

## The influence of digital leadership and work environment on employee performance at BPKPD of Tebing Tinggi City

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### ABSTRAK

Transformasi digital pada sektor pemerintahan menuntut kepemimpinan yang adaptif terhadap teknologi serta lingkungan kerja yang mampu mendukung kinerja pegawai. Penelitian ini bertujuan menganalisis pengaruh *digital leadership* dan lingkungan kerja terhadap kinerja pegawai pada Badan Pengelolaan Keuangan dan Pendapatan Daerah (BPKPD) Kota Tebing Tinggi, baik secara parsial maupun simultan. Penelitian menggunakan pendekatan kuantitatif dengan desain survei eksplanatori. Populasi penelitian terdiri atas 92 pegawai, dengan 88 responden yang digunakan dalam analisis statistik. Data dikumpulkan melalui kuesioner berskala Likert lima poin dan dianalisis menggunakan regresi linear berganda dengan IBM SPSS Statistics. Hasil penelitian menunjukkan bahwa *digital leadership* berpengaruh positif dan signifikan terhadap kinerja pegawai ( $\beta = 0,391$ ;  $t = 4,452$ ;  $p$  kurang dari 0,001), sedangkan lingkungan kerja juga berpengaruh positif dan signifikan ( $\beta = 0,456$ ;  $t = 5,200$ ;  $p$  kurang dari 0,001). Secara simultan, kedua variabel berpengaruh signifikan terhadap kinerja pegawai ( $F(2,85) = 56,313$ ;  $p$  kurang dari 0,001) dengan *Adjusted R*<sup>2</sup> sebesar 0,560. Temuan ini menegaskan pentingnya penguatan kepemimpinan digital dan penciptaan lingkungan kerja yang mendukung dalam meningkatkan kinerja pegawai sektor publik.

**Kata Kunci:** digital leadership; lingkungan kerja; kinerja pegawai; transformasi digital; sektor publik

### ABSTRACT

Digital transformation in the public sector requires technology-adaptive leadership and a supportive work environment to enhance employee performance. This study examines the partial and simultaneous effects of Digital Leadership and the Work Environment on Employee Performance at the Regional Financial and Revenue Management Agency (BPKPD) of Tebing Tinggi City. A quantitative approach with an explanatory survey design was employed. The study population consisted of 92 employees, with 88 respondents included in the statistical analysis. Data were collected using a five-point Likert-scale questionnaire and analyzed through multiple linear regression using IBM SPSS Statistics. The results show that Digital Leadership has a positive and significant effect on Employee Performance ( $\beta = 0.391$ ,  $t = 4.452$ ,  $p$  less than 0.001), while the Work Environment also has a positive and significant effect ( $\beta = 0.456$ ,  $t = 5.200$ ,  $p$  less than 0.001). Simultaneously, both variables significantly affect Employee Performance ( $F(2,85) = 56.313$ ,  $p$  less than 0.001), with an Adjusted  $R^2$  of 0.560. These findings highlight the importance of strengthening digital leadership capabilities and maintaining supportive workplace conditions to improve employee performance in public-sector organizations undergoing digital transformation.

**Keywords:** digital leadership; work environment; employee performance; digital transformation; public sector

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## 1. INTRODUCTION

The rapid development of digital technology has substantially transformed organizational processes, including those within public-sector institutions. Digital transformation has become increasingly important for

improving organizational effectiveness, efficiency, accountability, and the quality of public services. In the government sector, digital technology can facilitate work processes, accelerate service delivery, and support more effective decision-making (Tulungen et al., 2022). Digital transformation therefore extends beyond the adoption of technological infrastructure and requires changes in leadership practices, employee capabilities, organizational communication, and work processes (Westerman et al., 2014). Previous studies in public-sector settings have further emphasized that the effective utilization of information technology needs to be accompanied by appropriate leadership and the development of employees' digital competencies (Cahyarini, 2021; Tulungen et al., 2022).

