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Digital Mindset, Organizational Culture, and Sustainable Employee Performance: The Role of Employee Engagement

Aprida Ariani [1*]; Suprapto [2]

[1] 55125110169@student.mercubuana.ac.id, Universitas Mercu Buana, Indonesia
[2] Suprapto@mercubuana.ac.id, Universitas Mercu Buana, Indonesia
**) Corresponding Author*

ABSTRACT

Objectives: *This study examines the effects of digital mindset and organizational culture on sustainable employee performance, with employee engagement tested as a mediating variable among Bank Indonesia employees.* ***Methodology:*** *A quantitative, cross-sectional explanatory survey of all 200 employees in six Bank Indonesia work units produced 180 valid responses. The reflective first-order model was analyzed with SEM-PLS using SmartPLS 4 and one-tailed bootstrapping with 5,000 subsamples, with 36 initial indicators reduced to 28 after measurement-model evaluation.*
Finding: *Digital mindset positively and significantly affected sustainable employee performance and employee engagement. Organizational culture also positively and significantly affected both outcomes. Employee engagement had a positive but nonsignificant effect on sustainable employee performance and did not mediate either the digital mindset or organizational culture relationship with sustainable employee performance.* ***Conclusion:*** *Strengthening digital mindset and organizational culture provides the clearer direct route to sustainable performance, while engagement initiatives require supportive work design, adequate resources, workload management, and employee well-being to produce a stronger performance contribution.*

Keywords: *Digital Mindset; Organizational Culture; Employee Engagement; Sustainable Employee Performance; SEM-PLS.*

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INTRODUCTION

Sustainable development requires economic progress to be balanced with social well-being and environmental responsibility. The 2030 Agenda frames this challenge through 17 Sustainable Development Goals (SDGs) and 169 targets. For human resource management, SDG 8 is particularly relevant because it connects decent work with productivity and inclusive economic growth, while SDG 9 places innovation and resilient infrastructure within the broader sustainability agenda (Chomać-Pierzecka et al., 2024; Nations, 2015; Peretz, 2024). At the employee level, this orientation shifts attention from short-term output alone to whether performance can be maintained efficiently over time without eroding individual well-being.

Sustainable employee performance captures this longer-term balance. Ji et al. (2021) define it as a self-regulatory process through which employees attain work goals in an enduring and efficient manner while maintaining an adequate level of well-being. This distinction is important because a favorable performance rating does not necessarily show whether the result was achieved through a healthy and repeatable process. Performance maintained through excessive workload or insufficient recovery may weaken vitality and the capacity to sustain future performance (Hendri, 2025; Jonge & Peeters, 2025; Lukito et al., 2024). Consequently, organizations undergoing continuous change need to evaluate not only what employees produce, but also the adaptability, energy, and working conditions that enable them to continue producing it.

This issue is salient for Bank Indonesia. As the central bank of the Republic of Indonesia, the institution carries responsibilities in monetary stability, payment systems, and financial-system stability. Its direction toward becoming a leading digital central bank requires employees who are adaptive, professional, ethical, and capable of working effectively with digital technology. Bank Indonesia's institutional report describes integrated human resource management through workforce planning, fulfillment, development, and employee maintenance, supported by competence development, organizational culture, well-being, and continuous learning (Bank Indonesia, n.d.). Digital transformation therefore depends on more than technical infrastructure. Individual readiness, job design, team dynamics, leadership, human resource practices, and organizational culture jointly shape workplace readiness for transformation (Trenerry et al., 2021). Individual readiness in particular has been conceptualized as a digital mindset, a cognitive filter and set of capabilities through which employees interpret and act on digital change (Goldmann et al., 2025; Hildebrandt & Beimborn, 2024), and digital leadership and workplace digitalization have been linked to work engagement in recent evidence (Li et al., 2024; Zhan & Xie, 2025).

