14	0.825**	0.775**
5	0.791**	0.716**	10	0.842**	0.792**	15	0.787**	0.759**
Cronbach's α	0.872		0.843			0.848		
Avrg. Cronbach's α	0.944							

Note: ** Statistically significant at (0.01). The items of each construct are presented in Table 3.

4. RESULTS AND DISCUSSION

This part shows the empirical findings and comments on the findings with respect to the study hypotheses and the previous literature. The analysis was done in two phases. To measure the degree of digital leadership, organizational brilliance, and employee performance, first, the level was evaluated with the help of descriptive statistics. Second, structural equation modeling (SEM) with AMOS was used to evaluate the proposed structural model to simultaneously test the hypothesized relationships. SEM is often suggested to be used when studying multiple latent constructs since it helps to estimate measurement and structural relationships within one model and determine the overall model fit using standard goodness-of-fit measures (Hair et al., 2014; Kline, 2016). This approach

improves the robustness of the findings compared with traditional regression techniques, particularly when mediation effects are examined.

Table 3 shows the means, standard deviations, and relative weights of the items on digital leadership in the Palestinian commercial banks. The mean score for digital leadership was 3.83, which corresponded to 76.6% of digital leadership practice in the sampled banks. Digital leadership competencies, digital communication in the banking work environment, and digital empowerment of employees had the highest means ($M = 3.92$), ($M = 3.80$), and ($M = 3.77$), respectively. These findings imply that banks have developed and exhibited high penetration of digital tools and communication platforms and technology-oriented decision-making processes, but practices relating to empowerment seem underdeveloped. According to past studies, the emergence of digital empowerment of the workforce needs to be accompanied by the technological foundation, as well as leadership, training, and cultural support that promote experimentation and learning (Erhan et al., 2022; Lin, 2025). The current results correspond to earlier research, according to which digital leadership contributes to organizational efficiency, innovation, and quality of decisions through the appropriate utilization of digital technologies and data-based management practices (Abbu et al., 2020; de Araujo et al., 2021; Kane et al., 2019).

Table 3. Descriptive results of digital leadership in Palestinian commercial banks.

No.	Items	Means	Std.	%	Approval
1	The leader integrates technical solutions to improve the customer experience at the bank.	3.99	0.99	79.8	High
2	The leader uses digital technology to enhance banking operations.	3.97	0.97	79.4	High
3	The leader strives to develop digital skills aligned with banking advancements.	3.93	0.78	78.6	High
4	The leader applies artificial intelligence techniques to improve work efficiency.	3.90	0.90	78.0	High
5	The leader provides advanced digital tools to support decision-making.	3.81	1.03	76.2	High
Digital leadership competencies		3.92	0.63	78.4	High
6	The leader relies on digital platforms to enhance communication with employees and customers.	3.90	0.87	78.0	High
7	The leader manages periodic meetings using digital communication technologies.	3.89	0.96	77.8	High
8	The leader works to improve electronic communication channels to enhance transparency.	3.77	0.92	75.4	High
9	The leader ensures the availability of the necessary infrastructure for digital communication within the bank.	3.73	0.95	74.6	High
10	The leader encourages the use of electronic systems to facilitate information exchange.	3.69	0.95	73.8	High
Digital communication in the banking work environment		3.80	0.67	76.0	High
11	The leader provides digital training opportunities to improve employees' professional performance.	3.91	1.27	78.2	High
12	The leader encourages employees to use technology to innovate new banking solutions.	3.81	1.26	76.2	High
13	The leader enables employees to participate in developing digital systems to improve operations.	3.77	1.28	75.4	High
14	The leader allocates resources to support digital innovation in banking.	3.74	1.24	74.8	High
15	The leader promotes a culture of digital work to achieve the bank's goals.	3.62	1.25	72.4	Medium
Digital empowerment of employees		3.77	0.70	75.4	High
Digital leadership		3.83	0.60	76.6	High

The most preferred practices at the item level were the integration of technological solutions to enhance customer experience and the use of digital technology to facilitate banking operations, which depict the growing strategic

position of digital transformation in the banking industry. The results can be aligned with previous studies showing that digital leadership can raise organizational efficiency, innovativeness, and the quality of provided services by stimulating the utilization of more supportive technologies and data-based decision-making (Antonopoulou et al., 2020; Wasono & Furinto, 2018).

