

GOVERNANCE, STRATEGY, AND DIGITAL TRANSFORMATION IN TNI AIR FORCE PERFORMANCE

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Abstract

This study evaluates the drivers of organizational performance in the Indonesian Air Force by examining the interplay between digital transformation, strategic leadership style, and strategic human resource (HR) competency, mediated by organizational governance. Using a quantitative approach, data were gathered from 201 Air Force officers in managerial and information system roles and analyzed via Structural Equation Modelling (SEM-PLS). The findings reveal that digital transformation, strategic leadership, and organizational governance exert positive and significant direct influences on organizational performance. Furthermore, organizational governance serves as a critical mediator for both digital transformation and leadership styles. Conversely, strategic HR competency was found to have no significant effect on performance, either directly or indirectly. These results underscore the vital role of governance in military modernization, suggesting that HR competencies require a more adaptive and integrated governance framework to contribute effectively to organizational outcomes. This research offers practical insights for defense management and fills a gap in the literature regarding digital-era military governance

Keywords : *Digital Transformation, Strategic Leadership, Organizational Governance (Mediator), Organizational Performance, Strategic HR Competency.*

INTRODUCTION

The Air Force (TNI AU) is the main component of national defense in the air dimension which has a strategic role in maintaining national territorial sovereignty, enforcing the law, and supporting national security stability as mandated in Law Number 34 of 2004 concerning the TNI. In recent years, the dynamics of the strategic environment have shown an increase in the complexity of threats to Indonesia, both conventional and non-conventional, including airspace violations, maritime threats, and cyber attacks on defense infrastructure. This condition requires the Indonesian Air Force to have high operational readiness, adaptive, and technology-based.

As global technology rapidly develops, digital transformation has become a strategic necessity for modern defense organizations. Various developed countries have proven that the use of digital technology such as big data, artificial intelligence, and integrated information systems can increase the efficiency, effectiveness, and operational readiness of the air force. In this context, the Indonesian Air Force has initiated digital transformation through the development of the Logistics Integrated Management Information System (Simtelog) as an effort to support the readiness of defense equipment and the effectiveness of logistics support. However, the implementation of digital transformation still faces various obstacles, such as limited data integration, communication infrastructure, and digital competence of human resources.

The success of digital transformation is not only determined by technological aspects, but also greatly influenced by strategic leadership, human resource competence, and effective organizational governance. Visionary and adaptive leadership is needed to drive change, manage resistance, and ensure alignment between digital strategy and organizational goals. On the other hand, adequate human resource competence, both technically and managerially, is the main prerequisite for digital technology to be used optimally. In addition, organizational governance plays an important role in ensuring that all digital transformation initiatives run in an integrated, accountable, and sustainable manner.

In the theoretical perspective of the Resource-Based View (RBV), an organization's competitive advantage can be achieved through the utilization of strategic resources that are valuable, scarce, difficult to replicate, and well-organized. Digital transformation, strategic leadership, human resource competence, and organizational governance are strategic resources that have the potential to improve the performance of the Indonesian Air Force organization if managed synergistically. Therefore, a comprehensive understanding of the interaction between these factors is important in efforts to improve the performance of the TNI AU.

Based on this presentation, this study aims to analyze the influence of digital transformation, strategic leadership style, and strategic human resource competency on the organizational performance of the Air Force with organizational governance as a mediating variable. The results of this research are expected to make an empirical and theoretical contribution to the development of digital transformation literature in the defense sector, as well as the basis for practical recommendations for improving the performance and operational readiness of the Indonesian Air Force in the digital era.

LITERATURE REVIEW

Organizational Performance: Organizational Performance is one of the central concepts in the study of strategic management and organizational behavior because it reflects the level of success of an organization in realizing the goals, mission, and strategies that have been set. Organizational performance not only reflects the final results achieved, but also describes the quality of resource management, the effectiveness of internal processes, and the organization's ability to respond to external environmental dynamics. According to (Al Khajeh, 2018). Organizational Performance is closely related to the alignment between organizational goals, organizational structure design, and applied managerial practices. High organizational performance is achieved when the organization is able to integrate strategic planning with an effective work system, so that all organizational activities move synergistically towards achieving goals. This perspective emphasizes that organizational performance does not stand alone, but rather is the result of the systemic interaction of various organizational elements. A similar view is put forward by (Pang & Lu, 2018), which states that Organizational Performance describes the extent to which an organization is able to realize its ultimate goals through the use of its resources. In this presentation, organizational performance is not only measured by the achievement of short-term targets, but also by the organization's ability to maintain the sustainability of performance through efficient and long-term resource management. (Oyewobi et al., 2019) broadening this understanding by emphasizing that Organizational Performance is an overview of the level of achievement of the implementation of organizational tasks in order to realize the organization's goals, vision, and mission. Organizational performance, thus, reflects the organization's ability to carry out its functions and responsibilities consistently, especially in public sector organizations that have a mandate of service and accountability to stakeholders. Furthermore, Organizational Performance does not only focus on output, but also on the process and mechanism of its achievement. emphasizing that organizational performance is greatly influenced by the interaction between individuals, teams, and organizational systems. The dynamics of organizational behavior, leadership, and work culture are important factors that determine the effectiveness of the implementation of organizational strategies. added that Organizational Performance includes the organization's ability

