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DIGITAL LEADERSHIP AND ORGANIZATION'S PERFORMANCE: THE MEDIATING ROLE OF INNOVATION CAPABILITY

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ABSTRACT

The spread of the Corona pandemic has significantly affected the global economy, as some industrial sectors incurred heavy losses as a result of the decline in demand for their products. This situation forced organizations to search for solutions that enable them to survive and rethink the implementation of sustainable solutions based on digital development to reduce the volatility in the factors of the dynamic business environment. Therefore, the current research seeks to examine the relationship between digital leadership and an organization's performance through the mediating role of innovation capability. The study population was represented by senior managers in 130 industrial companies in Jordan. The research data was collected through a purposive sample of 248 valid questionnaires for statistical analysis, which constitutes a response rate of 63.59%. Structural Equation Modeling (SEM) was used to analyze the research data and test its hypotheses. The research found a positive impact of digital leadership on the organization's performance and innovation capability, as well as it indicated that innovation capability had a positive impact on the organization's performance. Furthermore, it has been shown that innovation capability plays a mediating role in the relationship between digital leadership and an organization's performance. Therefore, the research contributes to providing a conceptual framework supported by empirical evidence for the development of transformational leadership theory supported by innovation-based models in order to improve the performance of the organization. The research recommends that decision-makers increase investment in R&D activities and integrate an innovation culture at all managerial level of the organization.

Keywords: Digital Leadership, Innovation Capability, Organization Performance, Industrial Sector, Jordan

INTRODUCTION

Digital Leadership and Organization's Performance: The Mediating Role of Innovation Capability

Since the launch of the Fourth Industrial Revolution and the technological development that remains, organizations have been gradually shifting towards adopting contemporary technologies in various aspects of their work, especially managerial ones, in order to keep pace with the change in the business environment (Al-Hawary & Al-Hamwan, 2017; Al-Hawary & Ismael, 2010; Freitas Junior et al., 2020; Al-Hawary & Al-Syasneh, 2020). This was accompanied by the emergence of new concepts in management science to match the shift towards digital organizations (Murashkin & Tyrväinen, 2020). One of the most prominent of these concepts is "Digital Leadership" based on an

approach that integrates technological advancement and transformational leadership to achieve the organization's strategic goals in the dynamic environment (Al-Hawary, 2009; Sheninger, 2019). Further, Further, it contributes to create a new generation of leaders who possess motivation and guidance skills backed by deep knowledge of modern methods based on digitization (Al-Hawary et al., 2012; Zeike et al., 2019).

Organizations strive for globalization and improving competitiveness prompted them to search for new methodologies that would enable them to conquer new markets or develop their current market share (Ngo et al., 2020; Al-Hawary & Obiadat, 2021; Al-Hawary et al., 2011; Alhalalmeh et al., 2020; Al- Quran et al., 2020; Al-Hawary et al., 2020; Al-Hawary & Alhajri, 2020; Parthasarathy et al., 2021; Phankhong et al., 2017). Innovation capability is the decisive factor to achieve strategic goals and create value for the organization by relying on the products and services it provides as well as the administrative methods used to meet the change in customer desires (Al-Hawary et al., 2018; Al-Lozi et al., 2018; Al-Lozi et al., 2017; Al-Hawary & Aldaihani, 2016; Freije et al., 2021; Migdadi, 2020). Moreover, it improves the organization's resilience in the face of fluctuations in the business environment (Cepeda & Arias-Pérez, 2019), develops core competencies (Hsiao & Hsu, 2018), and improves the organization's reputation (Foroudi et al., 2016).

The organization's performance has received the attention of researchers since its emergence as a comprehensive concept that expresses the ability of the organization to achieve its goals and the outcome of the results of its work (Wamba et al., 2017; Wang et al., 2020). A set of internal and external factors affect the performance of the organization, whether positively or negatively, where government policies and the competitive context are considered external factors, while organizational capabilities and knowledge gained from internal factors (Merendino& Melville, 2019; Migdadi, 2019; Zhou et al., 2019). The organization's performance is measured using financial and non-financial indicators that enable the organization’s management to continuously monitor its improvement, as well as identify deviations from plans and address them in a timely manner (Ali & Islam, 2020; Masa’deh et al., 2018; Subramony et al., 2018).