The score of 30.14 regarding the promotion of a digital work culture is relatively low, which points to the possibility that technological tools are used extensively, but the cultural and behavioral dimensions of digital transformation might still need some more work. Past research notes that effective digital leadership does not rely chiefly on technology adoption but also on facilitating employee involvement, learning, and an innovation-oriented culture, which are key to maintaining positive performance change in a dynamic environment (Abbu et al., 2020; Erhan et al., 2022).

Table 4 gives the descriptive statistics of organizational brilliance in Palestinian commercial banks. The average mean score was 3.87 (77.4%), which means that organizational brilliance was high in all the sampled banks. Of the dimensions, brilliance in service and innovation had the highest mean ($M = 3.91$), followed by brilliance in knowledge ($M = 3.90$), with the lowest mean for brilliance in leadership ($M = 3.81$); yet, it still fell within the high level.

Table 4. Descriptive results of organizational brilliance in Palestinian commercial banks.

No.	Items	Means	Std.	%	Approval
1	The bank provides high-quality, distinguished services to its customers.	4.12	0.99	82.4	High
2	The bank relies on innovation in designing new banking services.	3.90	0.90	78.0	High
3	Services are continuously developed to keep pace with market developments.	3.85	1.03	77.0	High
4	The bank strives to meet customer needs in innovative and efficient ways.	3.85	1.00	77.0	High
5	The bank encourages employees to contribute creative ideas to improve services.	3.85	0.95	77.0	High
Brilliance in service and innovation		3.91	0.78	78.2	High
6	Knowledge and experiences are exchanged among bank employees in an organized and effective manner.	3.98	0.95	79.6	High
7	The bank has a broad knowledge base that supports strategic decision-making.	3.94	0.99	78.8	High
8	The bank supports the use of modern technology to enhance knowledge management.	3.90	0.98	78.0	High
9	The bank is keen on continuously training and developing employees' skills.	3.85	0.93	77.0	High
10	The bank utilizes data and analytics to enhance institutional performance.	3.85	1.02	77.0	High
Brilliance in knowledge		3.90	0.77	78.0	High
11	Leaders possess effective communication skills that enhance the bank's performance	3.95	0.91	78.2	High
12	Leadership in the bank is characterized by a clear vision and the ability to achieve goals.	3.92	0.99	76.2	High
13	Leaders in the bank work to enhance team spirit and teamwork.	3.78	0.93	75.4	High
14	Leaders adopt modern methods to manage and motivate employees.	3.71	0.94	74.8	High
15	Leaders exhibit flexibility in addressing challenges and making appropriate decisions.	3.67	0.94	72.4	Medium
Brilliance in leadership		3.81	0.62	76.2	High
Organizational brilliance		3.87	0.64	77.4	High

The most highly rated items were associated with offering high-quality services and promoting innovation in banking services at the item level, which is highly relevant to banks focused on customer-oriented performance and

constant service improvement. These findings align with previous research indicating that organizational brilliance is closely related to the quality of services, the use of knowledge, and the capability for innovation, especially in knowledge-intensive industries like banking, where competitive advantage is based on the capacity to combine knowledge, innovation, and leadership effectiveness in day-to-day activities (Ross et al., 2017; Teece, 2018).

The comparatively low leadership flexibility score indicates that, although the service and knowledge practices are strong, adaptive and transformational leadership could be developed further to help achieve organizational excellence fully. Previous research indicates that leadership capability plays a critical role in sustaining organizational brilliance by aligning innovation, knowledge management, and employee engagement toward strategic goals (Antonopoulou et al., 2020; Wasono & Furinto, 2018).

Table 5 presents the descriptive statistics for employee performance in Palestinian commercial banks. The overall mean score reached 4.06 (81.2%), indicating a high level of employee performance as perceived by the respondents. Among the dimensions, task performance recorded the highest mean ($M = 4.19$), followed by additional role performance ($M = 4.09$), while dedication to work showed the lowest mean ($M = 3.91$), although it remained at a high level.

