

The Influence of Digital Leadership on Employee Engagement through Digital Employee Experience

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Abstract

The following study aims to analyze the influence of Digital Leadership on Employee Engagement through Digital Employee Experience, which serves as a mediating variable. This study employed a quantitative approach through an explanatory research design with 220 employees in organizations that have implemented digital transformation. Data were collected through a questionnaire using a five-point Likert scale and processed using SPSS and the Sobel Test. The results show that Digital Leadership has a significant positive effect on both Digital Employee Experience and Employee Engagement. Furthermore, Digital Employee Experience also has a positive effect on Employee Engagement and is proven to mediate the relationship between Digital Leadership and Employee Engagement. These findings demonstrate that increasing employee engagement in the era of digital transformation requires digital leadership supported by positive digital work experiences. Therefore, organizations need to develop digital leadership competencies and improve the quality of digital work experiences as a strategy to strengthen Employee Engagement and support the success of digital transformation.

Keywords

The Influence; Digital Leadership; Employee Engagement; Digital Employee Experience



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INTRODUCTION

The development of digital technology has fundamentally changed the face of the workplace. Organizations across various sectors are now required to implement digital transformation to boost operational efficiency, accelerate decision-making processes, and maintain competitiveness amidst an increasingly dynamic business climate. Digital transformation is no longer simply viewed as the adoption of information technology, but rather as a strategic shift encompassing business models, operational processes, organizational culture, and human resource management. Verhoef et al. (2021) define digital transformation as a multidisciplinary process that transforms an organization's mechanisms for creating value through the use of digital technology. Therefore, organizations need to develop new capabilities, digital

strategies, and business models that are more adaptive to environmental changes. Meanwhile, Vial (2021) emphasizes that digital transformation is not merely about the application of technology but also a process of organizational transformation involving transformations in structure, work processes, organizational culture, and human resource behavior. Therefore, the success of digital transformation depends not only on the sophistication of the technology adopted, but also on the extent to which the organization is able to manage the dynamics of change and prepare its employees to adapt to a digital-based work environment.

The transition to a digital workplace has various implications for human resource management. Previously conventional work systems have become more flexible through the implementation of hybrid work, remote work, virtual communication, and the use of various digital applications in daily activities. These changes provide benefits in the form of increased efficiency, flexibility, and work productivity. However, organizations also face new challenges such as decreased social interaction, increased technostress, a digital competency gap, and low employee engagement if technology implementation is not balanced with appropriate leadership strategies and human resource management. This situation demonstrates that digital transformation is a process that is not solely technology-centric but also places the human aspect (human-centered digital) as an equally crucial element. To face these changes, organizations require a leadership model capable of integrating digital technology into the overall organizational strategy. Digital Leadership presents itself as a new leadership paradigm that focuses on leaders' capabilities in utilizing digital technology to formulate a concrete digital vision, spur innovation, strengthen collaboration, develop an adaptive organizational culture, and increase the organization's capacity to respond to changes in the business environment (Cortellazzo et al., 2022). Digital Leadership is no longer solely oriented towards organizational control, but also focuses on the ability to empower employees to work effectively in an increasingly complex digital environment.

On the other hand, the success of digital transformation depends not only on the leadership skills but also on the quality of the experience employees experience when using digital technology in their work. The concept of Digital Employee Experience (DEX) has emerged as a new approach to human resource management that describes the entire employee experience interacting with an organization's digital technology, from recruitment and onboarding, internal communications, learning, performance management, to digital-based administrative services (Morgan, 2022). A positive digital experience will increase ease of work, comfort in using technology,

productivity, and job satisfaction, thus fostering a more effective and collaborative work environment. One indicator of successful HR management in the digital era is Employee Engagement. Employee Engagement is a positive psychological state that reflects the level of cognitive, emotional, and behavioral attachment employees have to their work, encouraging them to make their best contribution to the organization (Schaufeli, 2021). Employees with high levels of engagement typically demonstrate vigor, dedication, and full absorption in carrying out their duties and responsibilities. Conversely, low levels of engagement can increase turnover intentions, decrease productivity, and hinder the successful implementation of digital transformation.