According to this context, the research seeks to address the literary and practical gap by developing a conceptual framework that tests the impact of digital leadership on the organization’s performance through the mediating role of innovation capability. Moreover, the application of this research in the industrial sector, which is a mainstay in the economies of developing countries and an important factor in attracting foreign investments and stimulating economic growth, represents a real contribution that decision-makers can rely on in developing their business.

LITERATURE REVIEW

Digital Leadership

Leadership is one of the topics that attracted the attention of researchers in the field of organizational behavior, as academics sought to develop the conceptual foundations of leadership, while professionals tended to absorb and implement leadership models that lead to improving the effectiveness of their organization (Freitas Junior et al., 2020; Kieser, 2017). The theory of change and transformational leadership played a key role in the structural change of organizations and the mechanisms in which they deal with rapid technological developments (Zeike et al., 2019). Hence, many concepts have emerged that integrate factors affecting organizational behavior and digitalization to achieve the best organizational results. Digital leadership is one of the contemporary concepts have adopted in order to indicate the utilization of digital platforms in directing and influencing the employees' behavior to achieve the strategic goals of the organization (Sheninger, 2019). Artüzand Bayraktar (2021) pointed that digital leader think and act differently

from traditional leader in interacting with the digital world. Therefore, he/she should modify his/her leadership style consisting of the three elements computing, communication, and content to ensure the success of the organization.

Digital leadership was measured as indicated by the previous literature through a set of dimensions that can be classified in two prominent directions. The first direction argued that digital leadership is measured using a four-dimensional model consisting of digital culture, digital competencies, digital Insights, and digital strategy (Sultan & Suhail, 2019). The second direction proposed a five-dimensional model for measuring digital leadership, which consists of creativity, deep knowledge, collaboration, inquisitiveness, and global vision (Mihardjo et al., 2019; Sasmoko et al., 2019). Creativity in the field of digital leadership refers to the leaders' use of modern technology-based methods to influence the behavior of their employees (Tiekam, 2019). Deep knowledge of administrative aspects and technological developments is essential for the digital leader to achieve the desired impact on employee behavior within the limits of the available organizational resources (Mihardjo et al., 2019). Collaboration, both internally and externally, is one of the capabilities that digital leaders focus on in order to achieve organizational effectiveness and reach novel products and services (Prince, 2018). inquisitiveness is the psychological factor that raises the desire in the hearts of leaders to achieve difficult goals and motivates them to make extra efforts to gain a distinguished competitive position (Sasmoko et al., 2019). Global vision is the ambitions of leaders to create and develop high quality products and services that enable them to obtain a competitive position among international companies (Braf & Melin, 2020; Wasono & Furinto, 2018).

Innovation Capability

Innovation activities are usually considered complex as they require special skills and capabilities to generate or develop the organization's products and services to meet their customers desires (Aljanabi, 2020). Furthermore, these activities require the organization's continuous endeavor to configure and exploit the available knowledge in various aspects of the organization's work (Lei et al., 2019; Migdadi, 2020). Accordingly, innovation capability defined as the organization's ability to transform accumulated knowledge and new ideas into products and business models that achieve its strategic goals (Farhana & Swietlicki, 2020). While Puspita, et al., (2020) referred to the innovation capability as the tendency of the organization to engage in the implementation of creative ideas and adoption of work methods that would provide distinctive offers to their customers.

Developing the organization’s innovation capability requires giving its employees the freedom to think and express their opinions, as well as providing an organizational climate in which the principle of creative thinking and effective communication between creative human resources is spread (Maldonado-Guzmán et al., 2019; Miranda et al., 2020). Kafetzopoulos & Psomas (2015) identified four dimensions of innovation capability:

a) Product innovation
b) Process innovation
c) Marketing innovation
d) Organizational innovation.

Product innovation expresses the organization's ability to generate new products and services that meet the aspirations of its customers (Freije et al., 2021). Process innovation refers to an organization's tendency to change business and management methods in order to use its resources to offer new offerings (Aljanabi, 2020; Migdadi, 2020). Marketing innovation is a

marketing approach based on the use of modern technologies to reach the largest possible segment of current and potential customers (Migdadi, 2020; Rajapathirana & Hui, 2018). While organizational innovation depends on the organization's ability to reconfigure its resources in order to achieves organizational effectiveness and efficiency (Parthasarathy et al., 2021).

Organization's Performance

The organization's performance is a substantial concept in management studies, as it is still of interest to researchers since its appearance because it summarizes the results of the organization's activities within one indicator. Koohang, et al., (2017) referred to the organization's performance as a measure of progress and strategic development. It reflects the organization's success in achieving its planned goals by comparing them with actual results to identify weaknesses and address them. Moreover, it was defined as the organization's ability to achieve strategic goals effectively and efficiently through the optimal use of available resources (Mohammad, 2019).

