

ABSTRACT

Digital transformation has become a crucial element in improving service quality and operational efficiency in the healthcare sector. Amid rapid advancements in information technology, hospitals in Bandung are increasingly adopting digital systems such as Electronic Health Records (EHR), Hospital Management Information Systems (HMIS), and telemedicine services. This study aims to analyze the extent to which digital technology implementation influences innovation and organizational performance in healthcare institutions, as well as the mediating role of innovation in this relationship.

This research employs a quantitative approach using Partial Least Square Structural Equation Modeling (PLS-SEM) as the analysis technique. Data were collected through questionnaires distributed to several hospitals and healthcare facilities that have adopted digital technologies. The study investigates three main variables: digital transformation, innovation, and hospital performance. It tests three hypotheses: the effect of digital transformation on innovation, the effect of digital transformation on performance, and the effect of innovation on performance.

The results show that digital transformation has a positive and significant impact on both innovation and hospital performance. Furthermore, innovation plays an important role in enhancing organizational outcomes. These findings contribute to the academic literature on technology adoption in healthcare and offer practical recommendations for hospital management and policymakers in designing effective, sustainable, and responsive digital transformation strategies.

Keywords: *Digital transformation, Innovation, Hospital performance, Information technology, Health sector.*