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to manage knowledge, internal capabilities, and work processes that support sustainable value creation. Organizations that are able to integrate organizational learning and innovation into their operational processes tend to have more adaptive performance and are highly competitive. (Ashkanasy et al., 2014) (Magnier-Watanabe et al., 2017)

From the perspective of resource utilization, (Baird et al., 2019) views Organizational Performance as an organization's ability to achieve goals through the effective and efficient use of resources. These resources include not only human resources and physical assets, but also include information systems, organizational processes, and knowledge that the organization has. This view is in line with the Resource-Based View approach which emphasizes the importance of strategic resource management in improving organizational performance. Furthermore, (Pham & Hoang, 2019) it emphasizes that Organizational Performance is the success of individuals, teams, and organizations in achieving strategic goals through expected work behavior. This shows that organizational performance is an accumulation of effectively coordinated individual and team performance within the framework of an organizational system. In public organizations, it is explained that Organizational Performance reflects the level of achievement of the implementation of organizational programs and policies by making optimal use of available resources. The performance of a public organization is not only judged from internal efficiency, but also from the level of accountability, transparency, and responsibility for the public interest. (Sebayang & Sembiring, 2017)

A more comprehensive approach is put forward by (Antony & Bhattacharyya, 2018) which states that Organizational Performance can be measured through the achievement of inputs, outputs, outcomes, benefits, and impacts in a certain period. This approach emphasizes that organizational performance should be understood as an ongoing process that produces tangible impact for stakeholders, not just an administrative achievement. Based on these various perspectives, Organizational Performance can be understood as the ability of an organization to manage resources, processes, and capabilities effectively and efficiently to achieve strategic goals through the achievement of optimal results, quality work processes, and sustainable impact. In the Air Force organization, Organizational Performance is an important indicator that reflects operational readiness, the effectiveness of defense task implementation, and the organization's ability to adapt to strategic challenges in the era of digital transformation.

Digital Transformation: Digital transformation refers to the process of fundamental change in the way organizations utilize digital technology to improve performance, respond to environmental dynamics, and create new value for internal and external stakeholders (Westerman et al., 2014) defines digital transformation as the use of digital technology to significantly improve organizational performance through changes in processes, operational models, and user experience. Thus, digital transformation cannot be understood solely as digitization or automation of manual processes, but rather as systemic changes that include aspects of strategy, culture, and organizational structure. (Fitzgerald et al., 2014) affirms that digital transformation involves integrating digital technology into all aspects of the organization, which ultimately changes the way organizations operate and deliver value. This perspective emphasizes that the success of digital transformation is not only determined by technological sophistication, but also by the organization's ability to manage organizational change as a whole. In line with this, (Bharadwaj et al., 2013) stating that digital transformation must be integrated with the organization's business strategy in order to be able to produce sustainable performance impacts. Without strategic alignment, the adoption of digital technologies risks only resulting in system fragmentation and increased organizational complexity. In a more comprehensive framework, (Westerman et al., 2014) Views digital transformation as the process of integrating digital technology into all organizational activities that fundamentally changes the way organizations operate and create value. This transformation includes changes to business processes, data-driven decision-making, and interactions between organizations and their stakeholders. Therefore, digital transformation is positioned as a key driver of organizational competitive advantage in the digital economy era. In public organizations and the defense sector, digital transformation cannot be separated from the technology dimension as the main enabler. Digital technologies such as cloud computing, artificial intelligence (AI), big data analytics, Internet of Things (IoT), and integrated information systems enable organizations to improve operational efficiency, decision-making accuracy, and speed of response to threats and changes in the strategic environment (Vial, 2021). Nevertheless, (Vial, 2021) emphasizing that technology is only an initial prerequisite; New transformational value will be created when such technology is integrated into organizational processes and practices. In addition to technology, human resources play a crucial role in the success of digital transformation. (Kane et al., 2015) emphasizing that an organization's digital capabilities are highly dependent on human resource competence and organizational cultural readiness to accept change. Digital transformation requires increasing digital literacy, collaborative work patterns, and employees' adaptive abilities to technological innovation. In this context, digital leadership is a key factor that directs and motivates organizations to move towards change (El Sawy et al., 2020). Digital transformation is also driving fundamental changes to organizational business processes. (Hammer & Stanton, 1999) Explaining that the use of digital technology allows organizations to re-engineer business processes so that work processes become more efficient, transparent, and data-based. In the public sector, the digitalization of business processes is reflected in the implementation of e-government, e-budgeting, and digital public service systems that aim to improve service quality and organizational accountability (Heeks, 2005).