Performance measures are well documented in the management literature, i.e., financial indicators (Parmenter, 2015; Sawaean& Ali, 2020), employee satisfaction (Zhai& Tian, 2019), customer satisfaction (Chakraborty & Biswas, 2020; T. Wang et al., 2020), productivity (Al-Surmi et al., 2020), quality (Loukis et al., 2019), efficiency (Merendino& Melville, 2019), and effectiveness (Vermeeren et al., 2014; Zhou et al., 2019). However, performance is discussed in this study as a comprehensive concept that expresses the outcome of all aspects and activities of the organization, whether financial or non-financial.

CONCEPTUAL FRAMEWORK

Although the concept of digital leadership is so recent that it has not been studied in depth yet, there is a lot of evidence on the effects of digitalization on performance. Dijkstra (2020) pointed that the integration of digitization in the management of the organization enhances the effectiveness of communication between the administrative levels. Consequently, productivity increases, and outputs improve, which leads to customer satisfaction and a larger market share. Digital leadership plays a critical role in creating the vision of the organization and implementing initiatives that enable the realization of this vision by relying on generating employee enthusiasm and increasing the effectiveness of operations (Cong & Thu, 2020; Mardiana, 2020). Artüz & Bayraktar (2021) confirms that digital leadership is an effective source for achieving sustainable competitive advantage, where this leadership style leads to optimal use of organization's resources and improves its efficiency. Besides, the digital leadership's dependence on technological development and interaction with the business environment can reduce the duration of work due to the low percentage of defects and the possession of accurate information about the desires of customers (Freitas Junior et al., 2020; Sheninger, 2019). Therefore, the first research hypothesis was formulated as follows:

H1: Digital leadership has a positive impact on organization's performance.

Since organizations have become operating in a business environment dominated by Volatility, Uncertainty, Complexity, and Ambiguity (VUCA) the role of the leader has become pivotal in guiding the organization towards success (Daft, 2021). Organizations always need a quick decision-making process related to investing their resources and competencies in the appropriate aspects of activity (Constantiou et al., 2019; Wang et al., 2019). Hence, digital leadership contributes to making the organization more agile by improving its awareness of the business environment (Brett, 2019). Moreover, it deems a cornerstone of the process of creating new products and services by integrating technology into the leadership thought to lead the efforts of

employees and motivate them to propose innovative ideas that meet the aspirations of customers (Braf & Melin, 2020; Felix et al., 2019; Sasmoko et al., 2019). The role of digital leadership is not only limited to contributing to the creation of new products and services but extends beyond that to the development of innovative management manners and work methodologies that improve the organization's ability to compete and achieve strategic goals (Mihardjo et al., 2019; Wasono & Furinto, 2018). Accordingly, the second research hypothesis was formulated as follows:

H2: Digital leadership has a positive impact on innovation capability.

Many researchers have considered it necessary to analyze the organization's capabilities and strive to continuously develop them in order to improve performance in troubled business environments (Chiarelli, 2021; Correia et al., 2020; Falahat et al., 2020; Vilkas et al., 2020). Teece et al. (2016) indicated that the possessed organization's capabilities enable it to integrate and adapt to the external environment. Besides, Freije, et al., (2021) suggested that capabilities have a key role in obtaining better results in product and service innovation. In particular, Wang & Ahmed (2007) determined three categories of organizational capabilities that lead to developing the organization's performance: adaptive capability, absorption capability, and innovation capability. The innovation capability is usually deemed the most important for the organization, where it allows the organization to respond quickly to customer needs and market fluctuations through the generation and management of innovation activities. These activities lead to the creation of novel products and services that improve the organization's effectiveness and efficiency (Al-kalouti et al., 2020; Migdadi, 2020; Su et al., 2018). Moreover, they help the organization to reconfigure its resources and directing them towards producing new products and services that meet the aspirations of current and prospective customers which enhances its market position (Ferreira et al., 2020; Pongsa thorn wiwat et al., 2019; Puspita et al., 2020; Salisu & Goni, 2019). Thus, the third research hypothesis was formulated as follows:

H3: Innovation capability has a positive impact on organization's performance.