One of the organizational factors associated with successful digital transformation is digital leadership. Digital leadership refers not merely to a leader's ability to use technology, but also to the capacity to establish a digital vision, encourage innovation, facilitate collaboration, support organizational learning, and guide employees in adapting to technological change (Kane, 2019). Digital leaders are therefore expected to integrate technological capabilities with leadership practices to facilitate organizational adaptation and employee performance. This role becomes particularly important in public organizations because the implementation of digital systems requires coordination among organizational policies, technological resources, work processes, and employee readiness. Cahyarini (2021) demonstrated that the implementation of digital leadership in public services can encourage the effective utilization of information technology and support improvements in digital-based public services. Similarly, Tulungen et al. (2022) emphasized the crucial role of digital leadership in facilitating digital transformation within the government sector.

Empirical evidence also indicates that digital leadership is associated with employee performance. Khaira (2024), for example, found that digital leadership had a positive and significant effect on employee performance among 140 employees in a digitally oriented organizational environment. The findings indicate that leaders' ability to integrate technology into managerial practices can facilitate employee adaptation and contribute to improved work outcomes. Other studies have similarly highlighted the contribution of digital leadership to employee and organizational performance (Komariah et al., 2026; Yunas et al., 2024). Furthermore, Aryanti et al. (2026) demonstrated that strengthening digital leadership can contribute to improvements in team productivity, work quality, task completion, and collaboration. These findings reinforce the importance of examining digital leadership as an organizational factor associated with performance in increasingly digitalized workplaces.

Employee performance, however, is a multidimensional organizational outcome that cannot be explained by leadership alone. It reflects employees' ability to accomplish their responsibilities effectively and contribute to organizational objectives and may be influenced by various organizational and individual factors, including leadership, work conditions, motivation, and human resource management practices (Dessler, 2015; Mathis & Jackson, 2018). Therefore, examining employee performance requires consideration not only of leadership capabilities but also of the organizational conditions in which employees perform their responsibilities.

In this regard, the work environment represents another important organizational factor because it influences employees' comfort, motivation, interactions, and ability to perform their duties effectively. Nitisemito (2010) emphasizes that workplace conditions surrounding employees can affect how effectively they perform their responsibilities. The work environment encompasses both physical and non-physical aspects, including workplace facilities, relationships among employees, support from supervisors, and organizational conditions (Robbins & Judge, 2018). Previous empirical evidence also indicates that the work environment contributes to employee performance (Lestari & Yuningsih, 2023). A supportive work environment may strengthen employee engagement, commitment, and job satisfaction, which in turn can contribute to better performance (Ivancevich et al., 2008). Thus, digital leadership and the work environment represent two distinct but potentially complementary organizational factors in explaining employee performance.

The relevance of these factors is particularly evident in government institutions that increasingly rely on digital systems to perform administrative and public-service functions. The Regional Financial and Revenue Management Agency (BPKPD) of Tebing Tinggi City is one such public institution in which digital technology is increasingly incorporated into work activities, including financial information management, electronic reporting, and online work collaboration. The effectiveness of these technological practices depends not only on the availability of digital infrastructure but also on leadership capabilities and organizational conditions that support employees in adapting to technology and performing their responsibilities effectively. This is consistent with previous research in the public sector showing that digital transformation requires not only technological adoption but also leadership capable of facilitating technological utilization, employee competency development, coordination, and organizational adaptation (Cahyarini, 2021; Tulungen et al., 2022).

Although previous studies generally indicate the importance of digital leadership for organizational and employee outcomes, the empirical evidence is not entirely conclusive across organizational settings. While studies such as Khaira (2024) report a significant positive relationship between digital leadership and employee performance, other studies summarized in the literature have reported that digital leadership does not always have a significant direct effect on organizational or employee performance (Wibowo & Wartini, 2025). These differences suggest that the effectiveness of digital leadership may depend on organizational characteristics and the context in which leadership practices are implemented. Moreover, previous studies have frequently examined digital leadership in private-sector, technology-oriented, or broader organizational contexts, while studies in the public sector have often focused on digital transformation, digital competencies, or public-service improvement rather than simultaneously examining digital leadership and workplace conditions as determinants of individual employee performance.