These changes ultimately require an adjustment of the organizational structure. Hierarchical and rigid bureaucratic structures need to transform to be more flexible, team-based, and support cross-functional collaboration to be able to respond quickly to digital dynamics (Vial, 2021). Without structural adjustments, digital transformation risks being hampered by organizational rigidity and internal resistance. One of the conceptual frameworks that is widely used in explaining digital transformation is the Three Pillars of Digital Transformation put forward by (Kane et al., 2015), which includes digital strategy, digital capabilities, and organizational culture change. Digital strategy reflects an organization's commitment to integrating technology into its long-term vision and plans. Digital capabilities include infrastructure, systems, and human resources, while cultural change emphasizes the importance of mindsets, values, and behaviors that support innovation and continuous learning. In the public sector, the framework is evolving into a digital governance approach that emphasizes the use of digital technology to improve transparency, accountability, and quality of public services (OECD, 2016). The Indonesian government, for example, encourages digital transformation through the Electronic-Based Government System (SPBE) policy as part of digital bureaucratic reform to improve the efficiency and integration of public services (KemenPAN-RB, 2021). The World Bank (2020) emphasizes that successful digital transformation in the public sector requires visionary leadership, adequate institutional capacity, and an inclusive and user-oriented approach. Without these three prerequisites, digital transformation tends to face various challenges such as resistance to change, digital skills gap, system fragmentation, and limited infrastructure and budget (Vial, 2021). Based on the literature, digital transformation in this study is understood as a multidimensional process that includes digital infrastructure readiness, digital culture and leadership, digital human resource capacity, digitization of services and processes, utilization of data in decision-making, and stakeholder interaction and participation through digital platforms. This approach allows for the analysis of digital transformation not only from a technological perspective, but also from an organizational and governance perspective, making it relevant to examine its impact on organizational performance, especially in the context of defense sector organizations such as the Indonesian Air Force.

Strategic Leadership Style: Strategic Leadership Style is a leadership approach that places strategy at the core of the decision-making and management process of the organization. This leadership style emphasizes the leader's ability to formulate, implement, and evaluate strategies that align with the organization's long-term vision and goals (Hambrick, 2015). Strategic leaders focus not only on achieving short-term targets, but also on the sustainability of the organization through the management of resources, change, and risk in a dynamic and complex environment. In practice, the Strategic Leadership Style integrates strategic thinking with collaborative leadership. Leaders play the role of vision directors, strategic decision-makers, as well as facilitators who are able to involve various stakeholders in the process of achieving organizational

goals. Thus, strategic leadership is a key factor in creating a competitive advantage and improving organizational performance on an ongoing basis. The fundamental difference between the Strategic Leadership Style and the traditional leadership style lies in its orientation and leadership approach. Traditional leadership is generally hierarchical, centered on the authority of the leader, and emphasizes oversight and operational efficiency. The main focus of this approach is the execution of tasks and the maintenance of organizational stability, so it is often less responsive to changes in the external environment. (Pearce, 2013) (Weiner, 2019) (Makkar, 2021) (Liao, 2020)

In contrast, the Strategic Leadership Style emphasizes long-term orientation, flexibility, and adaptability to change. Strategic leaders focus on developing the organization's vision, mission, and long-term goals, while driving innovation and creativity across the organization's levels (Khalic, 2018). This approach allows organizations to be more responsive to environmental dynamics and unforeseen challenges. The key characteristics of a leader with a Strategic Leadership Style are reflected in several important aspects. First, strategic leaders have a clear and comprehensive long-term vision, which is based on a deep understanding of industry trends, future opportunities, and potential organizational risks. Second, strategic leaders show strong strategic thinking skills, namely the ability to see the big picture, analyze the situation thoroughly, and formulate decisions that have a significant impact on the sustainability of the organization (Morrison, 2017)(Hitt M. A., 2019). In addition, strategic leadership is also characterized by a collaborative approach. Strategic leaders build strong relationships with members of the organization, involve them in the strategic decision-making process, and create a shared commitment to the organization's vision (Nahavandi, 2014). In addition, adaptability and flexibility are other important characteristics, considering that strategic leaders must be able to adjust organizational strategies and directions in line with changes in the business and organizational environment (Horwath, 2016).

Strategic Leadership Style has a significant influence on the organization's decision-making process. Strategic leaders tend to use analytical and visionary approaches in evaluating complex situations, taking into account the long-term implications of each decision taken. This ability allows leaders to anticipate changes in the environment and make optimal use of opportunities. Furthermore, strategic leadership plays a role in ensuring alignment between visions, strategies, and actions across the organization. Through effective communication, strategic leaders convey the strategic direction of the organization consistently, so that the decisions made by individuals and teams are in one strategic goal. A work environment that supports continuous learning and experimentation also encourages the emergence of innovative, future-oriented decisions (Bonnici, 2011) (Zhang, 2014) (Marinova, 2020)(Nguyen, 2020). In organizational change, strategic leaders play a central role in managing resistance and building support for strategic decisions. By building strong relationships and organizational trust, leaders can encourage the active participation of organizational members in the implementation of change strategies and processes (Ginter, 2018). From a vision and mission perspective, the Strategic Leadership Style contributes significantly to the formulation of the organization's long-term direction. Strategic leaders have the visionary ability to identify external trends, opportunities, and challenges that affect the future of the organization (Kotter, 2018). A strategically formulated and communicative vision is able to inspire members of the organization to work towards a common goal (Zhang, 2014).