The scores were the highest at the item level with regard to meeting job responsibilities on time and having the necessary skills and expertise, indicating that workers are highly committed to formal job duties. Extra-role behaviors, or those behaviors that pertain to volunteering for extra duties and following organizational procedures, are also high in terms of extra-role behaviors, which are also known to be associated with enhanced organizational effectiveness. This result aligns with the previous study that revealed that the skill development, commitment, and proactive work behavior of employees in banking institutions have significant impacts on their performance (Alsafadi & Altahat, 2021).

Table 5. Descriptive results of employees' performance in Palestinian commercial banks.

No.	Items	Means	Std.	%	Approval
1	I ensure that I complete my primary job requirements on time.	4.37	0.81	87.4	High
2	I possess the expertise and skills required for the details of my job.	4.23	0.92	84.6	High
3	I accomplish my tasks to meet the expected outcomes.	4.13	0.91	82.6	High
4	I perform my work with minimal resources.	4.12	0.83	82.4	High
5	I am willing to work overtime.	4.09	0.96	81.8	High
Task performance		4.19	0.63	83.8	High
6	I follow the bank's procedures and instructions in all my job matters to ensure its interests and public image.	4.18	0.89	83.6	High
7	I am eager to perform roles that enhance my sense of belonging to my bank.	4.16	0.93	83.2	High
8	I volunteer to do more than what is required of my job.	4.09	0.90	81.8	High
9	I am keen to develop the skills necessary for my career future.	4.03	0.88	80.6	High
10	I take personal initiative to prevent problems among my colleagues at work.	4.02	0.90	80.4	High
Additional role performance		4.09	0.71	81.8	High
11	The work I do has meaning and purpose.	3.92	0.95	78.4	High
12	I constantly seek ways to improve my performance at work.	3.92	0.96	78.4	High
13	I feel enthusiastic about my job.	3.91	0.91	78.2	High
14	I am proud of the work I do.	3.90	0.90	78.0	High
15	I feel satisfied when I complete my tasks efficiently.	3.87	0.93	77.4	High
Dedication to work		3.91	0.79	78.2	High
Employees performance		4.06	0.60	81.2	High

The comparatively lower average in dedication-related items implies that, despite the efficiency of the employees in their respective roles, they might need more managerial and organizational assistance to remain enthusiastic and driven in the long run. Previous studies emphasize that leadership support, organizational climate, and development opportunities play a key role in sustaining employee dedication and long-term performance (Antonopoulou et al., 2020).

4.1. Baseline Result of SEM Regression

Figure 1 presents the structural equation model examining the relationships among digital leadership, organizational brilliance, and employee performance. The model demonstrates a good overall fit, and all estimated paths are positive and statistically significant, supporting the proposed relationships among the study variables. As shown in Table 6, digital leadership is significantly associated with employee performance ($\beta = 0.651$, $p < 0.001$) and organizational brilliance ($\beta = 0.896$, $p < 0.001$), and employee performance is also significantly related to organizational brilliance ($\beta = 0.683$, $p < 0.001$). These results confirm that higher levels of digital leadership are linked to stronger organizational brilliance and improved employee performance in Palestinian commercial banks.