This inconsistency and contextual limitation provide an empirical and contextual research gap for the present study. In particular, the simultaneous contribution of digital leadership and the work environment to employee performance within a local government financial and revenue management institution remains relatively underexplored. This context is important because institutions such as BPKPD operate within formal administrative structures, regulatory requirements, public accountability mechanisms, and increasingly digitalized work processes. Examining leadership without considering the work environment may therefore provide an incomplete explanation of employee performance because employees' ability to respond to digital leadership may also be influenced by the organizational and workplace conditions in which they perform their duties.

The present study addresses this gap by examining digital leadership and the work environment simultaneously as predictors of employee performance at BPKPD Tebing Tinggi City. The study extends previous discussions of employee performance by integrating a leadership dimension associated with digital transformation and a workplace dimension associated with employees' day-to-day organizational conditions. Its contextual contribution lies in providing empirical evidence from a local government financial and revenue management institution, where digital transformation must operate alongside formal administrative procedures and public-sector accountability. Accordingly, this study aims to analyze (1) the effect of digital leadership on employee performance, (2) the effect of the work environment on employee performance, and (3) the simultaneous effect of digital leadership and the work environment on employee performance at BPKPD Tebing Tinggi City. The findings are expected to contribute to the literature on leadership, work environment, and employee performance in the public sector while providing practical considerations for strengthening employee performance in government organizations undergoing digital transformation.

#### **A. Conceptual Framework**

The conceptual framework of this study is developed based on the theoretical and empirical relationships between digital leadership, the work environment, and employee performance. A conceptual framework explains how relevant theoretical constructs are logically connected in addressing a research problem (Sugiyono, 2017). In this study, Digital Leadership (X1) and Work Environment (X2) are positioned as independent variables, while Employee Performance (Y) is positioned as the dependent variable.

Digital leadership is expected to influence employee performance because leaders play an important role in guiding employees through technological change, facilitating the effective use of digital tools, encouraging innovation, and supporting collaboration. Digital leadership can facilitate employees' adaptation to technology-based work processes by integrating technological capabilities with managerial direction and organizational support. Empirical evidence supports this relationship. Khaira (2024) found that digital leadership had a positive and significant effect on employee performance, while studies in the government sector emphasize the importance of digital leadership in facilitating technology utilization, organizational adaptation, and digital transformation (Cahyarini, 2021; Tulungen et al., 2022). Therefore, the first hypothesis is formulated as follows:

**H1: Digital leadership has a positive and significant effect on employee performance at BPKPD Tebing Tinggi City.**

The work environment is also expected to influence employee performance because employees require supportive physical and non-physical working conditions to perform their responsibilities effectively. Adequate workplace facilities, supportive interpersonal relationships, supervisor support, and conducive organizational conditions can facilitate employee productivity and improve work outcomes (Robbins & Judge, 2018; Ivancevich et al., 2008). A supportive work environment therefore provides the conditions necessary for employees to perform their duties effectively. Based on this theoretical relationship, the second hypothesis is formulated as follows:

**H2: The work environment has a positive and significant effect on employee performance at BPKPD Tebing Tinggi City.**

Digital leadership and the work environment represent complementary organizational conditions in supporting employee performance. Digital leadership provides direction, facilitates technological adaptation, encourages collaboration, and supports employees in responding to organizational change, whereas the work environment provides the physical and organizational conditions necessary for employees to perform their tasks effectively. In a public organization undergoing digital transformation, the simultaneous presence of effective digital leadership and a supportive work environment is therefore expected to contribute collectively to improved employee performance. Thus, the third hypothesis is formulated as follows:

**H3: Digital leadership and the work environment simultaneously have a significant effect on employee performance at BPKPD Tebing Tinggi City.**

