






“Bridging market orientation and leadership through digital enablement: A strategic model for life insurance success”

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BRIDGING MARKET ORIENTATION AND LEADERSHIP THROUGH DIGITAL ENABLEMENT: A STRATEGIC MODEL FOR LIFE INSURANCE SUCCESS

Abstract

Digital transformation is critical in driving competitive success, particularly in Indonesia's life insurance industry, which faces challenges in adopting effective digital strategies to address operational inefficiencies and declining customer engagement. This study aims to investigate the mediating role of Digital Enablement in the relationship between Market Orientation, Transformational Leadership, and Life Insurance Performance in Indonesia. A quantitative design was employed, using Structural Equation Modeling (SEM) with SmartPLS to analyze data collected from a census of 54 senior executives from life insurance companies in Indonesia, gathered through structured questionnaires. The findings reveal that both Market Orientation and Transformational Leadership significantly foster Digital Enablement, which, in turn, enhances Life Insurance Performance. However, the direct effects of Market Orientation and Transformational Leadership on Life Insurance Performance were found to be insignificant, emphasizing the critical role of Digital Enablement as a mediator. While Market Orientation and Transformational Leadership contribute to Digital Enablement, their impact on performance outcomes is mainly indirect, reinforcing the role of digital tools in improving operational efficiency, customer engagement, and business growth.

Keywords

digital enablement, life insurance, market orientation,
operational efficiency, transformational leadership,
Indonesia, digital transformation

JEL Classification

G22, O33, M10, M15

INTRODUCTION

As digital transformation reshapes industries globally, Indonesia's life insurance sector faces increasing pressure to innovate and enhance performance amidst rapidly evolving market dynamics and consumer expectations. Despite Indonesia's large and growing population of over 270 million, life insurance penetration remains among the lowest in Southeast Asia, at just 1.4% of GDP in 2022, compared to the regional average of 3.0% (Research & Markets, 2023). This underserved market presents significant potential for growth, providing an opportunity for life insurance companies to expand their market share by leveraging digital technologies to increase outreach, improve customer engagement, and drive product innovation.

To capitalize on this growth potential, life insurance companies must adopt strategic orientations that foster operational efficiency while meeting evolving customer demands. Scholars emphasize that market orientation and transformational leadership are key enablers of digital transformation, providing a strategic foundation for addressing these demands (Forth et al., 2020; Mishra et al., 2023). Market orientation allows companies to stay attuned to market trends and customer pref-

erences, fostering responsiveness and customer-centered innovation. Simultaneously, transformational leadership enhances organizational adaptability and cultivates a strategic vision, facilitating the integration of digital solutions within the company's framework (Mishra et al., 2023).

Digital enablement bridges these strategic orientations with life insurance performance, enabling companies to integrate digital tools to streamline operations, enhance customer interactions, and adapt effectively to market changes (Dillianti et al., 2024). Mishra et al. (2023) argue that aligning business strategies with digital transformation fosters a synergistic foundation for digital enablement, ensuring technological advancements are seamlessly integrated into organizational operations. This alignment enhances firms' ability to adapt to dynamic market conditions, improves efficiency, and fosters innovation.

However, the Indonesian life insurance sector faces significant challenges, including regulatory barriers, low digital adoption, and varying levels of consumer literacy, complicating efforts to fully realize digital transformation's benefits. Despite these challenges, research on the mediating role of digital enablement between market orientation, transformational leadership, and life insurance performance remains limited, particularly within Indonesia (Dillianti et al., 2024). Existing studies offer limited insights into how digital enablement can operationalize these strategies within the unique dynamics of Indonesia's insurance market.

1. LITERATURE REVIEW

Market Orientation (MO) has been widely recognized as a critical determinant of organizational success, particularly in customer-centric industries like life insurance. It includes three core dimensions: customer orientation, competitor orientation, and inter-functional coordination. These dimensions collectively facilitate a firm's ability to adapt to market dynamics and customer needs (Narver & Slater, 1990). Recent literature has expanded the role of market orientation in driving digital transformation in the life insurance industry, emphasizing how customer-focused strategies can be integrated with emerging digital technologies to improve responsiveness, enhance customer engagement, and increase operational efficiency (Aydın & Alnıçak, 2024). In Indonesia, where low insurance penetration and customer trust issues are prevalent, market orientation strategies enable life insurers to personalize offerings and improve transparency through digital tools (PwC, 2020; Rokkan, 2023).