Digital leadership is based on combining leadership competencies and digital competencies to influence the followers in the organization and motivate them to achieve its strategic goals (Brett, 2019; Prince, 2018). Sasmoko, et al., (2019) argues that digital leadership is a type of dynamic capability that makes an organization able to adapt to the conditions of a changing business environment by innovating offers that match the desires of customers. Therefore, digital leadership is based on monitoring business markets and gathering information through digital platforms in order to build alliances and direct organizational resources to provide solutions that meet customer needs (Braf & Melin, 2020). Providing such innovative offers significantly contributes to improving the organization's competitiveness and market share of the organization (Cong & Thu, 2020). Further, it helps in achieving organizational efficiency and effectiveness through optimal use of resources and investment in modern technology that reduces operational costs (Farhana &Swietlicki, 2020). Thus, the fourth research hypothesis was established as follows:

H4: Innovation capability mediates the relationship between digital leadership and organization's performance.

RESEARCH METHODOLOGY

Population and Sample

The industrial sector plays a major role in consolidating the pillars of economic and social

development. This role is evident through its active contributions in advancing economic growth, reducing unemployment rates, attracting foreign investments, and accessing global markets. According to the report of the Chamber of Industry in Jordan issued at the beginning of 2021, the industrial sector represents the nucleus of the national economy through its contribution approximately 30% of the GDP and its employment of 21% of the domestic workforce. Therefore, the current study targeted people in senior managerial level in 130 industrial companies in Jordan for their knowledge of aspects related to leadership styles and innovation. A self-reporting questionnaire was distributed to 390 managers in these companies via e-mail. 271 questionnaires were answered, and after reviewing them were found that 248 of them are valid for statistical analysis. The retrieved questionnaires constitute a response percentage 63.59% of the distributed questionnaires.

Analysis of demographic variables for the study sample showed that 71.77% of the respondents were male, while 28.23% of them were female. In addition, most of the study sample members were postgraduate degree holders, with a percentage of 58.06%. In terms of age group, the results indicated that 40.72% of the sample is within the age group (from 40 to less than 50), followed by 27.82% within the age group (from 30 to less than 40), then 20.97% within the age group (more than 50), and finally 10.67% of those who belong to the age group (less than 30). With regard to experience, the results showed that the majority of the sample had experience within the category (more than 15), which constituted 45.96% of the sample size, while the lowest percentage 11.29% was for those who had work experience within the category (less than 5).

Measures

An electronic instrument was developed based on Google Forms to test the impact of digital leadership on the organization's performance through the mediating role of innovation capability. The instrument included an introduction, a section devoted to control variables, and three sections to the main study variables. The introduction and all sections were drafted in Arabic and later translated into English to facilitate the data collection process. The study's main variables were measured based on a five-point Likert scale, where the minimum value of 1 indicates strongly disagree and the maximum value of 5 indicates strongly agree.

Digital Leadership

The digital leadership scale was developed based on (Mihardjo et al., 2019; Sasmoko et al., 2019), whereby digital leadership is a second-order construct divided into five first-order constructs. This scale consists of 23 items: four for creativity "e.g., the company's leadership styles are characterized as supportive of new ideas", five for deep knowledge "e.g., knowledge helps company leaders to anticipate the future situation of the competitive market", four for collaboration "e.g., company leaders seek to build strategic alliances to ensure optimal use of resources", five for inquisitiveness "e.g., company leaders focus on persuading all parties to rely on empirical evidence", and five for global vision "e.g., company leaders formulate strategies that enable access to international and global markets".

Innovation Capability

Innovation capability section was developed according to (Aljanabi, 2020; Migdadi, 2020; Saunila, 2020). The innovation capability deems as a second-order construct divided into four first-order constructs. This section consists of 16 items: four for product innovation "e.g., company uses the acquired knowledge and resources to develop new products and services", four for process

innovation "e.g., company responds intelligently to the new processes adopted by competitors", four for marketing innovation "e.g., company has close relationship management with its clients", and four for organizational innovation "e.g., company has high levels of integration and coordination between the various core functions".

Organization's Performance

The organization's performance section was developed based on (Akdere & Egan, 2020; Chiarelli, 2021; Wang et al., 2020). This variable considers as a first-order construct that consists of eight items "e.g., company's sales have grown significantly over the past three years, perceived quality of products and services offered by the company is superior to that offered by competitors, company has high levels of effectiveness and efficiency compared to other companies, etc."