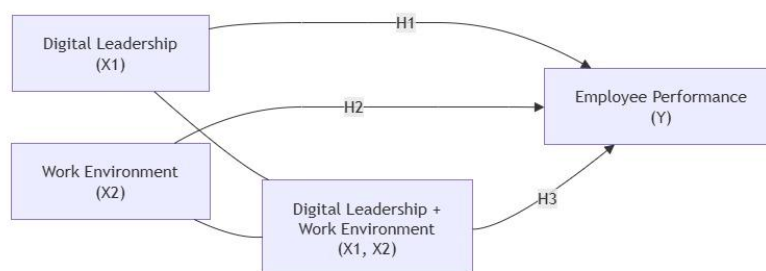


Figure 1. Conceptual Framework of the Study

## 2. RESEARCH METHOD

This study employed a quantitative research approach with an explanatory survey design to examine the effects of Digital Leadership and the Work Environment on Employee Performance at the Regional Financial and Revenue Management Agency (BPKPD) of Tebing Tinggi City. The research location was determined purposively based on the relevance of BPKPD Tebing Tinggi City to the objectives of the study. The population consisted of 92 employees, comprising 59 Civil Servants (PNS), 17 full-time Government Employees with Employment Agreements (PPPK), and 16 part-time PPPK employees. Considering the relatively limited population size, the study applied a census or saturated sampling approach by targeting all members of the population. This approach is consistent with Arikunto (2017), who suggests that relatively small populations may be entirely included as research respondents. A total of 88 respondents were included in the final statistical analysis. Thus, the effective sample used for data analysis and hypothesis testing consisted of 88 respondents.

The data used in this study consisted of primary and secondary data. Primary data were obtained directly from respondents through a structured questionnaire distributed to employees of BPKPD Tebing Tinggi City. Secondary data were obtained from the institution and other relevant sources related to the research context. The questionnaire consisted of closed-ended statements designed to measure the three research variables, namely Digital Leadership (X1), Work Environment (X2), and Employee Performance (Y). The use of closed-ended statements allowed respondents to select the response that best represented their perceptions of each statement.

The questionnaire responses were measured using a five-point Likert scale. According to Sugiyono (2017), a Likert scale can be used to measure individuals' or groups' attitudes, opinions, and perceptions regarding social phenomena. In this study, respondents were provided with five response alternatives ranging from Strongly Agree to Strongly Disagree. The scoring criteria used in the questionnaire are presented in Table 1.

Table 1. Likert Scale Instrument

| No. | Response Category | Score |
|-----|-------------------|-------|
| 1   | Strongly Agree    | 5     |
| 2   | Agree             | 4     |
| 3   | Less Agree        | 3     |
| 4   | Disagree          | 2     |
| 5   | Strongly Disagree | 1     |

Source: Sugiyono (2017).

The data were analyzed using multiple linear regression analysis with IBM SPSS Statistics. Multiple linear regression was employed to determine the effects of Digital Leadership and the Work Environment on Employee Performance, both partially and simultaneously. The multiple linear regression model used in this study was formulated as follows:

$$Y = a + b_1X_1 + b_2X_2 + \varepsilon \quad (1)$$

where represents Employee Performance, represents Digital Leadership, represents the Work Environment, represents the constant, and represent the regression coefficients, and represents the error term.

Before conducting multiple linear regression and hypothesis testing, classical assumption tests were performed, consisting of normality, multicollinearity, and heteroscedasticity tests. The normality test was conducted to determine whether the residuals in the regression model were normally distributed. Following Ghozali (2016), the normality of the residuals was assessed using statistical analysis. In this study, the One-Sample Kolmogorov-Smirnov test was used, with residuals considered to meet the normality assumption when the significance value was greater than 0.05.

The multicollinearity test was conducted to determine whether correlations existed among the independent variables in the regression model. According to Ghozali (2016), a good regression model should not exhibit problematic multicollinearity among its independent variables. Multicollinearity was assessed using the Tolerance and Variance Inflation Factor (VIF) values. The regression model was considered free from multicollinearity when the tolerance value was greater than 0.10 and the VIF value was less than 10.