The Resource-Based View (RBV) theory suggests that firms with substantial market orientation can leverage their internal capabilities, such as technology adoption and market intelligence, to gain a competitive edge (Wernerfelt, 1984; Barney, 1991). By aligning internal processes with market needs, organizations enhance their ability to innovate, a key factor

for firms in the life insurance sector aiming to meet customer demands while driving digital adoption. Integrating market orientation with digital capabilities has been highlighted as essential for achieving superior firm performance, particularly in sectors like life insurance, where agility and customer-centricity are vital to success (Schmitt & Hörner, 2021).

Transformational Leadership (TL) plays a pivotal role in guiding organizations through the complexities of digital transformation. This leadership style inspires and motivates employees to exceed expectations, fosters innovation, and facilitates organizational change (Bass, 1985). Transformational leadership is particularly critical in navigating the digital transformation process, where leadership vision and employee empowerment are crucial for overcoming resistance to change (Montasser et al., 2023). Recent research has shown that transformational leaders are key enablers of digital strategies in highly regulated industries, such as life insurance, where technology integration is often met with internal resistance (Farahnak et al., 2019; Qiao et al., 2024).

In the life insurance sector, transformational leadership helps create a culture that embraces innovation, thus enabling firms to adopt digital technologies that enhance customer experience and operational efficiency (Van Dun & Kumar, 2023). Transformational leadership influences digital enablement by motivat-

ing employees to embrace new digital tools, which aligns organizational objectives with technological advancements. This leadership approach is crucial for life insurers in Indonesia, where high growth potential is paired with digital adoption barriers, such as financial literacy and regulatory constraints (Schrage et al., 2021).

Digital Enablement (DE) connects strategic orientations like market orientation and transformational leadership to organizational performance. It refers to adopting and integrating digital technologies, such as AI, blockchain, and mobile platforms, to enhance customer interactions and streamline operations (Dillianti et al., 2024). In the life insurance sector, digital enablement is a catalyst for improving customer experience, operational efficiency, and market responsiveness. According to the Technology-Organization-Environment (TOE) framework, the successful implementation of digital strategies requires technological readiness, organizational alignment, and a supportive external environment (Tornatzky & Fleischer, 1990). These elements are crucial for ensuring the success of digital transformation in life insurance firms, particularly in emerging markets like Indonesia, where regulatory, technological, and market readiness factors influence the effectiveness of digital adoption (Mishra et al., 2023).

Research has shown that digital enablement improves performance outcomes by aligning technological capabilities with strategic objectives. For instance, predictive analytics and automated claims processing have been identified as key tools that enhance service delivery, improve accuracy, and reduce operational inefficiencies in the life insurance sector (Schrage et al., 2021). These advancements are significant in Indonesia, where financial literacy is low, and trust in the insurance sector remains weak (PwC, 2020).

The role of digital tools, particularly blockchain and AI, in enhancing transparency and trust has been emphasized in recent studies (Anguiano & Parte, 2023). In the context of Indonesia's life insurance market, where low trust and poor accessibility are significant barriers, digital enablement through blockchain enhances consumer confidence by ensuring data authenticity and security. This expands the market reach and improves

operational efficiency (Kshetri, 2023). Studies have shown that digital transformation strategies driven by digital enablement can improve performance by aligning the company's market orientation, leadership approach, and technological capabilities to meet evolving consumer demands (Eling & Lehmann, 2018; Schrage et al., 2021).

By integrating these insights, it becomes evident that Market Orientation (MO) and Transformational Leadership (TL) are critical in driving Digital Enablement (DE). As a bridge, Digital Enablement connects these strategic orientations to enhanced Life Insurance Performance. This interplay highlights the importance of leveraging customer-centric strategies and leadership styles to integrate digital technologies for operational and performance improvement. Within Indonesia's life insurance sector, where challenges like low insurance penetration and digital adoption barriers persist, targeted strategies are essential to address these obstacles effectively. Therefore, understanding the interconnections between these factors becomes crucial for developing effective frameworks.

Building on this foundation, this study explores how Market Orientation and Transformational Leadership impact Life Insurance Performance, with Digital Enablement mediating factors within Indonesia's life insurance sector. This framework seeks to provide actionable insights into addressing the sector's challenges through strategic digital transformation.

The hypotheses for this study are as follows:

H1: Market Orientation (MO) positively affects Digital Enablement (DE).