Control Variables

The current study contained a set of control variables related to the demographic characteristics of the sample. Gender includes both males and females. The educational level is divided into three categories (Diploma, bachelors, and postgraduate). The age group is divided into four categories (less than 30, 30 - less than 40, 40 - less than 50, and 50 years and older). Finally, the job experience was divided into four categories (less than 5, from 5 to less than 10, from 10 to less than 15, and 15 and more).

RESEARCH FINDINGS

Validity and Reliability

The Confirmatory Factor Analysis (CFA) was conducted to test the validity and reliability of the measurement instrument, as it is widely used in management research to determine the belonging of the items to their latent construct (Brown, 2015). The convergent validity was measured based on the results of factor loadings and the Average Variance Extracted (AVE). Moreover, the discriminate validity was determined by comparing the values of AVE with the Maximum Shared Variance values (MSV) and the values of the square root of AVE with the correlation coefficients among the rest of the latent constructs. As for reliability, it was tested using Cornbrash's alpha coefficients and McDonald's Omega coefficients, which express Composite Reliability (CR). Previous test results are listed in Table 1.

Table 1
VALIDLY AND RELIABILITY ANALYSIS

Constructs	1	2	3	4	5	6	7	8		10
1. CR	0.8									
2. DK	0.7	0.74								
3. CO	0.6	0.63	0.75							
4. IN	0.6	0.62	0.6	1						
5. GV	0.6	0.57	0.62	1	1					
6. PD	0.7	0.69	0.54	1	1	1				
7. PC	0.7	0.62	0.68	1	1	1	0.74			
8. MA	0.7	0.69	0.62	1	1	1	0.64	1		
9. OR	0.7	0.58	0.7	1	1	1	0.65	1		
10. OP	0.7	0.72	0.72	1	1	1	0.71	1		0.76
Factor loading	0.652-0.849	0.683-0.816	0.706-0.792	0.641-0.861	0.703-0.776	0.684-0.791	0.673-0.785	0.668-0.831	0.718-0.782	0.651-0.870

AVE	0.6	0.54	0.56	1	1	1	0.54	1		0.58
MSV	0.5	0.52	0.5	1	0	1	0.5	1		0.52
Cronbach's α	0.9	0.85	0.83	1	1	1	0.82	1		0.91
CR	0.9	0.86	0.83	1	1	1	0.83	1		0.92

Note: CR: Creativity, DK: Deep Knowledge, CO: Collaboration, IN: Inquisitiveness, GV: Global Vision, PD: Product Innovation, PC: Process Innovation, MA: Marketing Innovation, OR: Organizational Innovation, OP: Organization's Performance, Bold fonts indicate to the square root of average variance extracted.

The results in Table 1 indicated that the values of factor loadings on their constructs were within the range (0.651-0.870), which are higher than 0.50 the minimum retention threshold (Collier, 2020). In addition, all the values of the AVE were greater than the minimum acceptable value of 0.50, thereby the instrument obtained a convergent validity (Zenk et al., 2019).The results also showed that the values of AVE are higher than the values of MSV for each construct, and the correlation coefficient between the constructs were less than the square root of AVE. Thus, the instrument passed the discriminant validity tests (Rimkeviciene et al., 2017).The internal consistency and the composite reliability of the instrument were of good proportions based on the values of Cronbach's alpha and McDonald's Omega coefficients that were higher than the minimum acceptable value of 0.70 (Antunes et al., 2017; Sung et al., 2019).

Besides, CFA enable testing the construct validity using the results of goodness of fit indicators. Figure 1 show the results of these indicators, which showed that the value of the chi-square to the degrees of freedom (CMIN/DF) was less than 3. The values of Goodness of Fit Index (GFI), Comparative Fit Index (CFI), and Tucker-Lew is Index (TLI) were greater than 0.90. Moreover, the value of Root Mean Square Error of Approximation (RMSEA) was less than 0.05 which is the highest acceptable value for this indicator. Accordingly, the model for measuring the impact of digital leadership on the organization's performance through the mediating role of innovation capability is appropriate to reach valid and reliable results (Ahmad et al., 2016; Shi et al., 2019).

Figure (1) demonstrates the conceptual framework of the research, including the main research variables and hypotheses.