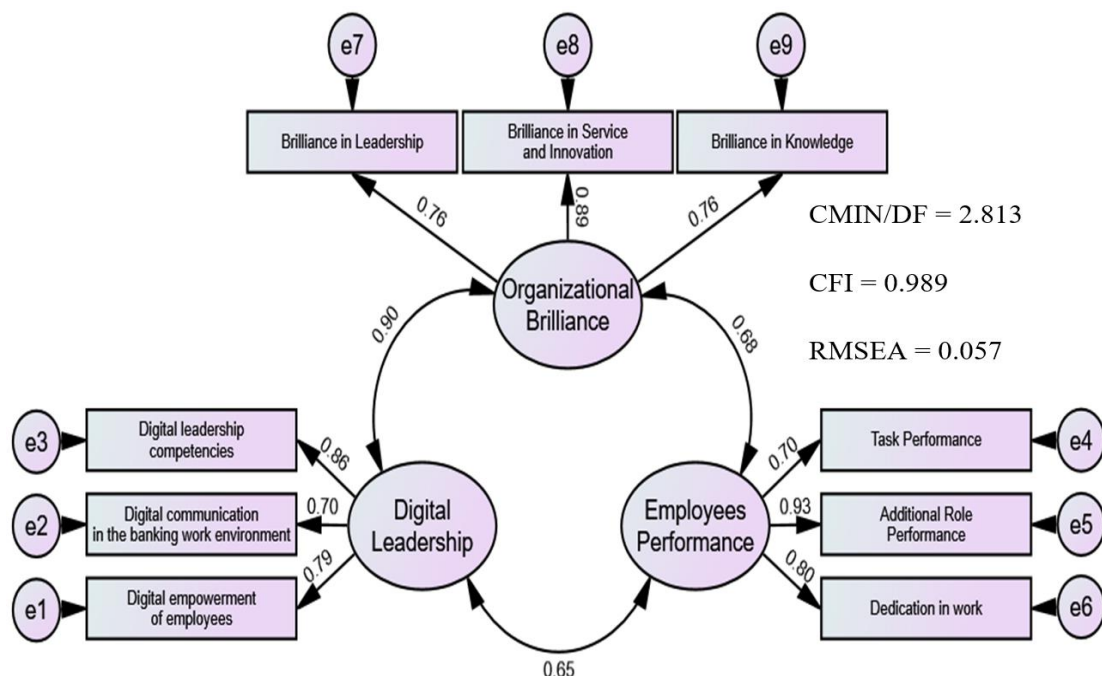


Figure 1. The Measurement model for study variables.

Digital leadership was found to have the strongest relationship with organizational brilliance, which means that digital leadership is a central factor influencing organizational capabilities in terms of innovation, knowledge management, and leadership effectiveness. This result is in line with previous research indicating that digital leaders promote organizational performance by encouraging the use of technology, sharing knowledge, and adopting novel ways of working (Antonopoulou et al., 2020; Wasono & Furinto, 2018). The fact that organizational brilliance has a positive relationship with employee performance also confirms that a positive and innovative organizational climate can improve employee performance and influence employees to pursue extra-role behavior.

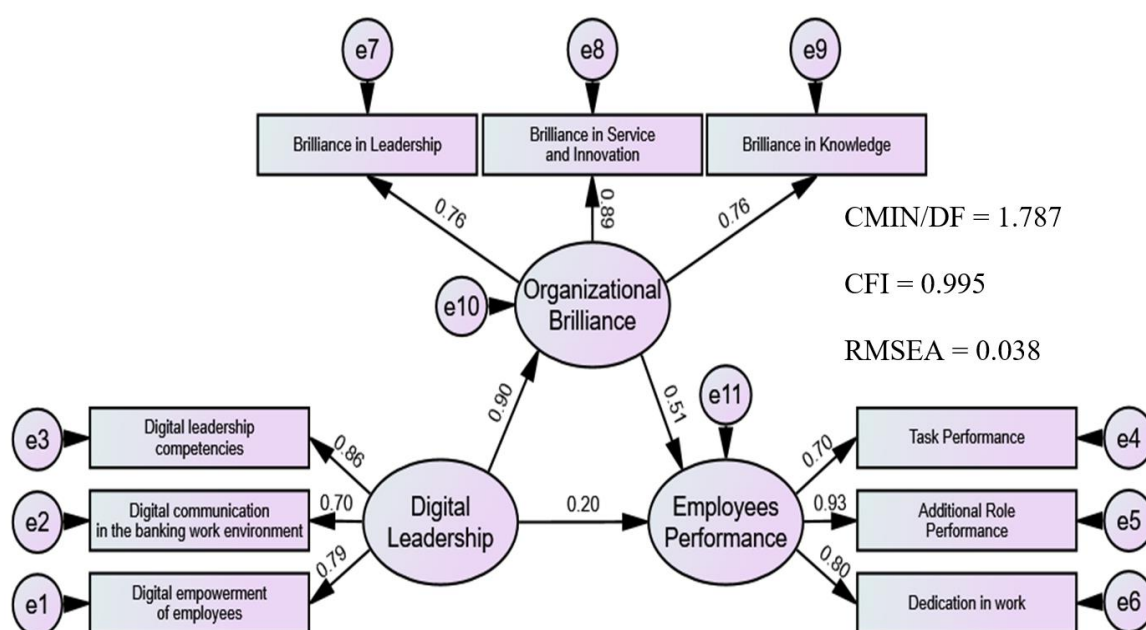
Moreover, the high correlation between digital leadership and employee performance indicates that the utilization of digital tools, communication channels, and empowerment practices can have a direct effect on enhancing the efficiency and productivity of employees. This finding is in line with other studies that show that digital leadership positively influences performance through increased flexibility, better decision quality, and enhanced employee engagement in technologically based workplaces (Abbu et al., 2020; Erhan et al., 2022).