H2: Transformational Leadership (TL) positively affects Digital Enablement (DE).

H3: Market Orientation (MO) positively affects Life Insurance Performance (LIP).

H4: Transformational Leadership (TL) positively affects Life Insurance Performance (LIP).

H5: Digital Enablement (DE) positively affects Life Insurance Performance (LIP).

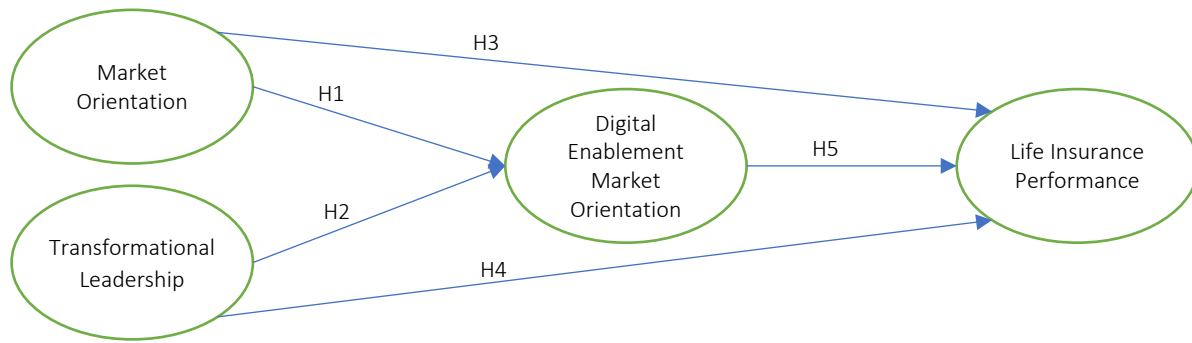


Figure 1. Research model

2. METHODOLOGY

This study employs a quantitative approach to investigate the relationships between Market Orientation, Transformational Leadership, Digital Enablement, and Life Insurance Performance within Indonesia's life insurance sector. A cross-sectional research design was chosen to capture data from a single time point, providing a snapshot of industry trends and strategic orientations. This design is suitable for assessing organizational behaviors and strategic impacts in a rapidly evolving digital landscape.

Using a census approach, this study targeted all 54 life insurance companies actively operating in Indonesia, as identified by the Indonesian Financial Services Authority (Otoritas Jasa Keuangan, 2023). The census method, which involves collecting data from the entire population,

was selected to maximize the study's representativeness and ensure comprehensive industry insights. Structured questionnaires were distributed to senior executives, including Board of Directors (BOD) members, CEOs, CMOs, and CTOs responsible for overseeing digital transformation and strategic initiatives within their organizations. This focus on high-level decision-makers provides a strategic perspective on Market Orientation, Transformational Leadership, and Digital Enablement's role in driving performance outcomes across Indonesia's life insurance sector.

The respondents in Table 1 comprise senior executives, CEOs, CMOs, and CTOs, predominantly aged between 40 and 60. A significant portion holds advanced degrees, with 65% having completed a bachelor's degree and 35% possessing a master's degree. This highly educated and experienced group brings valuable insights into the stra-

Table 1. Respondents' demography

Demographic	Categories	Total	%	Demographic	Categories	Total	%
Entity	JV	25	46%	Years in C Level	< 5 years	21	39%
	National	29	54%		5-10 years	15	28%
Operation	Conventional	46	15%		10-15 years	11	20%
	Sharia	8	85%		> 15 years	7	13%
Asset Class	< 1T	15	28%	Years in Industry	< 10 years	8	15%
	1-10 T	24	44%		10-20 years	18	33%
	> 10 T	15	28%		> 20 years	28	52%
Cloud Usage	Full	7	13%	Gender	Female	15	28%
	Half	37	68%		Male	39	72%
	None	10	19%	Age	30-40	5	9%
Number of Customers	< 1 mn	25	46%		40-50	21	39%
	1-3 mn	19	35%		50-60	23	43%
	> 3 mn	10	19%		> 60	5	9%
Level	C Suites/BOD	37	69%	Education	Bachelor	24	44%
	CEO	6	11%		Master	28	52%
	CMO	5	9%		Doctor	2	4%
	CTO	6	11%		-	-	-

tegic and operational challenges related to digital transformation within the industry. Additionally, company demographics show that 46% of firms serve fewer than 1 million customers, while 19% cater to over 3 million customers, with asset sizes ranging from below 500 billion IDR to over 10 trillion IDR. This demographic diversity provides a robust foundation for analyzing how organizational scale and structure impact digital strategies.