The heteroscedasticity test was conducted to determine whether the variance of the residuals differed across observations. A regression model that exhibits constant residual variance is characterized as homoscedastic, whereas unequal residual variance indicates heteroscedasticity (Ghozali, 2016). In this study, heteroscedasticity was assessed using the Glejser test, in which the absolute residual values were regressed on the independent variables. The regression model was considered free from heteroscedasticity when the significance values of the independent variables were greater than 0.05.

Hypothesis testing was conducted at a significance level of 5% ( $\alpha = 0.05$ ). The partial t-test was used to determine the individual effect of Digital Leadership and the Work Environment on Employee Performance, while the simultaneous F-test was used to determine whether Digital Leadership and the Work Environment jointly affected Employee Performance. In addition, the coefficient of determination ( $R^2$ ) and Adjusted  $R^2$  were used to assess the proportion of variation in Employee Performance explained by the independent variables included in the regression model.

### 3. RESULTS AND DISCUSSION

#### A. Description of the Research Object

The Regional Financial and Revenue Management Agency (BPKPD) of Tebing Tinggi City is a local government institution responsible for supporting regional government functions in the areas of financial management, regional revenue, and assets. In accordance with Tebing Tinggi Mayor Regulation Number 39 of 2021 concerning the Duties, Functions, Work Procedures, and Details of Positions of the Regional Financial and Revenue Management Agency, BPKPD assists the Mayor in implementing supporting government functions related to regional financial management, revenue, and assets. Its main functions include formulating technical policies, implementing technical support activities, monitoring and evaluating financial and revenue management, providing technical guidance, and performing other functions assigned by the Mayor in accordance with applicable duties and responsibilities.

#### B. Classical Assumption Tests

Before conducting multiple linear regression analysis, classical assumption tests were performed to assess the suitability of the regression model. The tests included normality, multicollinearity, and heteroscedasticity tests.

The normality test was conducted using the One-Sample Kolmogorov-Smirnov test. The results are presented in Table 2.

| Statistic                   | Unstandardized Residual |
|-----------------------------|-------------------------|
| N                           | 88                      |
| Mean                        | 0.0000000               |
| Standard Deviation          | 3.45861572              |
| Test Statistic              | 0.092                   |
| Asymp. Sig. (2-tailed)      | 0.063                   |
| Monte Carlo Sig. (2-tailed) | 0.416                   |
| 99% CI Lower Bound          | 0.404                   |
| 99% CI Upper Bound          | 0.429                   |

The normality test produced a Monte Carlo significance value of 0.416, which was greater than the significance level of 0.05. Therefore, the residuals were considered to satisfy the normality assumption. The Asymptotic Significance value of 0.063 was also greater than 0.05, further indicating that there was no evidence of a substantial departure from normality. The regression model therefore satisfied the residual normality assumption.

The multicollinearity test was subsequently conducted using the tolerance and Variance Inflation Factor (VIF) values. The results are presented in Table 3.

Table 3. Multicollinearity Test Results

| Variable           | Tolerance | VIF   |
|--------------------|-----------|-------|
| Digital Leadership | 0.657     | 1.522 |
| Work Environment   | 0.657     | 1.522 |

As shown in Table 3, both Digital Leadership and the Work Environment had tolerance values of 0.657, which were greater than 0.10, and VIF values of 1.522, which were below 10. Therefore, the independent variables did not indicate problematic multicollinearity, and both variables could be included simultaneously in the regression model.

The heteroscedasticity test was conducted using the Glejser test by regressing the absolute residual values on the independent variables. The results are presented in Table 4.

Table 4. Glejser Test Results

| Variable           | B      | Std. Error | Beta   | t      | p-value |
|--------------------|--------|------------|--------|--------|---------|
| Constant           | 12.101 | 3.037      | —      | 3.985  | <0.001  |
| Digital Leadership | -0.113 | 0.060      | -0.237 | -1.877 | 0.064   |
| Work Environment   | -0.068 | 0.069      | -0.125 | -0.992 | 0.324   |

*Dependent Variable: ABSRES.*

The Glejser test showed significance values of 0.064 for Digital Leadership and 0.324 for the Work Environment. Because both values were greater than 0.05, neither independent variable significantly predicted the absolute residuals. Therefore, there was no indication of heteroscedasticity in the regression model.