Table 6. Shows the relationships between study variables.

The relationships			Estimate	P-Value
Digital leadership	-->	Employees performance	0.651	***
Employees performance	-->	Organizational brilliance	0.683	***
Digital leadership	-->	Organizational brilliance	0.896	***

Note: *** Statistically significant at (0.001).

Figure 2 presents the results of the structural equation model used to test the direct and indirect relationships among digital leadership, organizational brilliance, and employee performance. The goodness-of-fit indices indicate that the proposed model fits the data very well (CMIN/DF = 1.787, CFI = 0.995, RMSEA = 0.038), all of which fall within the recommended thresholds, confirming the adequacy of the structural model for hypothesis testing (Hair et al., 2014; Hu & Bentler, 1999).

**Figure 2.** The planning path of the model and effects of influence between variables.

The results of the correlation in Table 7 indicate that all the study variables have significant positive relationships. Digital leadership is positively correlated with employee performance ($= 0.651$, $p < 0.001$), which confirms H1, so that the more digital leadership practices are used, the higher the employee performance of a Palestinian commercial bank. This observation aligns with the results of previous studies indicating that digital leadership can increase the efficiency, flexibility, and engagement of employees in technology-driven settings (Abbu et al., 2020; Erhan et al., 2022). Although the preliminary results suggest that digital leadership is positively correlated with employee performance, the results should be taken with a grain of salt. The existing literature has indicated varied evidence on this relationship. As an example, it is proposed that digital leadership positively affects performance by providing better communication and technological support (Abbu et al., 2020; Erhan et al., 2022) but it is also stated that these effects are indirect and are determined by the situation in the organization (Lin, 2025). The current result is consistent with the latter point of view, since the direct impact is no longer significant when organizational brilliance is added, which means that the influence of leadership is not a direct one but a structural element of organizational processes.

Employee performance is also positively associated with organizational brilliance ($= 0.683$, $p < 0.001$), which confirms H3. This finding indicates that leadership excellence, innovation, and knowledge management help enhance the effectiveness and commitment of employees, consistent with prior research highlighting the importance of

organizational excellence in enhancing performance outcomes (Ross et al., 2017). The positive effect of organizational brilliance on employee performance confirms previous studies highlighting the importance of organizational capabilities in improving employee performance (Campbell & Wiernik, 2015; Teece, 2018). Nevertheless, this finding is weaker than those finding direct links between leadership and performance, implying that organizational-level mechanisms offer a more solid account of performance results. This supports the idea that performance gains are more sustainable when incorporated within organizational systems rather than fueled by leadership behaviors.

Besides, digital leadership demonstrates a very strong positive correlation with organizational brilliance ($r = 0.896$, $p < 0.001$), in support of H2. This reveals that digital leadership is a core element in building organizational capabilities that touch on innovation, knowledge sharing, and quality of services. Antonopoulou et al. (2020) and Wasono and Furinto (2018) reported similar findings, as the authors concluded that digital leadership is a major factor in achieving organizational excellence in sectors that depend heavily on technology. The significant relationship between digital leadership and organizational brilliance is aligned with the dynamic capability perspective that leadership is key to creating organizational capabilities, including innovation and knowledge integration (Teece, 2018). This finding is consistent with previous research (Antonopoulou et al., 2020; Wasono & Furinto, 2018) and the strength of the effect is significantly greater in this study. This could indicate the realities of emerging economies, where leaders have a bigger role to play in balancing out institutional and technological shortcomings.

Table 7. Standardized regression weights.