The key variables – Market Orientation, Transformational Leadership, Digital Enablement, and Life Insurance Performance – were operationalized as reflective constructs, each measured using multiple items to capture each construct’s nuances comprehensively. Responses were recorded on a 4-point Likert scale, ranging from 1 (Strongly Disagree) to 4 (Strongly Agree), designed to reduce central tendency bias by omitting a neutral midpoint. This approach encourages senior executives to provide more decisive responses, enhancing data reliability and validity (Wolf et al., 2019).

- Market orientation assessed the company’s strategic focus on understanding and responding to customer needs, competitor actions, and market dynamics, emphasizing creating value and maintaining competitiveness within the life insurance sector.
- Transformational leadership is measured by evaluating leadership behaviors that promote vision, innovation, and motivation, encouraging employees to embrace digital adoption and enhance organizational performance.
- Digital enablement measures how digital technologies are integrated into business processes, customer interactions, and operational workflows, supporting agility, modernization, and customer engagement.
- To gauge overall organizational success, life insurance performance was evaluated using key industry performance indicators, including operational efficiency, customer satisfaction, and financial results.

Data analysis was performed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS software (version 4.0). PLS-SEM

was chosen for its effectiveness in managing complex models that involve small sample sizes and non-normal data distributions, making it suitable for exploratory studies with latent constructs (Hair et al., 2021). This approach enables the simultaneous testing of the measurement model (outer model) and the structural model (inner model), offering insights into the relationships among Market Orientation, Transformational Leadership, Digital Enablement, and Life Insurance Performance.

3. RESULTS

The study evaluated the internal consistency and validity of each construct using Average Variance Extracted (AVE), Composite Reliability (CR), and Cronbach’s alpha (Table 2). Convergent validity, per Fornell and Larcker (1981), was confirmed for all constructs if the AVE exceeded 0.50, meaning the construct accounted for more than half the variance in its measured indicators. Transformational Leadership demonstrated the most substantial indicator representation (AVE = 0.790), while Market Orientation (0.669), Life Insurance Performance (0.654), and Digital Enablement (0.755) also met the validity threshold.

Composite Reliability (CR) values, which assess the internal consistency of a set of indicators, exceeded the minimum threshold of 0.70 for all constructs (Hair et al., 2019). Transformational Leadership (TL) achieved the highest CR at 0.978, reflecting exceptional reliability, while other constructs demonstrated the following CR values: Digital Enablement (DE) = 0.965, Market Orientation (MO) = 0.942, and Life Insurance Performance (LIP) = 0.944. These results indicate strong reliability across the model. High CR values further suggest that the indicators consistently represent their underlying constructs, ensuring robustness in the measurement model (Fornell & Larcker, 1981).

To further ensure internal consistency reliability, the factor loadings of each indicator were examined. All items demonstrated loadings exceeding the recommended threshold of 0.70, confirming that individual indicators strongly correlate with their respective constructs (Henseler et al., 2015). This practice aligns with best practices in struc-

Table 2. Convergent validity and reliability

Construct	Average Variance Extracted (AVE)	Composite Reliability (rho_c)	Cronbach's Alpha
Digital Enablement (DE)	0.755	0.965	0.959
Life Insurance Performance (LIP)	0.654	0.944	0.933
Market Orientation (MO)	0.669	0.942	0.929
Transformational Leadership (TL)	0.790	0.978	0.976

tural equation modeling (SEM), which comprehensively integrates CR and loading factors to validate measurement models. These findings reinforce the robustness of the constructs, consistent with approaches used in similar studies (Schmitt & Hörner, 2021).

Additionally, Cronbach's Alpha values for all constructs exceeded 0.70, further validating construct reliability. Transformational Leadership (TL) exhibited the highest Cronbach's Alpha at 0.976, indicating high consistency in measuring this construct. Together, these metrics confirm that the constructs in the model possess convergent validity and high internal reliability, supporting the robustness of the measurement model in this study.