Overall, the classical assumption tests indicated that the regression model satisfied the assumptions of residual normality and showed no problematic multicollinearity or heteroscedasticity. Multiple linear regression analysis could therefore be used for subsequent hypothesis testing.

#### C. Multiple Linear Regression Analysis

Multiple linear regression analysis was conducted to examine the effects of Digital Leadership and the Work Environment on Employee Performance. The regression results are presented in Table 5.

Table 5. Multiple Linear Regression Results

| Variable           | B     | Std. Error | Beta  | t     | p-value |
|--------------------|-------|------------|-------|-------|---------|
| Constant           | 7.188 | 4.573      | —     | 1.572 | 0.120   |
| Digital Leadership | 0.402 | 0.090      | 0.391 | 4.452 | <0.001  |
| Work Environment   | 0.537 | 0.103      | 0.456 | 5.200 | <0.001  |

*Dependent Variable: Employee Performance.*

Based on the unstandardized coefficients, the multiple linear regression equation was formulated as follows:

$$Y = 7.188 + 0.402X_1 + 0.537X_2 + \varepsilon \quad (2)$$

where represents Employee Performance, represents Digital Leadership, and represents the Work Environment.

The constant of 7.188 represents the predicted value of Employee Performance when Digital Leadership and the Work Environment are held at zero. The regression coefficient for Digital Leadership was 0.402, indicating that, holding the Work Environment constant, a one-unit increase in Digital Leadership was associated with a 0.402-unit increase in Employee Performance. Similarly, the regression coefficient for the Work Environment was 0.537, indicating that, holding Digital Leadership constant, a one-unit increase in the Work Environment score was associated with a 0.537-unit increase in Employee Performance.

Both regression coefficients were positive, indicating that higher Digital Leadership and more supportive Work Environment scores were associated with higher Employee Performance scores.

#### D. Coefficient of Determination

The coefficient of determination was used to assess the explanatory power of the regression model. The results are presented in Table 6.

Table 6. Coefficient of Determination

| R     | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|----------|-------------------|----------------------------|
| 0.755 | 0.570    | 0.560             | 3.499                      |

*Predictors: Digital Leadership and Work Environment.*

*Dependent Variable: Employee Performance.*

The model produced an R Square value of 0.570 and an Adjusted R Square value of 0.560. The Adjusted R Square indicates that Digital Leadership and the Work Environment collectively explained approximately 56.0% of the variation in Employee Performance within the analyzed sample. The remaining variation was not explained by the predictors included in the regression model and may be associated with other factors outside the scope of the present study.

### E. Hypothesis Testing

The partial t-test was conducted to determine whether Digital Leadership and the Work Environment individually had significant effects on Employee Performance. The results are reported in Table 5.

Digital Leadership had a positive and statistically significant effect on Employee Performance ( $B = 0.402$ ,  $SE = 0.090$ ,  $\beta = 0.391$ ,  $t = 4.452$ ,  $p < 0.001$ ). Therefore, H1 was supported, indicating that higher Digital Leadership was associated with higher Employee Performance at BPKPD Tebing Tinggi City.

The Work Environment also had a positive and statistically significant effect on Employee Performance ( $B = 0.537$ ,  $SE = 0.103$ ,  $\beta = 0.456$ ,  $t = 5.200$ ,  $p < 0.001$ ). Therefore, H2 was supported, indicating that a more supportive Work Environment was associated with higher Employee Performance at BPKPD Tebing Tinggi City.

The simultaneous effect of Digital Leadership and the Work Environment was examined using the F-test. The results are presented in Table 7.