The successful implementation of vision and strategy is highly dependent on the communication skills of strategic leaders. Clear, open, and persuasive communication allows leaders to build understanding, align actions, and reduce the uncertainty that arises from change (Schoemaker, 2018). With effective communication, leaders can gain organizational support and ensure successful strategy execution. In addition, strategic leaders are required to have the ability to manage organizational changes and risks. Leaders must be able to identify potential risks, anticipate the impact of external environmental changes, and design appropriate adaptive strategies (Ginter, 2018)(Schoemaker, 2018). This proactive approach encourages the creation of an organizational culture that is responsive to change and oriented towards long-term success (Marinova, 2020). Overall, the implementation of the Strategic Leadership Style provides various benefits for the organization, including clarity of strategic direction, increased innovation, strengthening relationships with stakeholders, and continuous improvement of organizational performance (Zhang, 2014). Therefore, the development of strategic leadership through training, mentoring, and continuous learning is an essential need for organizations operating in a dynamic and competitive environment (Bonnici, 2011).

Strategic Human Resource Competence: Strategic Human Resource Competence (SHRC) refers to the strategic ability of human resources which includes the integration of knowledge, skills, and work attitudes in supporting the achievement of organizational goals in a sustainable manner. These competencies not only reflect the individual's technical capacity in carrying out tasks, but also behavioral characteristics that allow individuals to produce superior and consistent performance in a variety of work situations (Raut et al., 2020; Knight, 2015). The literature emphasizes that SHRC includes two main dimensions, namely technical competence (hard skills) and behavioral competence (soft skills). Technical competence is related to the mastery of knowledge and functional skills relevant to job tasks, while behavioral competence reflects individual attitudes, values, and action patterns in interacting, making decisions, and responding to work dynamics (Moktadir et al., 2019; Klett et al., 2017). These two dimensions complement each other and form the main foundation for the effectiveness of individual and organizational performance. Conceptually, SHRC is understood as a combination of knowledge, skills, and behaviors that can be observed and developed to enhance an individual's contribution to an organization (Ge & Baba, 2015). Strategic competency management allows organizations to identify the strengths and weaknesses of human resources and design development programs that are aligned with the organization's strategic needs (Anderson, 2017). In the Indonesian National Army Air Force (TNI AU), the development of SHRC is a crucial aspect in forming professional, adaptive, and resilient officers. The Indonesian Air Force emphasizes the mastery of military technical competencies supported by behavioral competencies such as discipline, cooperation, and mental resilience. This approach reflects the importance of holistic competencies to deal with the complexity of tasks and operational challenges in a dynamic defense environment.

The dimensions of SHRC measurement in research generally include aspects of individual knowledge, skills, attitudes, adaptability, and fighting power. These competencies are influenced by a variety of factors, including motives, personal traits, self-concept, and ongoing experience and training. Thus, SHRC plays a strategic element in improving organizational performance and supporting the sustainability of organizational excellence, especially in the defense sector.(Tsohou, 2018)(Boon, Eckardt, Lepak, & Boselic, 2018)

Organizational Governance: Organizational governance is a system and process used to direct, control, and supervise organizational activities so that they run effectively, transparently, and accountably. The OECD (2015) defines governance as a structure and mechanism that ensures an organization is managed to improve performance while holding decisions accountable to stakeholders. Thus, governance is not only concerned with formal rules, but also reflects the organization's commitment to ethics, integrity, and sustainability.

The principles of good governance include transparency, accountability, responsibility, independence, and justice, as formulated by the OECD (2015) and KNKG Indonesia (2022). These principles serve as the foundation for creating credible and stakeholder-oriented decision-making systems.

Theoretically, organizational governance is supported by several key perspectives. Agency Theory emphasizes the role of governance in minimizing conflicts of interest between owners and management through oversight mechanisms (Jensen & Meckling, 1976). Stewardship Theory views managers as parties who act for the benefit of the organization collectively (Davis et al., 1997). Meanwhile, Stakeholder Theory places the interests of all stakeholders as the primary focus of governance (Freeman, 1984), and Institutional Theory explains that governance practices are shaped by regulatory pressures and organizational environmental norms (DiMaggio & Powell, 1983).

RESEARCH METHODOLOGY

This study uses a quantitative approach with a survey design and is explanatory (hypothesis testing), which aims to test the causal relationship between variables through statistical analysis. The quantitative approach was chosen because it is based on the positivism paradigm, which emphasizes objective testing of theories through variable measurement and numerical data analysis (Fadli, 2021). This study uses a deductive approach, where existing theories are used as a basis for hypothesis formulation, then empirically tested through data collection from respondents and analyzed using inferential statistical methods. In addition, this study also combines descriptive and verifiable approaches, where the descriptive approach is used to describe the characteristics of respondents and research phenomena systematically and factually, while the verifiable approach aims to prove the causal relationship between variables through hypothesis testing (Hair, Samouel, & Page, 2015; Wanting Hoffman, 2015). The data collection instrument used in this study is a structured questionnaire that is compiled based on the indicators of research variables. The questionnaire was distributed to respondents using online media (Google Form) and had gone through a validity and reliability testing process before being used in the main data collection. Respondents were asked to rate each statement using a five-point Likert scale with preference levels ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). The Likert scale is used because it is effective in quantitatively measuring respondents' attitudes, perceptions, and opinions of social phenomena (Hair *et al.*, 2019).

