ABSTRACT

The disruption of the latest technology, changes in stakeholder behavior towards digital, and the COVID-19 pandemic have forced various incumbent organizations to accelerate digital transformation (DT). But the reality is that many DT investments still fail to meet expectations due to the lack of good IT governance (ITG) practices. Previous research has shown the contribution of ITG in realizing the benefits of IT investment. However, this traditional ITG practice is not necessarily effective in the digital era. There is still little research on the effect of ITG on DT, and no one has studied the influence of DT on Organizational Performance (OP). Therefore, this study aims to examine the influence model of hybrid ITG mechanisms, namely agile/adaptive and traditional on DT, and the influence of DT on OP through the perspective of the balanced scorecard (BSC). The research method used was a survey by distributing Likert scale online questionnaires to 11 important roles related to DT and received 54 respondents. Then, the data were analyzed using the Structural Equation Modeling (SEM) approach with the help of SmartPLS 3.0. The formative model has gone through outer and inner model testing. The results show that both hybrid ITG mechanisms, agile/adaptive and traditional, significantly positively influence Bank A's DT. Likewise, TD also significantly positively influences Bank A's OP. This study contributes as a reference for similar research. It can also be used as a reference for implementing structural, process, and relational TKTI mechanisms to oversee the success of DT's journey towards achieving OP in the organization, especially in the banking industry.

__Keywords__: IT Governance, Digital Transformation, Organizational Performance, Structural Equation Modeling (SEM), Partial Least Square (PLS), Bank, Indonesia.