Discriminant validity was assessed using the Fornell-Larcker criterion, which is met when each construct's square root of the Average Variance Extracted (AVE) exceeds its correlations with other constructs. This criterion ensures that each construct is distinct within the model. In this study, Digital Enablement (DE) has a square root of AVE of 0.869, which is higher than its correlations with other constructs, confirming its uniqueness. Life Insurance Performance (LIP) shows a diagonal value of 0.809, which is more excellent than its correlations with other constructs, supporting its

discriminant validity. Market Orientation (MO) has a value of 0.818, indicating it is well-differentiated from other constructs. Transformational Leadership (TL) has a robust diagonal value of 0.889, confirming its distinct role in the model. These results, as shown in Table 3, validate that each construct is unique and distinct, supporting the model's overall reliability and robustness. Furthermore, Table 4 shows that all Heterotrait-Monotrait (HTMT) ratios were below 0.85, proving that the constructs are distinct and not overlapping.

The analysis in Table 5 reveals distinct insights into how Market Orientation and Transformational Leadership shape Digital Enablement and Life Insurance Performance in the life insurance sector.

The results confirm that Market Orientation significantly influences Digital Enablement, with a p-value of 0.000, thereby supporting Hypothesis 1 (H1). This outcome implies that companies focusing on market needs – staying attuned to customer preferences, competitive actions, and market dynamics – are better prepared to incorporate digital solutions effectively. A strong market orientation aligns organizational strategies with customer expectations and fosters a digital-first culture that enhances operational efficiency and customer responsiveness.

Table 3. Fornell-Larcker criterion

Construct	DE	LIP	MO	TL
Digital Enablement (DE)	0.869	–	–	–
Life Insurance Performance (LIP)	0.745	0.809	–	–
Market Orientation (MO)	0.679	0.602	0.818	–
Transformational Leadership (TL)	0.662	0.504	0.677	0.889

Table 4. Heterotrait-Monotrait (HTMT) ratio

Construct	DE	LIP	MO	TL
Digital Enablement (DE)	–	0.782	0.699	0.677
Life Insurance Performance (LIP)	0.782	–	0.699	0.514
Market Orientation (MO)	0.699	0.630	–	0.694
Transformational Leadership (TL)	0.677	0.514	0.694	–

Similarly, Transformational Leadership substantially and positively affects Digital Enablement, as evidenced by a p-value of 0.003, supporting Hypothesis 2 (H2). This finding underscores that leaders who foster an adaptable, innovation-focused culture within their organizations enable smoother integration of digital technologies. Transformational leaders inspire teams to embrace change, promote innovation, and ensure that digital tools are seamlessly embedded into organizational processes, ultimately enhancing operational capabilities and driving digital transformation.

In evaluating Hypothesis 3 (H3), which posits that Market Orientation (MO) positively impacts Life Insurance Performance (LIP), the results show that this hypothesis is not supported. Specifically, the path coefficient of 0.205 and a T-statistic of 1.386 fall short of the threshold for significance, with a p-value of 0.166, indicating a lack of statistical significance. As a result, the null hypothesis cannot be rejected, and the direct relationship between Market Orientation and Life Insurance Performance is deemed insignificant. This suggests that while Market Orientation may contribute indirectly through other mechanisms, such as Digital Enablement, its direct influence on Life Insurance Performance is not strong enough to be statistically validated in this study.

Conversely, the data do not support Hypothesis 4 (H4), which posits that Transformational Leadership (TL) positively impacts Life Insurance Performance (LIP). The results indicate that this hypothesis is not supported. The path coefficient of -0.063 suggests a negligible and negative direct relationship, while the T-statistic of 0.419 and a p-value of 0.675 confirm that this relationship is statistically insignificant. These findings imply that Transformational Leadership does not have a direct positive effect on Life Insurance Performance in this context.

Instead, its impact on performance may be mediated through other variables, such as Digital Enablement (as supported by H2). This highlights that transformational leaders foster an environment conducive to digital innovation and organizational change, but their influence does not directly translate into immediate performance gains.

In testing Hypothesis 5 (H5), which posits that Digital Enablement (DE) positively impacts Life Insurance Performance (LIP), the results strongly support the hypothesis. The path coefficient of 0.647 indicates a substantial positive influence, with a T-statistic of 3.856 and a highly significant p-value of 0.000. This finding highlights the pivotal role of Digital Enablement in driving performance outcomes by enhancing operational efficiency, improving customer interactions, and optimizing organizational processes. The strong relationship emphasizes that companies leveraging Digital Enablement are better positioned to achieve measurable improvements in Life Insurance Performance. These results confirm that Digital Enablement is a critical enabler for success, translating strategic initiatives into tangible performance outcomes in the life insurance sector.