Table 7. Simultaneous F-Test Results

| Model             | Sum of Squares | df | Mean Square | F      | p-value |
|-------------------|----------------|----|-------------|--------|---------|
| <b>Regression</b> | 1378.929       | 2  | 689.465     | 56.313 | <0.001  |
| <b>Residual</b>   | 1040.696       | 85 | 12.243      | —      | —       |
| <b>Total</b>      | 2419.625       | 87 | —           | —      | —       |

*Dependent Variable: Employee Performance.*

*Predictors: Digital Leadership and Work Environment.*

The simultaneous test produced  $F(2,85) = 56.313$ ,  $p < 0.001$ , indicating that the regression model was statistically significant. Thus, Digital Leadership and the Work Environment jointly contributed significantly to explaining Employee Performance. Therefore, H3 was supported.

### F. Discussion

#### 1) The Effect of Digital Leadership on Employee Performance

The results demonstrated that Digital Leadership had a positive and significant effect on Employee Performance at BPKPD Tebing Tinggi City, with a regression coefficient of 0.402, a standardized coefficient of  $\beta = 0.391$ , and  $p < 0.001$ . This finding indicates that stronger digital leadership is associated with higher employee performance. In the context of BPKPD, this relationship is particularly relevant because employees increasingly perform their duties through digital-based financial information management, electronic reporting, and technology-supported work coordination. Leadership that facilitates technological adaptation, provides clear direction, encourages innovation, and supports employees in utilizing digital tools can therefore contribute to more effective work performance.

The finding is consistent with Khaira (2024), who reported that digital leadership had a positive and significant effect on employee performance. In that study, effective digital leadership was associated with leaders' ability to manage digitally distributed work, provide direction through technological platforms, and support employee performance in a rapidly changing environment. The present finding therefore extends the relevance of digital leadership beyond private and technology-oriented organizations by demonstrating its significance within a local government financial and revenue management institution.

The result is also consistent with studies emphasizing the importance of digital leadership within public-sector digital transformation. Cahyarini (2021) highlighted the role of digital leadership in encouraging the utilization of information technology and supporting digital-based public services, while Tulungen et al. (2022) emphasized that digital leadership is crucial for government digital transformation, particularly in facilitating technology-supported work processes and decision-making. These perspectives support the finding that leadership in a digitally transforming public institution requires more than conventional administrative supervision; leaders must also be capable of facilitating employees' adaptation to digital work processes.

Nevertheless, previous literature has not always produced uniform findings regarding the direct relationship between digital leadership and performance (Wibowo & Wartini, 2025). This inconsistency suggests that the effectiveness of digital leadership may vary according to organizational context, employee characteristics, technological readiness, and other organizational conditions. The significant relationship identified at BPKPD therefore contributes additional empirical evidence from the public-sector context and supports the argument that digital leadership can function as an important organizational resource when employees increasingly depend on technology to perform their responsibilities.

#### 2) The Effect of the Work Environment on Employee Performance

The results also demonstrated that the Work Environment had a positive and significant effect on Employee Performance, with  $B = 0.537$ ,  $\beta = 0.456$ ,  $t = 5.200$ , and  $p < 0.001$ . This indicates that improvements in the work environment are associated with higher employee performance. A supportive work environment can provide employees with physical and non-physical conditions that facilitate task completion, communication, coordination, and productive workplace interactions.

This finding is consistent with previous empirical evidence reported by Lestari and Yuningsih (2023), which indicates that the work environment contributes to employee performance. It is also consistent with the theoretical perspective that workplace conditions influence employees' ability and willingness to perform organizational responsibilities effectively. As described by Robbins and Judge (2018), workplace conditions and interpersonal relationships form important aspects of employees' organizational experiences. Similarly, Ivancevich et al. (2008) emphasize that supportive organizational conditions can contribute to positive employee attitudes and work outcomes. In the BPKPD context, these conditions become increasingly relevant because digitalized work does not eliminate the importance of the workplace; rather, employees require both adequate technological support and conducive organizational relationships to perform increasingly technology-dependent administrative responsibilities.