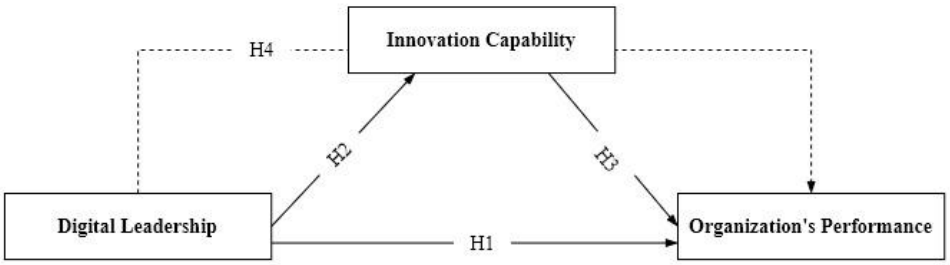

FIGURE 1
RESEARCH MODEL

Descriptive Statistics

Descriptive statistics were relied on determine the trends towards adopting its variables within the study population and to ensure that the data is free from the problem of multi collinearity. The results presented in Table 2 show that the levels of adoption of digital leadership dimensions ranged between moderate and high, where global vision ranked first (M= 3.75, SD= 0.953) at a high level, while collaboration ranked last (M= 3.51, SD= 0.915) at a moderate level.

Table 2
MEAN, STANDARD DEVIATION, AND MULTI COLLINEARITY TEST

Constructs	Mean	Standard deviation	Variance inflation factor	Tolerance
CR	3.64	0.715	1.579	0.633
DK	3.73	0.837	2.097	0.477
CO	3.51	0.915	1.846	0.542
IN	3.58	0.870	1.337	0.748
GV	3.75	0.953	2.164	0.462
PD	3.78	0.947	2.608	0.383
PC	3.71	0.898	1.937	0.516
MA	3.69	0.906	1.735	0.576
OR	3.65	0.982	1.283	0.779
OP	3.48	0.951	---	---

Note: CR: Creativity, DK: Deep Knowledge, CO: Collaboration, IN: Inquisitiveness, GV: Global Vision, PD: Product Innovation, PC: Process Innovation, MA: Marketing Innovation, OR: Organizational Innovation, OP: Organization's Performance.

The same applies to the dimensions of innovation capability, where product innovation was ranked first (M= 3.78, SD= 0.947) at a high level, while organizational innovation was in the last rank (M= 3.65, SD= 0.982) with a moderate level. Furthermore, the organization's performance (M= 3.48, SD= 0.951) was at a moderate level.

The Variance Inflation Factor (VIF) and the tolerance were used to test multi collinearity between the dimensions of the independent variables. The results determined that the values of VIF were in the domain (1.283-2.608) which is less than the recognized upper limit of 3 (Senaviratna & Cooray, 2019), and the values of tolerance were greater than 0.1 the minimum acceptable value (Park, 2017). Therefore, the study data does not contain the problem of multi collinearity. The values of the correlation coefficients between the independent variables that did not exceed the maximum value of 0.80 that suggested by Hair, et al., (2019) confirm that the data is free from multi collinearity problem.

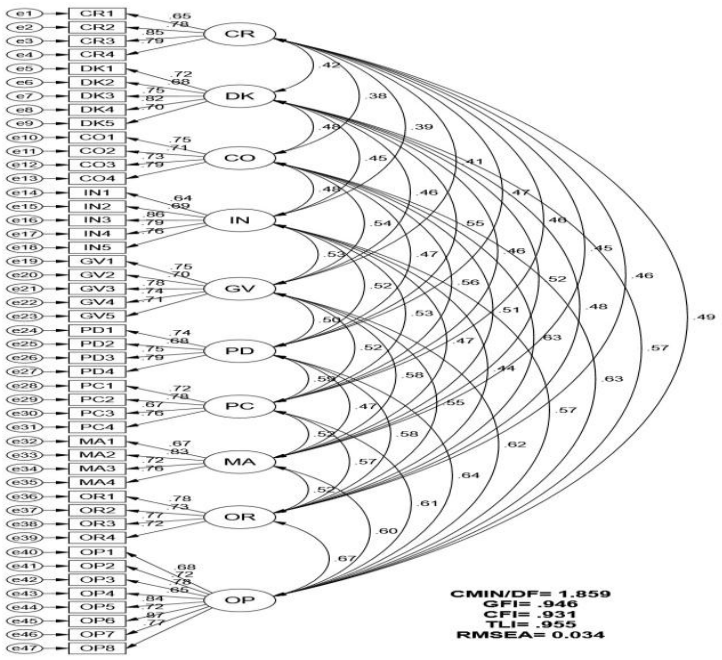

FIGURE 2
CONFIRMATORY FACTOR ANALYSIS - STANDARDIZED ESTIMATE

Hypotheses Testing

The hypotheses of the current study were tested using the Covariance-Based Structural Equation Modeling Method (CB-SEM) using the AMOS program. Figure 3 shows the structural model used, where the values of goodness of fit indicators demonstrated that the value of CMIN/DF is less than the maximum indicator threshold of 3, as well as the results showed that GFI, CFI, and TLI came with values greater than the minimum limit of 0.90. Moreover, the value of RMSEA was smaller than the highest allowable value of this indicator, which is 0.05. Hence, the study hypothesis test model has an appropriate fit (Kline, 2016; Sardeshmukh & Vandenberg, 2017).