The results demonstrate that Market Orientation and Transformational Leadership establish a solid foundation for Digital Enablement, which is pivotal in driving Life Insurance Performance. While these strategic orientations and leadership styles contribute to organizational readiness, digital enablement is the critical intermediary for translating these efforts into tangible performance improvements. The following section, illustrated in Figure 2, further visualizes how these constructs interact within the model, emphasizing the central role of Digital Enablement in linking strategic actions to measurable outcomes.

Table 5. Path coefficients and hypothesis testing

Relationship	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values	Explanation
H1: MO → DE	0.427	0.437	0.082	5.214	0.000	Accepted
H2: TL → DE	0.372	0.370	0.126	2.950	0.003	Accepted
H3: MO → LIP	0.205	0.229	0.148	1.386	0.166	Rejected
H4: TL → LIP	-0.063	-0.059	0.150	0.419	0.675	Rejected
H5: DE → LIP	0.647	0.621	0.168	3.856	0.000	Accepted

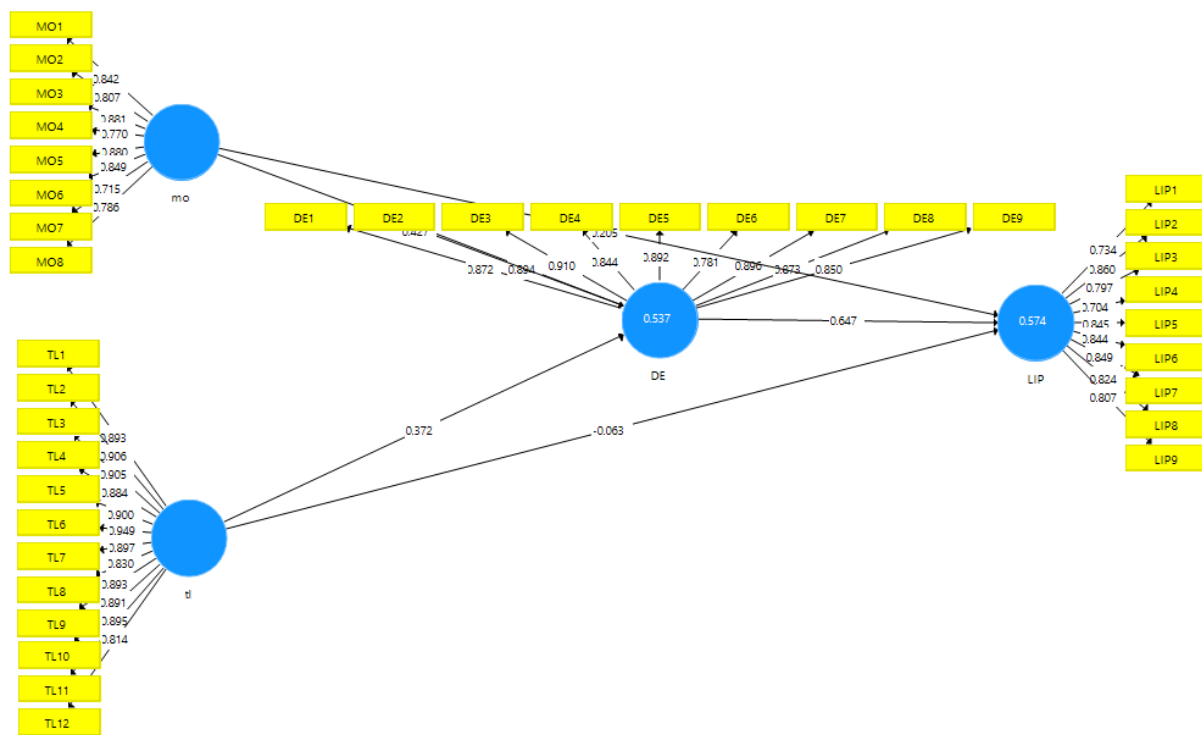


Figure 2. Measurement model result

Figure 2 illustrates these dynamics within the measurement model, highlighting the interactions among Market Orientation, Transformational Leadership, Digital Enablement, and Life Insurance Performance. The figure shows that although Transformational Leadership positively influences Digital Enablement, its direct impact on Life Insurance Performance is not statistically significant. This result suggests that while Transformational Leadership creates a supportive environment for digital adoption, it only directly enhances performance outcomes with Digital Enablement as an intermediary.