Over the past five years, research related to Digital Leadership has shown rapid development. Verhoef et al. (2021) revealed that Digital Leadership plays a crucial role in supporting the success of digital transformation through the formation of digital strategies and the development of organizational capabilities. Furthermore, Cortellazzo et al. (2022) concluded that digital leadership can improve virtual collaboration, organizational innovation, and the organization's ability to deal with change. These studies demonstrate that Digital Leadership is a strategic factor in creating organizations that are adaptive to technological developments. Research on Employee Engagement also shows consistent results. Saks (2022) found that human resource management practices that focus on employee needs can increase Employee Engagement through the provision of job resources and organizational support. Research by Agarwal et al. (2023) revealed that Digital Leadership boosts Employee Engagement through effective digital communication, employee empowerment, and the formation of a collaborative organizational culture. These findings demonstrate that the success of digital leadership is not solely measured by the capability to implement technology, but also by its ability to build employee psychological attachment to the organization. Research on the Digital Employee Experience has also experienced significant development. Lund et al. (2022) revealed that organizations capable of providing simple, easy-to-use, and integrated digital experiences have higher levels of productivity and job satisfaction.

Furthermore, Lehmann and Beckmann (2024) showed that positive digital experiences increase the effectiveness of technology use, strengthen collaboration, and increase organizational commitment. These findings are reinforced by the TeamViewer Digital Employee Experience Report (2025), which states that a quality digital experience influences productivity, job satisfaction, and employee engagement, while a poor digital experience leads to increased digital friction and technostress. However, previous research still shows several research gaps. First, most studies only

examine the direct effect of digital leadership on employee engagement without explaining the mechanisms underlying this relationship. Second, research on the digital employee experience has focused more on its influence on productivity, job satisfaction, or technology adoption, while its role as a mediating variable in the relationship between digital leadership and employee engagement is still relatively limited. Third, most research has been conducted on multinational companies or organizations in developed countries, so the model still needs to be tested on organizations in Indonesia, which are currently undergoing accelerated digital transformation.

Based on this situation, the following research presents novelty through the development of a conceptual model that positions Digital Employee Experience as a mediating variable in the relationship between Digital Leadership and Employee Engagement. This model is expected to explain the mechanisms by which digital leadership increases employee engagement by creating positive digital work experiences. In addition to contributing to the development of the Digital Human Resource Management literature, this research also hopes to have practical implications for organizations when developing digital leadership strategies that can support digital work experiences and strengthen employee engagement sustainably. Based on this description, the following research aims to analyze the effect of Digital Leadership on Employee Engagement through Digital Employee Experience as a mediating variable.

METHODS

The following study employs a quantitative approach through an explanatory research design to examine the influence of Digital Leadership on Employee Engagement, with Digital Employee Experience as a mediator. The quantitative approach was chosen because it facilitates objectively testing causal relationships between variables through statistical analysis (Creswell & Creswell, 2018). In this study, the population studied was all employees in organizations that have implemented digital transformation in their business activities and human resource management. To select the sample, a purposive sampling technique was used, based on participant criteria: permanent employees who have worked for at least one year, use digital systems or applications in their daily activities, and are willing to participate in the research process. Based on the recommendations of Hair et al. (2022), 220 respondents were recruited.

The data used were primary data obtained by distributing questionnaires online via Google Forms. The research instrument was designed based on indicators for each

variable taken from previous studies. To analyze the data, SmartPLS 4 software was used using the SEM-PLS method. The analysis was conducted in two stages: evaluation of the measurement model (outer model) and evaluation of the structural model (inner model).