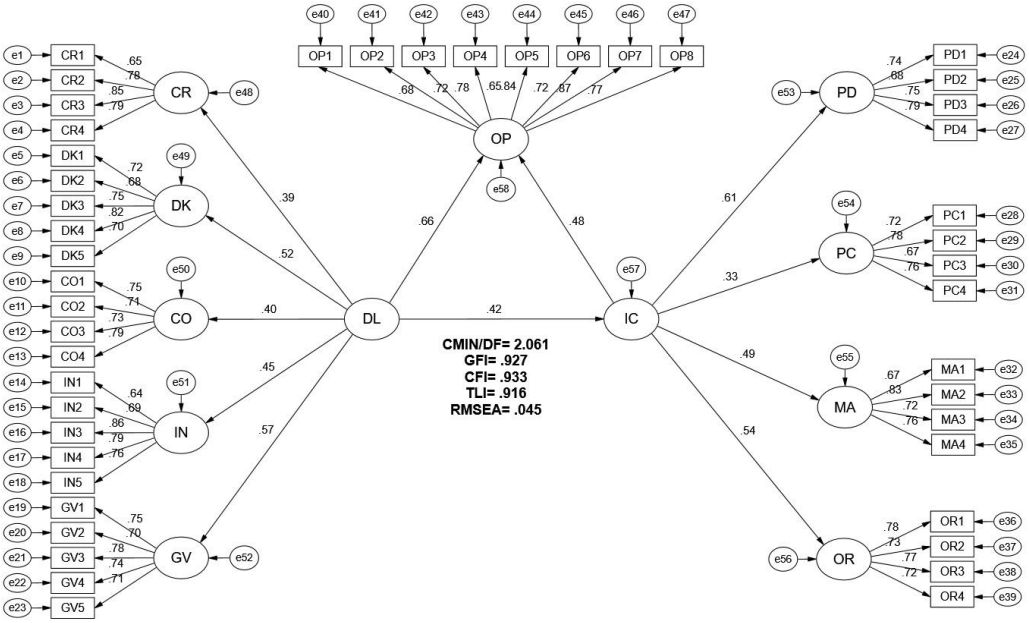

FIGURE 3
RESULTS OF STRUCTURAL EQUATION MODEL

Besides, Table 3 shows the detailed results of hypothesis testing. The first hypothesis indicated that digital leadership has an impact on organization's performance. The results showed that this hypothesis was supported (β= 0.662, C.R= 17.60, P<0.001). The second hypothesis argued that digital leadership impact on innovation capability. The results of the statistical analysis supported this hypothesis (β= 0.417, C.R= 24.53, P<0.01). The third hypothesis was referring to the impact of innovation capability on organization's performance. The results obtained showed that this hypothesis was supported (β= 0.483, C.R= 20.23, P<0.01). Regarding the fourth hypothesis, which argued that the digital leadership has an impact on organization's performance through the mediating role of innovation capability, it was supported by the results, where the direct impact was (β= 0.662, P<0.001) and the indirect impact was (β= 0.199, P<0.001).

TABLE 3
SUMMARY OF HYPOTHESIS TESTS

Relations	unstandardized coefficients		Standardized Coefficients (Beta)	C.R	P-value
	B	S.E			
Digital Leadership → Organization Performance	0.785	0.032	0.662	24.53	***
Digital Leadership → Innovation Capability	0.493	0.028	0.417	17.60	**

Innovation Capability → Organization Performance	0.526	0.026	0.483	20.23	**
Digital Leadership → Innovation Capability → Organization Performance	0.912	0.035	0.861	26.05	***
Note: * sig<0.05, ** sig<0.01, *** sig<0.001					