Additionally, Figure 2 emphasizes the strong positive effect of Digital Enablement on Life Insurance Performance, underscoring its role as a critical mediator. This finding indicates that companies prioritizing digital transformation are more likely to achieve meaningful improvements in operational efficiency and customer satisfaction. Together, these results underline the importance of Digital Enablement in transforming strategic orientations, such as Market Orientation and Transformational Leadership, into enhanced performance outcomes, ultimately reinforcing the value of a robust digital infrastructure in driving success within the life insurance sector.

The coefficient of determination (R^2) values in Table 6 reveal the model's explanatory power concerning each key variable. Digital Enablement (DE) explains a substantial portion of the variance in Life Insurance Performance (LIP) ($R^2 = 0.537$), underscoring the pivotal role of digital integration in driving performance improvements within the sector. Similarly, Market Orientation (MO) and Transformational Leadership (TL) collectively account for a moderate proportion of the variance in DE ($R^2 = 0.574$), highlighting the importance of these strategic orientations in facilitating digital transformation efforts.

The F^2 results further elucidate the relative importance of each predictor in the model. DE demonstrates a significant effect ($F^2 = 0.454$) on LIP, confirming its critical role as a mediator that drives operational efficiency and customer satisfaction. According to Cohen (1988), an F^2 value of 0.35 or higher indicates a significant effect. Market Orientation (MO) and Transformational Leadership (TL) have medium effects on DE ($F^2 = 0.214$ and $F^2 = 0.162$, respectively), with F^2 values between 0.15 and 0.35 signifying a medium effect. These results indicate their significant contributions to fostering Digital Enablement. However,

Table 6. R² and F² values for model explanatory power and predictor effect sizes

Path	R ²	Adjusted R ²	F ²	Effect Size Interpretation
DE → LIP	0.537	0.519	0.454	Large Effect
MO → DE	0.574	0.548	0.214	Medium Effect
MO → LIP	–	–	0.044	Small Effect
TL → DE	–	–	0.162	Medium Effect
TL → LIP	–	–	0.004	Negligible Effect

Table 7. Mediation effects

Path	Original Sample (O)	Sample Mean (M)	Standard Dev (STDEV)	T Statistics (O/STDEV)	P Values	Explanation
MO → DE → LIP	0.276	0.273	0.095	2.909	0.004	Significant
TL → DE → LIP	0.241	0.227	0.097	2.482	0.013	Significant

their direct effects on LIP are minor ($F^2 = 0.044$) for MO and negligible ($F^2 = 0.004$) for TL, reinforcing that DE is the mediating variable that explains how MO and TL influence LIP indirectly.

This mediation model underscores that while both Market Orientation and Transformational Leadership are important predictors of Digital Enablement, it is Digital Enablement itself that significantly mediates the relationship between these strategic factors and Life Insurance Performance. The significant indirect effects, shown by the MO → DE → LIP and TL → DE → LIP paths, further emphasize that the digital transformation efforts facilitated by these orientations are the key drivers of improved performance outcomes in the life insurance sector, as shown in Table 7. Overall, the R² and F² values confirm the robustness of the model, emphasizing that Market Orientation and Transformational Leadership indirectly bolster Life Insurance Performance through their influence on Digital Enablement as a mediating factor.

4. DISCUSSION

The results affirm the pivotal role of Digital Enablement in improving Life Insurance Performance (LIP) in Indonesia's life insurance industry. Digital Enablement directly enhances operational efficiency and customer satisfaction, supported by its strong path coefficient (0.647), R² value of 0.537, medium effect size ($F^2 = 0.454$), and significant p-value ($p < 0.001$). This aligns with the Technology-Organization-Environment (TOE) framework, emphasizing that technological readiness, organizational alignment, and sup-

portive environments are critical for competitive advantage. Digital Enablement is thus a strategic asset that optimizes processes, enhances customer interactions, and addresses evolving expectations.

Market Orientation (MO) significantly influences Digital Enablement (path coefficient = 0.427, $p < 0.001$) and indirectly impacts LIP by fostering the integration of digital tools. While its direct effect on LIP is statistically insignificant, Market Orientation's ability to align strategies with customer needs makes it a critical driver of digital transformation. Larger firms, for example, leverage digital platforms to enhance transparency and streamline operations, showcasing the strategic potential of market orientation.