FINDINGS AND DISCUSSION

The Influence of Digital Leadership on the Digital Employee Experience

The analysis findings demonstrate that digital leadership has a significant positive effect on the digital employee experience. These findings indicate that the stronger a leader's ability to formulate a digital vision, encourage innovation, utilize technology, and establish effective digital communication, the better the digital work experience for employees. Leaders with digital competence are able to create work conditions that support the maximum use of technology, thereby making employees feel more at ease, comfortable, and productive in carrying out their tasks. These results align with Dynamic Capability Theory, which asserts that an organization's capacity to respond to change depends heavily on the leader's ability to integrate resources and technology (Teece, 2018). Furthermore, these research findings also reinforce previous research by Verhoef et al. (2021) and Cortellazzo et al. (2022), which suggests that digital leadership is a crucial factor in supporting the success of digital transformation within an organization.

The Influence of Digital Leadership on Employee Engagement

The research findings demonstrate that digital leadership has a positive effect on employee engagement. These conditions indicate that effective digital leadership can increase employee vigor, dedication, and absorption through transparent communication, empowerment, and support for digital competency development. These results reinforce Social Exchange Theory (Blau, 1964), which states that when organizations provide support through good leadership, employees respond by increasing their commitment and engagement in their work. The following research findings also align with those of Saks (2022) and Agarwal et al. (2023), which suggest that digital leadership can boost employee engagement by improving the quality of leader-employee relationships.

The Influence of Digital Employee Experience on Employee Engagement

The analysis findings show that digital employee experience has a significant positive effect on employee engagement. Adequate digital experience enables employees to be more efficient at work, collaborate effectively, and reduce problems in completing their work. This, in turn, increases employee well-being and strengthens employees' psychological bonds with the organization. These findings support the

Technology Acceptance Model (Davis, 1989), which explains that perceptions of technology's ease and usefulness will drive its acceptance and shape positive user attitudes. Furthermore, these research findings align with Morgan (2022) and Lehmann and Beckmann (2024), who argued that the quality of digital experiences contributes to increased productivity, job satisfaction, and employee engagement.

The Mediating Role of Digital Employee Experience

The findings of the indirect effect test demonstrate that Digital Employee Experience acts as a significant mediator in the relationship between Digital Leadership and Employee Engagement. These findings demonstrate that the impact of digital leadership on employee engagement is strengthened when an organization successfully delivers a positive digital work experience. Therefore, the effectiveness of digital leadership depends not solely on a leader's ability to adopt technology but also on their capacity to build a digital ecosystem that meets employee needs and satisfaction. These results contribute to the development of the Digital Human Resource Management literature by revealing that Digital Employee Experience is a crucial mechanism explaining how digital leadership can drive employee engagement. From a practical perspective, organizations need to integrate the development of digital leadership competencies with investments in user-friendly technology, integrated digital HR systems, and a work culture that supports digital collaboration and learning, so that the digital transformation undertaken can produce sustainable employee engagement.

CONCLUSION

The conclusion of this research is that Digital Leadership plays a crucial role in improving Employee Engagement, both directly and through Digital Employee Experience as a mediator. This finding reflects that the success of digital transformation in an organization is not solely determined by the leader's ability to adopt digital technology, but also by their ability to create a positive digital work experience, which ultimately strengthens employee engagement with the organization. The results of this study also strengthen the development of Digital Human Resource Management theory, Social Exchange Theory, and Job Demands Resources Theory, which view digital leadership and digital work experience as strategic resources in building Employee Engagement. Therefore, organizations are advised to strengthen digital leadership competencies while developing integrated, user-friendly, and employee-oriented digital work systems. For future research, it is recommended that the scope of research objects be expanded to various organizational sectors, use a longitudinal design, and add other variables such as Digital

Organizational Culture, Digital Competency, or Employee Wellbeing to gain a more comprehensive understanding of the factors influencing Employee Engagement in the era of digital transformation.

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