The population in this study is all TNI Air Force personnel who have a relationship with the managerial and operational aspects of the information system as a means of supporting TNI AU policies, which includes work units at the TNI AU Headquarters level as well as implementation units in operational areas, such as Air Bases, Maintenance Depots, Air Squadrons, and other maintenance units spread across various regions. The sampling technique was carried out by purposive sampling with the criteria that respondents were TNI AU officers who have managerial and operational authority in the operation of information systems (Simtelog), represent their respective work units, and have held structural positions for at least one year. Based on recommendations (Hair *et al.*, 2019). The ideal sample count in a study using Structural Equation Modeling (SEM) ranges from 100 to 200 respondents, or at least 5 to 10 times the number of indicators used. With a total of 35 indicators, the minimum number of samples needed is 175 respondents. In this study, the number of questionnaires that met the criteria and was suitable for analysis was 201 respondents, so it had exceeded the required minimum limit.

The data source used in this study is primary data obtained directly from respondents through the distribution of questionnaires. The collected data was then analyzed using descriptive statistical analysis to describe the characteristics of respondents based on demographic variables such as age, education level, job title, and length of tenure, as well as inferential statistical analysis to test the research hypothesis. Inferential data analysis was carried out using the Structural Equation Modeling (SEM) method based on Partial Least Squares (PLS) with the help of SmartPLS software version 3.20. The SEM-PLS method was chosen because it is able to analyze the relationships between complex constructs, test measurement models and structural models simultaneously, and accommodate measurement errors (Hair *et al.*, 2019).

RESULTS AND DISCUSSION

Hipotesis 1 : Based on the test results, Digital Transformation has been proven to have a positive and significant effect on the Organizational Performance of the Air Force, with a T-statistics value of 2.343 (>1.96) and a significance of 0.020 (<0.05). Thus, the hypothesis that states the positive influence of Digital Transformation on organizational performance is accepted. These findings show that the better the implementation of digital transformation, the higher the performance of the TNI AU. Empirically, digital transformation directly contributes to improved performance through increased operational efficiency, acceleration of work processes, and improved quality of decision-making. The use of digital systems allows real-time monitoring of activities, accelerates responses to operational dynamics, and improves coordination and collaboration between implementing units. In addition, the use of integrated data and systems helps leaders in evaluating and adjusting policies more quickly and accurately. However, the results of the study also show that the implementation of digital transformation within the Indonesian Air Force still faces obstacles, especially related to the limitations of digital infrastructure that is not evenly distributed to implementing units in the regions and variations in the digital literacy abilities of personnel. This condition causes the impact of digital transformation on performance to be not optimal at all levels of the organization. Therefore, improving organizational performance through digital transformation in the Indonesian Air Force needs to be supported by the gradual and equitable strengthening of digital infrastructure, improving the digital competence of personnel through continuous training, and the development of a monitoring and analytics system that is integrated across units. This effort is expected to strengthen the effectiveness of digital transformation in supporting the performance and operational readiness of the Indonesian Air Force.

Hipotesis 2 : Based on the test results, the Strategic Leadership Style was proven to have a positive and significant influence on the Organizational Performance of the Air Force, with a T-statistics value of 4.087 (>1.96) and a significance level of 0.000 (<0.05). Thus, the hypothesis that states the positive influence of strategic leadership on organizational performance is accepted. These findings show that the stronger the implementation of the strategic leadership style, the higher the level of organizational performance. Empirically, strategic leadership plays an important role in driving performance achievement through clarity of strategic direction, the ability to coordinate resources, and the active involvement of personnel in the implementation of organizational policies. Leaders who are able to think strategically and adaptively encourage collaboration between leaders and staff, so that the formulated strategies can be implemented effectively at all levels of the organization. Organizational performance in this context is a collective result of leadership synergy and the active role of organizational members. The results of the study also show that the strength of strategic leadership within the Indonesian Air Force is reflected in the ability of leaders to set clear strategic directions, develop core organizational competencies, manage and empower human resources, and implement a strategic control system. However, there is still room for improvement, especially in the aspect of strategy evaluation and monitoring so that performance feedback can be used more optimally to improve organizational performance in the future.

Hypothesis 3 : Based on the test results, Strategic Human Resource Competency was proven to have a positive and significant influence on Organizational Performance, with a T-statistics value of 2.204 (>1.96) and a significance level of 0.028 (<0.05). Thus, the hypothesis that states the positive influence of strategic HR competencies on organizational performance is accepted. These findings show that increasing the competence of strategic human resources directly contributes to improving organizational performance.

Empirically, strategic HR competencies play a role in improving organizational performance through the ability of personnel to understand the strategic direction of the organization, align roles and tasks with long-term goals, and support the implementation of organizational change, especially in the context of digital transformation. Strategically competent human resources are able to work more productively, adaptively, and responsive to environmental dynamics, thereby encouraging the effectiveness of the implementation of organizational programs and policies. Within the Indonesian Air Force, the influence of Strategic Human Resource Competency on organizational performance is reflected in the increasing understanding of personnel of work processes and digital technology, as well as the growing awareness to adapt the role of human resources to the demands of modern organizations. However, the results of the study also indicate that strengthening the competence of strategic human resources still needs to be improved equally, especially through the development of a strategic mindset and readiness to face change, so that the impact on organizational performance can be more optimal and sustainable.