The standardized regression coefficient for the Work Environment ( $\beta = 0.456$ ) was numerically higher than that of Digital Leadership ( $\beta = 0.391$ ). Within this regression model, this indicates that the Work Environment showed a relatively stronger standardized association with Employee Performance. However, this comparison should not be interpreted as establishing that the Work Environment is universally more important than Digital Leadership. Instead, it suggests that within the observed BPKPD sample and model specification, workplace conditions represent a particularly relevant factor associated with employee performance.

### 3) The Simultaneous Effect of Digital Leadership and the Work Environment on Employee Performance

The simultaneous test demonstrated that Digital Leadership and the Work Environment jointly had a significant effect on Employee Performance, with  $F(2,85) = 56.313$ ,  $p < 0.001$ . Furthermore, the Adjusted  $R^2$  of 0.560 indicates that the two predictors collectively explained approximately 56% of the variation in Employee Performance. These results support the conceptual framework of the study, in which leadership capabilities and workplace conditions are viewed as complementary organizational factors associated with employee performance.

The simultaneous relationship has important implications for organizations undergoing digital transformation. Digital leadership can provide strategic direction, encourage technological adaptation, and facilitate innovation, but employees also require a supportive work environment in which these leadership practices can be translated into effective work behavior. Conversely, adequate workplace conditions alone may not be sufficient when employees must continuously adapt to new digital systems and technology-based work processes. The findings therefore suggest that improving employee performance in a digitally transforming public institution requires attention to both leadership capabilities and workplace conditions, rather than treating either factor in isolation.

For BPKPD Tebing Tinggi City, the practical implication is that strengthening employee performance should involve leadership practices that facilitate the effective use of digital technologies while simultaneously maintaining a work environment that supports employee coordination, communication, task completion, and adaptation. These findings provide empirical support for a more integrated approach to human resource and organizational management within local government institutions undergoing digital transformation.

## 4. CONCLUSION

This study demonstrates that digital leadership and the work environment are important factors associated with employee performance at BPKPD Tebing Tinggi City. Digital Leadership has a positive and significant effect on Employee Performance, indicating that leadership capabilities in supporting technological adaptation, facilitating the effective use of digital tools, and directing employees within increasingly digitalized work processes are associated with better employee performance. The Work Environment also has a positive and significant effect on Employee Performance, demonstrating the importance of supportive workplace conditions in enabling employees to perform their responsibilities effectively. Furthermore, Digital Leadership and the Work Environment simultaneously have a significant effect on Employee Performance. The regression model explains approximately 56% of the variation in Employee Performance, indicating that leadership and workplace conditions collectively represent substantial organizational factors associated with employee performance at BPKPD Tebing Tinggi City.

These findings have practical implications for the management of BPKPD Tebing Tinggi City. Strengthening employee performance should not focus exclusively on technological infrastructure but should also be accompanied by continuous development of digital leadership capabilities and supportive workplace conditions. BPKPD should encourage leaders to provide clear direction in technology-based work processes, facilitate employee adaptation to digital systems, promote effective digital communication and collaboration, and support the utilization of technology in performing organizational responsibilities. At the same time, attention should be given to maintaining a conducive work environment through adequate workplace facilities,

effective coordination, supportive relationships between leaders and employees, and organizational conditions that enable employees to perform their duties efficiently. The simultaneous improvement of these two organizational factors is expected to support employee performance and, ultimately, contribute to the effectiveness of public services provided by BPKPD.

The findings should nevertheless be interpreted within the scope of the study, which was conducted within a single local government institution and examined only Digital Leadership and the Work Environment as predictors of Employee Performance. Although the model explains a substantial proportion of variation in Employee Performance, approximately 44% of the variation remains unexplained by the variables included in the model. Future research may therefore extend the model by examining other relevant organizational and individual factors, such as organizational culture, digital readiness, job satisfaction, employee engagement, or organizational commitment. Further studies involving different government institutions or broader public-sector samples are also recommended to examine whether the relationships identified in this study remain consistent across different organizational contexts.

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