CONCLUSION AND DISCUSSION

The main objective of the research was to examine the relationship between digital leadership and an organization's performance through the mediating role of innovation capability in the industrial sector in Jordan. The study concluded that the level of digital leadership was moderate, which corresponds with (Mihardjo et al., 2019; Sultan & Suhail, 2019). Therefore, the leadership of industrial organizations in Jordan are familiar with the conditions of the business environment and the competitive context and seek to employ their knowledge and available technological capabilities to achieve their strategic goals. Similarly, the level of performance of industrial organizations in Jordan was moderate that is consistent with the result of (Khan et al., 2018; Migdadi, 2019). Therefore, these organizations define clear criteria through which they can know the results of their work and periodic developments in their strategic plans in order to quickly deal with deviations. As for the innovation capability, the results indicated that it was at a high level, which corresponds with (Freije et al., 2021; Lei et al., 2019). Hence, industrial organizations in Jordan focus on achieving competitive advantage and growth by adopting innovative business models that enable them to deal with the fluctuation in customer desires.

The results showed that digital leadership positively impacts an organization's performance, this result is consistent with (Dijkstra, 2020; Freitas Junior et al., 2020; Mardiana, 2020). Therefore, the synergy between leadership capabilities and technological capabilities in the field of the organizations' leadership through global vision, constructive collaboration, and deep knowledge leads the organization towards achieving successive successes. Moreover, it leads to improving organizational effectiveness and efficiency by exploiting technological development and digital platforms to motivate followers and optimally invest resources. Besides, it was found that digital leadership positively impacts innovation capability, which is commensurate with (Sasmoko et al., 2019; Wasono & Furinto, 2018). Thus, the vision of leaders of organizations seeking digital transformation helps in developing strategic and organizational frameworks based on innovative business models that in turn stimulate the capabilities of employees to discover customer needs and meet them with pioneering products and services. It also enables determining the current and future organization's status based on digital information about changes in the business environment and fluctuations in customer desires that create opportunities that can be exploited with new offers.

The results showed that innovation capabilities have a positive impact on organization performance, which is consistent with (Al-kalouti et al., 2020; Ferreira et al., 2020; Migdadi, 2020; Wang et al., 2020). Therefore, managers of organizations have to make improvements to their products and services by synchronizing the innovation culture in the overall strategy of the organization with the aim of achieving the highest level of growth. In addition, innovation capabilities stimulate knowledge sharing among the organization's employees and contribute to supporting management decisions regarding the developed offers, which are allowing access to organizational effectiveness and building core competencies that improve the organization's strategic performance. In the long run, these procedures are reflected in the organization's growth, profitability, and commercial reputation, as it is a pioneer in integrating digital orientation with leadership methods to improve the organization's flexibility in providing products and services that meet the changing needs of customers.

Research Implications

The current research provides a series of implications that should be taken into consideration, especially in developing economies. Theoretical implications focus on the development of transformational leadership theory based mainly on the view of dynamic capabilities to keep pace with the fluctuations of the business environment. The research combines an application of transformational leadership towards investing technological development in the digitization of organizations and innovation capability as critical factors in improving the organization's performance and achieving its strategic goals effectively and efficiently.

As for the practical implications directed to decision-makers, they were urged to be more open towards adopting digital strategies and business models in order to improve the competitive position of the organization. Moreover, increasing investment in R&D departments, which are generators of innovative products, in addition to their remarkable role in developing organizational methods that increase the organization's efficiency and marketing methods which are leading to an increase in market share and improving competitiveness. The research advises decision-makers to integrate the culture of innovation at all administrative levels of the organization by listening to the opinions and suggestions of employees and customers about the products and services under development, which increases their acceptance rate when they are offered in the market and improves their quality to reach the largest segment of current and prospective customers.

Limitations and Future Directions

The current study, like other studies in administrative sciences, is subject to some limitations that can be used in future studies. The first limitation is related to the study methodology, as the current study relies on the cross-section approach in collecting data to discover the impact relationship between digital leadership and each of the organization performance and innovation capability. Therefore, it is possible to rely on the longitudinal approach in collecting data extensively in future studies to discover the impact relationship between the previous variables. The second limitation is related to the research constraints, as a sample of senior managers was resorted to in order to reduce the research time and cost. Therefore, future studies can follow a complete census method in order to ensure more accurate results and can be more generalized to the rest of the sectors. As for the last limitation, it is related to the study's variables, where the current study took the innovation ability as a mediating variable in the relationship between digital leadership and organization performance. Thus, future studies can investigate the moderating role of strategic agility or study the impact of digital leadership on competitive performance.

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