

**THE IMPACT OF DIGITAL LEADERSHIP ON SUSTAINABLE
ORGANIZATIONAL PERFORMANCE: THE MEDIATION ROLE OF DIGITAL
CULTURE AND EMPLOYEES' DIGITAL CAPABILITIES**

BY

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ABSTRACT

This study investigates the impact of digital leadership on the sustainable organizational performance of financial institutions in the Nuwara Eliya district, Sri Lanka. The study also examines the mediating roles of digital culture and employees' digital capabilities. The study collected primary data from the respondents and secondary data from the annual reports. Primary data were collected using a questionnaire distributed through physical copies and by post to 228 employees of fifteen financial institutions, utilizing a proportionate simple random sampling technique. The questionnaire comprised 31 questions, rated on a five-point Likert scale ranging from strongly disagree to strongly agree.

The study population consisted of fifteen financial institutions, with secondary data covering recent annual reports from 2022 to 2024. Analysis was conducted using Statistical Package for Social Sciences (SPSS 26.0), employing descriptive statistics to measure demographic variables and correlation, and mediation through regression analyses to research variables.

Results revealed a strong and positive relationship between digital leadership and sustainable organizational performance. Mediation analysis demonstrated that digital culture and employees' digital capabilities partially mediate this relationship, with proportions of 35.61% and 51.85% respectively.

Keywords: *Digital leadership, Digital culture, Employees' digital capabilities, Sustainable organizational performance, Digital sustainability, Financial institutions.*

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