Hypothesis 4 : Based on the results of the study, Organizational Governance was proven to have a positive and significant influence on Organizational Performance, with a T-statistics value of 3.385 (>1.96) and a significance level of 0.000 (<0.05). Thus, the hypothesis that states the positive influence of organizational governance on organizational performance is accepted. These findings show that the better the implementation of organizational governance, the higher the organizational performance produced. Empirically, organizational governance directly contributes to improving performance through strengthening decision-making processes, increasing accountability, and efficiency in implementing policies and work programs. Governance that runs well allows

coordination between units to be more effective, clarifies the division of roles and responsibilities, and minimizes potential deviations in the implementation of organizational tasks. Within the Indonesian Air Force, the influence of Organizational Governance on organizational performance is reflected in the existence of a reporting, evaluation, and supervision mechanism that supports the efficiency and accountability of unit performance. However, the results of the study also show that the implementation of governance has not been completely evenly distributed at all levels of the organization. Therefore, strengthening transparency, consistency in policy implementation, and increasing feedback flows between leaders and implementing units are important factors so that the impact of organizational governance on performance can be more optimal and sustainable.

Hypothesis 5 :Based on the results of the study, it is known that Digital Transformation has a positive and significant direct influence on Organizational Governance, with a T-statistics value of 5.069 (>1.96) and a significance level of 0.000 (<0.05). Thus, the hypothesis that states that digital transformation has a positive effect on organizational governance is acceptable. These findings show that the better the implementation of digital transformation within the Indonesian Air Force, the stronger the quality of organizational governance that is carried out. Empirically, digital transformation plays an important role in increasing the effectiveness of governance through the improvement of administrative systems, operations, and organizational supervision. The use of information systems and digital applications has supported integration between work units, accelerated coordination flows, and increased transparency and accountability in the reporting and decision-making process. Digitalization also allows for the availability of real-time data that can be used as a basis for performance evaluation and internal control, so that the governance process becomes more objective and measurable. The results of this study also show that digital transformation encourages organizational governance that is more adaptive and responsive to the dynamics of the strategic environment. Automation of work processes and the use of analytical data helps leaders in monitoring, supervising, and adjusting policies more quickly and appropriately. In addition, the application of digital technology also strengthens internal control mechanisms and risk management, which are important elements in maintaining organizational accountability. However, the findings of the study indicate that the impact of digital transformation on organizational governance has not been fully evenly distributed across all implementation units. The difference in digital infrastructure readiness and the level of technological literacy is still a challenge that affects the optimization of organizational governance. Therefore, strengthening digital transformation in a sustainable and equitable manner at all levels of the organization is key to ensuring more effective, transparent, and accountable governance within the Indonesian Air Force.

Hypothesis 6 : Based on the test results, it is known that the Strategic Leadership Style has a positive and significant effect on Organizational Governance within the Indonesian Air Force. This is shown by the T-statistical value of 5.069 (>1.96) with a significance level of 0.000 (<0.05), so that an alternative hypothesis can be accepted. These findings indicate that the more effective the strategic leadership style applied, the better the quality of organizational governance will be. Empirically, strategic leadership has been proven to play a role in strengthening organizational governance mechanisms through clarity of direction, policy consistency, and strengthening of internal supervision and control systems. Leaders who have a strategic orientation are able to integrate long-term vision into organizational structures and processes, so that the implementation of governance becomes more directed, accountable, and aligned with institutional goals. This is reflected in increased transparency in decision-making, clarity in the division of roles, and compliance with organizational procedures and standards.

The results of the study also show that strategic leadership style encourages the creation of an organizational culture that supports good governance practices. Leadership that is able to communicate strategic direction clearly and involve various levels of the organization contributes to increased commitment, discipline, and responsibility in the execution of tasks. This condition strengthens organizational accountability and minimizes potential irregularities in the organizational management process. However, the influence of strategic leadership on organizational governance is still influenced by the consistency of implementation across all work units. The difference in leadership capacity and organizational readiness causes the quality of governance to be not completely evenly distributed. Therefore, strengthening strategic leadership in a sustainable manner is a key factor in ensuring effective, transparent, and sustainability-oriented organizational governance within the Air Force.

Hypothesis 7: Based on the results of structural testing, it is known that Strategic Human Resource Competency (Strategic HRC) does not have a significant effect on Organizational Governance within the Air Force. This is shown by the T-statistical value of 1.818 (<1.96) with a significance level of 0.070 (>0.05), so that the hypothesis that states the existence of a positive and significant influence is rejected. These findings indicate that strategic HR competencies have not been able to directly strengthen the organizational governance system.

Empirically, the results of the study show that although the competence of strategic human resources is owned by TNI AU officers, its influence on organizational governance is still indirect. Organizational governance is more determined by structural and systemic factors, such as command mechanisms, formal regulations, and hierarchical internal controls. In this context, individual contributions through strategic competencies tend to be limited in directly influencing the governance process.