Similarly, Transformational Leadership (TL) significantly impacts Digital Enablement (path coefficient = 0.372, $p = 0.003$, medium effect size $F^2 = 0.162$). Leaders who promote a culture of innovation and adaptability facilitate the adoption of tools like AI and CRM systems, enhancing organizational responsiveness. However, Transformational Leadership's direct effect on LIP is negligible, highlighting Digital Enablement as the mediator that translates leadership-driven strategies into tangible performance improvements.

Digital Enablement plays a central role in translating strategic orientations into operational success, supported by its large effect size ($F^2 = 0.454$) and significant p-value ($p < 0.001$). Tools like predictive analytics, AI, and mobile platforms empower firms to personalize services, optimize risk assessments, and improve customer satisfaction. Without Digital Enablement, the effects of Market

Orientation and Transformational Leadership on performance remain limited, emphasizing its essential role in achieving competitive advantage.

The demographic characteristics of respondents provide valuable context for these findings. Senior executives, predominantly aged 40-60 and highly educated (35% holding master's degrees), shape organizational strategies, including digital transformation efforts. Smaller firms serving fewer than 1 million customers (46%) showed greater agility in implementing Digital Enablement initiatives. In comparison, larger firms with assets exceeding 10 trillion IDR displayed higher digital maturity, leveraging advanced technologies like AI and blockchain. Despite these strengths, challenges such as regulatory barriers and low digital literacy persist. Regulatory barriers, such as stringent compliance requirements and lengthy approval processes for new products, hinder innovation (Wanyan et al., 2024). Additionally, varying levels of digital literacy create disparities in adoption, particularly in rural areas with limited infrastructure (Senadjki et al., 2024). Addressing these challenges requires targeted initiatives like educational campaigns, simplified interfaces, and collaborative efforts

with regulators to create enabling environments, such as regulatory sandboxes.

Resistance to change within organizations also poses significant challenges. Structured methods, such as ongoing training and clear communication, are critical to overcoming employee reluctance to adopt digital tools. Comparative insights from other markets, like India's digital aggregation platforms and South Africa's mobile-based microinsurance models, offer actionable strategies (Policybazaar, 2023; CGAP, 2021). Meanwhile, China's regulatory sandboxes highlight the importance of supportive policies for innovation (Wanyan et al., 2024). Adapting these solutions to Indonesia's unique regulatory and demographic context can enhance operational efficiency and customer trust.

To achieve sustainable growth, life insurers must prioritize Digital Enablement, driven by a market-oriented culture and visionary leadership. Collaboration among stakeholders and adaptation of global best practices will be critical in addressing local challenges and unlocking the industry's growth potential.

CONCLUSION

This study investigated how Market Orientation and Transformational Leadership influence Life Insurance Performance in Indonesia's life insurance sector, with Digital Enablement as a mediating factor. In light of the sector's challenges, such as low insurance penetration and barriers to digital adoption, the research sought to provide actionable insights on leveraging digital transformation for enhanced performance.

The findings reveal that both Market Orientation and Transformational Leadership positively and significantly impact Digital Enablement, which, in turn, has a substantial and direct effect on Life Insurance Performance. This highlights the critical role of Digital Enablement in bridging strategic orientations and operational success. However, the direct effects of Market Orientation and Transformational Leadership on Life Insurance Performance were statistically insignificant, underscoring Digital Enablement's mediating role in translating these strategies into tangible outcomes.

From these results, several key conclusions emerge. First, integrating digital tools and technologies is essential for life insurers to improve operational efficiency, enhance customer engagement, and gain a competitive edge. Digital Enablement is the key mechanism through which market-focused strategies and visionary leadership are translated into actionable results. Second, firms must prioritize cultivating a market-oriented culture and empowering transformational leaders to drive digital innovation and overcome resistance to change. Lastly, overcoming structural and regulatory barriers requires collaboration with stakeholders, including regulators and technology providers, to create an environment conducive to digital transformation. By strategically aligning market orientation, transformational leader-

ship, and digital enablement, life insurers in Indonesia can unlock substantial growth potential and address the evolving demands of the market.

Future research should explore the long-term impact of Digital Enablement on organizational sustainability and competitive advantage in the life insurance industry, focusing on bridging the urban-rural engagement gap. Investigating the specific leadership behaviors within Transformational Leadership that drive digital adoption and comparative studies with emerging markets like India and Vietnam could provide valuable insights. Additionally, examining how regulatory frameworks and emerging technologies like blockchain and AI can support digital innovation and enhance customer engagement will offer a more comprehensive understanding of the challenges and opportunities in Indonesia's digital transformation journey.

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