The relationships			Estimate	SE	CR(Z)	P
Digital leadership	-->	Organizational brilliance	0.90	0.051	16.656	***
Digital leadership	-->	Employees performance	0.20	0.119	1.541	0.123
Organizational brilliance	-->	Employees performance	0.51	0.128	3.863	***

Note: *** Statistically significant at (0.001).

Path analysis with AMOS was performed to test the mediating effect of organizational brilliance, and the standardized regression weights are reported in Table 7. Findings indicate that digital leadership produces a strong and significant impact on organizational brilliance ($= 0.90$, $p < 0.001$), and organizational brilliance produces a strong and positive impact on employee performance ($= 0.51$, $p < 0.001$). However, when organizational brilliance is added to the model, the direct influence of digital leadership on employee performance is not significant ($= 0.20$, $p = 0.123$).

These findings suggest that organizational brilliance is the complete mediator of the relationship between digital leadership and employee performance. That is, digital leadership will enhance the performance of employees mainly by increasing the brilliance of the organization, which, in turn, will lead to a conducive environment for innovation, sharing of knowledge, and good leadership practices. It is also in line with mediation-based leadership models that propose that leadership affects performance based on organizational capabilities, but not on direct effects alone (Hair et al., 2014; Kline, 2016).

When interpreting these findings, it is necessary to distinguish between full and partial mediation. Full mediation occurs when the direct relationship between an independent variable and a dependent variable is found to be nonsignificant when the mediator is added, meaning that the entire relationship is mediated by the mediator. Partial mediation, on the other hand, implies the existence of both direct and indirect effects. The nonsignificant direct impact of digital leadership on employee performance and the significant indirect impact through organizational brilliance in this study are strong indicators of complete mediation.

The discovery of full mediation is an essential addition to the literature. Although some studies show that leadership has a partial mediation effect (Antonopoulou et al., 2020) and therefore leadership still has a direct impact, the current finding affirms that the relationship between organizational capabilities and digital leadership is more structurally dependent, making the impact of the latter entirely absorbed. This deviation can be attributed to sectoral

and contextual variations because banking institutions in developing economies are dependent on formalized processes, knowledge, and service innovation to convert leadership programs into performance results. Thus, the results dispute the belief in a universal direct influence of leadership, but rather affirm a contingent, processual perspective of leadership influence.

Table 8. The direct, indirect, and total effect of digital leadership on the employees' performance in light of the presence of organizational brilliance as a mediator.

Effect type	Variables	Organizational brilliance	Employees performance
Direct effect	Organizational brilliance	0.00	0.51
	Digital leadership	0.90	0.20
Indirect effect	Organizational brilliance	0.00	0.00
	Digital leadership	0.00	0.45
Total effect	Organizational brilliance	0.00	0.51
	Digital leadership	0.90	0.65

Note: Total effect = Direct effect + indirect effect.

This finding has important implications for leadership theory. It suggests that digital leadership does not directly translate into improved employee performance but operates through the development of organizational capabilities that enable employees to perform effectively in digital environments. This supports the dynamic capability perspective, which emphasizes that leadership influences outcomes by shaping organizational processes rather than through direct behavioral effects alone. Consequently, leadership effectiveness in digital contexts should be understood as a capability-building function rather than a direct performance driver.

5. CONCLUSION

This paper has analyzed the concept of the impact of digital leadership on enhancing employee performance in commercial banks in Palestine and explored the mediating role of organizational brilliance. Based on data from 380 employees analyzed within the framework of structural equation modeling, the results obtained consistent evidence that digital leadership, organizational brilliance, and employee performance can all be at high values in the banking industry, and the constructs are highly related to each other. The findings affirm that digital leadership has positive impacts on employee performance and organizational brilliance, whereby the latter also impacts employee performance positively. More to the point, the mediation analysis demonstrated that the effect of digital leadership on employee performance was non-significant with the introduction of organizational brilliance, meaning that it is a complete mediating variable. Such findings imply that digital leadership primarily increases employee performance by facilitating organizational environments marked by innovation, knowledge sharing, effective leadership, as well as excellence in service provision.