In addition, the level of strategic literacy and digital human resources at the middle level also affects the suboptimal role of Strategic HRC in governance. These competencies contribute more to the implementation of operational tasks and the achievement of unit performance, but they have not been firmly integrated into the decision-making and organizational supervision process. This reinforces the finding that in military organizational environments, governance is influenced more by strategic leadership and systems transformation than by individual capacity. The results of the study confirm that Strategic Human Resource Competency has not yet become a direct determinant for strengthening Organizational Governance in the Indonesian Air Force. The competency role of strategic HR tends to be supportive and will only have a significant impact if it is systematically integrated into the formal governance framework of the organization.

Hypothesis 8: Based on the results of the mediation test, it is known that Organizational Governance has been proven to play an intervening variable in the relationship between Digital Transformation and Organizational Performance. This is shown by the T-statistics value of 2.757 (>1.96) with a significance level of 0.006 (<0.05), so that the hypothesis that there is a positive and significant influence of digital transformation on organizational performance through organizational governance is acceptable. These findings indicate that digital transformation does not automatically improve organizational performance, but rather requires an effective governance role as a connecting mechanism.

The results of the study show that the implementation of digital transformation within the Indonesian Air Force is able to improve organizational performance if supported by a clear, structured, and accountable governance system. Organizational governance functions to direct the use of digital technology to be in line with the organization's strategic goals, reduce implementation risks, and ensure adequate supervision and control. With strong governance, digitalization not only focuses on the use of technology, but also encourages the improvement of work processes, acceleration of decision-making, and increased organizational effectiveness and efficiency. On the other hand, without adequate governance support, the digital transformation process has the potential to be suboptimal and has less of a real impact on organizational performance. Therefore, these findings confirm that Organizational Governance is a key factor that bridges digital transformation with improving organizational performance within the Indonesian Air Force. In other words, the success of digital transformation in improving performance is highly dependent on the quality of organizational governance that regulates, supervises, and controls the digitalization process systematically.

Hypothesis 9: Based on the results of mediation testing, it is known that Organizational Governance has proven to be an intervening variable in the influence of Strategic Leadership Style on Organizational Performance. This is shown by the T-statistics value of 3.283 (>1.96) with a significance of 0.001 (<0.05), so that the hypothesis that states the positive and significant influence of Strategic Leadership Style on organizational performance through organizational governance can be accepted. These findings suggest that strategic leadership does not directly work alone in improving performance, but requires organizational governance as a liaison mechanism. The results of the study indicate that the implementation of the Strategic Leadership Style within the Indonesian Air Force is able to improve the quality of organizational governance, which in turn has an impact on improving organizational performance. Strategic leaders play a role in setting organizational direction, priorities, and values, but the effectiveness of this leadership is only

optimal when translated into an accountable, transparent, and structured governance system. With good governance, the vision and strategic decisions of the leadership can be implemented consistently down to the level of the implementing unit. The role of organizational governance mediation is reflected in the empirical conditions in the Indonesian Air Force, where participation mechanisms and work forums are available, reporting and accountability processes are already running, and strategic planning has been formulated at the central level. However, the implementation and adoption of strategic policies at the implementation level is still not completely uniform, so governance serves as a reinforcement so that strategic leadership can produce more equitable and sustainable performance. Overall, these findings confirm that Strategic Leadership Style will have a significant impact on Organizational Performance when supported by effective Organizational Governance. Organizational governance plays a role in bridging strategic leadership with performance results through structuring, supervision, and alignment between strategic policies and operational implementation within the Indonesian Air Force.

Hypothesis 10: Based on the results of mediation testing, Organizational Governance has not been proven to mediate the influence of Strategic Human Resource Competency (Strategic HRC) on Organizational Performance. This is shown by the T-statistical value of 0.1441 (<1.96) with a significance of 0.150 (>0.05), so that H_0 is accepted and H_a rejected. These findings show that strategic HR competencies do not improve organizational performance through governance mechanisms. However, the results of the study also show that Strategic HRC still has a direct effect on organizational performance. This means that the competence of officers in the form of knowledge, skills, and professional attitudes contributes to the effectiveness of task implementation and the achievement of operational performance, but these contributions are not internalized into the organizational governance system. This condition can be explained by the characteristics of governance within the Indonesian Air Force which are formal, hierarchical, and highly dependent on the command structure and leadership policies. In this context, the governance mechanism is more determined by regulations, procedures, and strategic direction from the leadership, so the space for individual competencies to influence governance is relatively limited. As a result, although human resources have strategic competence, their influence on governance does not appear significantly. Thus, the role of Strategic HRC in improving organizational performance in the Indonesian Air Force is direct, not through organizational governance. These findings confirm the gap between the development of human resource competencies and their integration into the governance system. Therefore, in order for strategic HR competencies to contribute more broadly, efforts are needed to strengthen the linkage between human resource development and organizational governance mechanisms.

CONCLUSION

The results of this study conclude that Digital Transformation, Strategic Leadership Style, and Organizational Governance have a positive and significant direct influence on Organizational Performance within the Indonesian Air Force, while Digital Transformation and Strategic Leadership Style also have a direct positive effect on Organizational Governance, which in turn plays an effective role as a mediating variable in strengthening the influence of Digital Transformation and Strategic Leadership Style towards Organizational Performance through increasing transparency, accountability, coordination, and quality of organizational decision-making; on the other hand, Strategic Human Resource Competency, although it has a positive and significant effect directly on Organizational Performance, has not been proven to have a significant effect on Organizational Governance and does not have an indirect influence on Organizational Performance through Organizational Governance mediation, which shows that the contribution of strategic HR competencies is more dominant at the operational level and individual performance than in governance formation. Of the ten hypotheses proposed, eight hypotheses were proven to be accepted either through direct or indirect influence, while two hypotheses were rejected, and conceptually it can be affirmed that Organizational Governance functions as an effective institutional mechanism in converting digital transformation and strategic leadership into improved organizational performance, but has not been able to strengthen its influence competence of strategic human resources to organizational performance mediatively.

RESEARCH IMPLICATIONS

Implications's theorem: This research strengthens the theoretical understanding of the relationship between Digital Transformation, Strategic Leadership Style, Strategic Human Resource Competency, Organizational Governance, and Organizational Performance in military organizations. The finding that Strategic HR Competency has no effect on governance but is significant on performance directly makes an important contribution to the literature on Resource-Based View (Barney, 1991) and Human Capital Theory (Becker, 1964). This shows that HR competencies are more effective when directed at achieving operational performance, but do not necessarily affect structural governance. In addition, this study enriches the theory of governance in the public and military sectors, in line with Agency Theory (Jensen & Meckling, 1976), which emphasizes the importance of formal structures and oversight mechanisms in influencing governance. The results also confirm the role of strategic leadership as a dominant factor in strengthening governance, supporting previous studies such as Boal & Hooijberg (2001) and Rowe (2001). Thus, this study adds a new perspective that governance in military organizations is more influenced by structural factors (leadership and digitalization) than individual competencies.

Managerial Implications: Practically, this study provides an understanding that improving organizational performance in the Indonesian Air Force can be achieved through strengthening three main aspects: digital transformation, strategic leadership, and organizational governance. Digital transformation must be positioned not just as a technological modernization, but as an instrument to strengthen transparency, accountability, and cross-unit coordination. For the leadership of the Indonesian Air Force, the results of this study confirm the need for visionary, adaptive, and value-based strategic leadership in building governance. Leaders not only direct strategies, but also ensure the implementation of governance principles at every level of the organization. On the other hand, human resource management remains crucial, but it must be focused on developing competencies that directly support operational performance and combat readiness, while looking for ways to make these competencies more integrated into the governance system.

Policy Implications: In terms of policy, this study provides direction that the Indonesian Air Force needs to develop strategic policies to strengthen governance that are integrated with digital transformation and leadership. The development of new regulations and SOPs that support digital governance needs to be prioritized, for example in terms of operational data management, cybersecurity, and transparency in the use of defense resources. In addition, the human resource development policy in the Indonesian Air Force should not only emphasize technical training, but also include governance and accountability dimensions in the officer education curriculum. That way, HR competencies not only improve direct performance, but can also strengthen organizational governance. Another policy implication is the need to build a digital transformation and leadership development roadmap that is connected to the governance framework. This roadmap will ensure that every technology investment and leadership development has a measurable impact on the governance and performance of the organization.

ADVICE

There are several suggestions that can be conveyed, namely:

1. For the Indonesian Air Force
 - To improve the performance of the TNI AU organization and the factors that affect it, including:
 - a) Related to Digital Transformation, it is necessary: (a) Building digital infrastructure to the frontline units; (b) Requiring routine digital literacy training for all personnel, especially in the implementation unit; (c) Initiate a trial of the integration of big data and dashboard analytics across units (e.g., simple applications for real-time operational monitoring).
 - b) Related to the Strategic Leadership Style, it is necessary: (a) Involve all levels in the preparation of visions and missions, so that the sense of ownership increases; (b) Making innovation and core competencies part of the leader's performance assessment; (c) Develop a clear career path for digital talents, so that superior human resources are not lost due to rotation.

- c) Related to Strategic Human Resource Competency, it is necessary: (a) Require digital mindset training for all strata (including senior officials); (b) Creating an open innovation forum to accommodate ideas for change from below.
- d) Related to Organizational Governance, it is necessary: (a) Encourage data and policy transparency (open access to lower units); (b) Conduct a real feedback loop between the Headquarters and operational units, not just one-way reporting.
- e) Related to Organizational Performance, it is necessary to: (a) Integrate a real-time performance monitoring dashboard; (b) Conduct a service quality audit from the user's side, not just administrative.

2. For further research.

Based on the limitations, the suggestions that can be given for further research are:

- a) The results of this study can be used as a reference for future researchers who are interested in researching organizational performance (*Organizational Performance*) associated with *Digital Transformation* and other variables. The next research can add independent (exogenous) variables that affect organizational performance other than *Digital Transformation*, use different data analysis techniques, and increase the number of samples, as well as conduct research in different locations or organizations, so that the research results can complement the results of this research.
- b) Further research can also further examine the role of *organizational governance* variables as mediators in relation to organizational performance both in other military organizations such as the TNI AD, TNI AL and POLRI as well as non-military organizations.

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