The theoretical arguments provided by transformational leadership theory and the dynamic capability perspective, through which leadership functions not only in direct contact with employees but also in the formation of organizational capabilities, are supported by the findings. Within the frame of digital transformation, leaders who are able to leverage technology and promote learning and collaboration help to create organizational brilliance that subsequently helps employees work more efficiently and adopt more role behaviours. This finding is especially applicable in the banking industry, where the quality of services, the use of knowledge, and technological adaptation are key to ensuring that they remain competitive.

The paper has several implications for banking management and the scholarly resources on digital leadership and organizational performance. First, the findings reveal that digital leadership has no direct benefits for employee performance when organizational brilliance is taken into account, which implies that people should not invest in digital technologies only and wait for the benefits.

The management of the banks should thus be committed to achieving digital leader capabilities that will enable the adoption of technology into organizational practices like knowledge sharing, service innovation, and joint

decision-making. Manager training should focus on digital skills, data-driven decision-making skills, and change leadership skills; these skills should be a priority because they seem to be paramount in creating organizational brilliance and not necessarily using digital logic systems.

Second, it generates the influential impact of digital leadership on organizational brilliance, which implies that organizational excellence in banks consists of a shortage of structural influence and a high rate of leadership practices. This means that any bank seeking to enhance performance ought to reinforce internal systems concerning knowledge management, processes of innovation, as well as empowering employees. The findings demonstrate that the positive impact of leadership on the performance line is intensified in cases where employees are motivated to engage in the creation of digital solutions, share knowledge, and introduce innovative ideas. Consequently, the existing human resource policies must help promote the idea of continuous training, working in cross-functional teams, and using digital platforms as the means of communication and problem-solving.

Third, the moderating effect of organizational brilliance underlines that there is enhanced employee performance when the working environment contributes to the excellence of the provided services, learning, and innovation. Organizational brilliance can also play the role of strategic ability that translates digital transformation into results in the banking industry, where competition is determined by the efficiency of the services offered and customer experience.

Managers must also consider digital transformation initiatives based on the degree of technology adoption, as well as the effect of such initiatives on service delivery, employee competence, and organizational expertise. This implication is significant among commercial banks that operate in developing economies, where digitalization is commonly applied without proper consideration of organizational preparedness.

Theoretically, this research is important to the field of leadership and performance studies because it shows that organizational-level capabilities have an indirect relationship with digital leadership and employee performance. This is in line with the dynamic capability perspective, which holds that leadership improves performance by establishing organizational processes enabling firms to adjust to changes in technology and the environment. The findings also further build the literature on digital leadership by revealing that its efficacy relies on the existence of organizational brilliance, which comprises leadership quality and knowledge management combined with innovation. This finding can be elaborated on in the future by considering other organizational capabilities that can be used to elucidate how digital leadership changes performance, i.e., organizational culture, digital maturity, or employee engagement.

Despite its contributions, this study is subject to several limitations that should be acknowledged. First, the use of a cross-sectional research design limits the ability to draw causal inferences, as the relationships among variables are examined at a single point in time. Second, the reliance on self-reported data may introduce common method bias and subjective evaluation effects. Third, the study focuses on the banking sector within a specific developing economy, which may limit the generalizability of the findings to other industries or institutional contexts. These limitations suggest that the results should be interpreted with caution.

Future research can build on these findings in several ways. Longitudinal studies are recommended to better capture causal relationships and examine how digital leadership and organizational capabilities evolve. In addition, future studies may incorporate multi-source data, such as supervisor evaluations or objective performance measures, to reduce potential bias. Expanding the research to different sectors and cross-country contexts would also enhance the generalizability of the findings.

Finally, future research may explore additional mediating or moderating variables, such as organizational culture, digital maturity, or employee engagement, to provide a more comprehensive understanding of how digital leadership influences performance outcomes.

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Institutional Review Board Statement: This study was conducted in accordance with ethical research standards. The research protocol was reviewed and approved by the Research Ethics Committee of Lincoln University, Malaysia under protocol number [AIT/PhD/2024/041], dated [30 April 2024].

Informed Consent Statement: Participation in this study was voluntary, and informed consent was obtained from all respondents prior to data collection. All responses were kept confidential and used exclusively for academic research purposes.

Transparency: The authors state that the manuscript is honest, truthful, and transparent, that no key aspects of the investigation have been omitted, and that any differences from the study as planned have been clarified. This study followed all writing ethics.

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