The research problem is not that Bank Indonesia employees generally demonstrate poor performance. Institutional performance information for 2021-2025 indicates good and stable performance across strategic leadership and middle-management and operational levels. The concern is whether that favorable performance can be sustained while employees face intense work periods, strategic institutional agendas, cross-unit committees, cultural programs, and continuing demands to adapt. Preliminary interviews and observations reported in the thesis also identified opportunities to strengthen collaboration, knowledge sharing, work communication, and perceptions of equitable access to assignments and career development. These observations concerned only some employees and units, but they indicate why performance outcomes should be interpreted together with workload, recovery, adaptation, and well-being.

A preliminary survey of 20 employees reinforced this concern. Although 90% reported striving to complete work efficiently and sustainably, only 73% agreed that they could remain productive without excessively sacrificing their well-being. The 17-percentage-point difference suggests that the central issue lies in the durability of the work process rather than output alone. The same preliminary survey produced average agreement of 83.50% for digital mindset and 83.50% for organizational culture, indicating strong foundations but also incomplete uniformity across employees. These conditions make it necessary to test empirically whether digital mindset and organizational culture are associated with sustainable employee performance and whether employee engagement carries those relationships.

Prior evidence supports parts of this model but leaves a specific gap. Enterprise digital capability has been linked to sustainable employee performance through employee learning, although that work examined a firm-level digital capability rather than an individual digital mindset (Fu et al., 2023). Digital mindset has also been positioned with employee engagement in a model of general employee performance (David & Lahindah, 2025) Organizational culture has been related to organizational learning, employee engagement, and general performance among banking employees (Hasan, 2023), while sustainable human resource practices have been associated with resilience, work engagement, and employee outcomes (Lu et al., 2022). Recent studies likewise report that organizational culture and supportive work environments shape engagement and performance across sectors (José et al., 2025; Pham et al., 2024; Rasool et al., 2025; Tadesse Bogale & Debela, 2024), including in Indonesian central-bank units (Syafiq Maricar & Suprapto, 2024). These studies differ in level of analysis and outcome definition. Limited evidence jointly tests individual digital mindset and organizational culture against the specific E-SuPer construct, with employee engagement as mediator, in a central-bank setting.

Accordingly, this study examines the direct effects of digital mindset and organizational culture on sustainable employee performance and employee engagement, the effect of employee engagement on sustainable employee performance, and two specific indirect effects through employee engagement. The study contributes by integrating an individual digital orientation and an organizational context within one model of sustainable performance, while testing rather than assuming that engagement is the mechanism through which both antecedents operate.

The study is organized as follows. The next section reviews Social Exchange Theory and develops the hypotheses linking digital mindset, organizational culture, employee engagement, and sustainable employee performance. The method section then describes the sample, measures, and the partial least squares structural equation modeling procedure. The results section reports the measurement and structural models and the hypothesis tests, after which the discussion interprets each relationship in light of prior evidence and the study context. The paper closes with theoretical and practical implications, limitations, and directions for future research. In doing so, the study offers three contributions. First, it treats digital readiness as an individual mindset rather than a firm-level capability, allowing the personal orientation of central-bank employees to be examined directly. Second, it places that individual orientation alongside organizational culture within a single model, so that person and context are evaluated jointly rather than in isolation. Third, it tests employee engagement as a mediating mechanism rather than assuming it, which allows the reciprocity logic of Social Exchange Theory to be examined empirically in a public-sector, central-bank setting where sustainability of performance is a strategic concern.

LITERATURE REVIEW

Social Exchange Theory

Social Exchange Theory (SET) views social relationships as exchanges of resources that develop through interaction and reciprocal obligations (Blau, 1964). In organizations, exchanged resources may include support, fairness, trust, learning opportunities, recognition, and the quality of work relationships. Unlike a short-term economic transaction, the form and

timing of repayment are not always explicit. When employees perceive organizational treatment as beneficial and trustworthy, they may reciprocate through commitment, involvement, and constructive work contributions. Reciprocity is therefore central to SET (Cropanzano & Mitchell, 2005), while recent review evidence continues to position support and exchange quality as important explanations of employee responses (Ahmad et al., 2023).

Within the present model, digital mindset represents an individual readiness to recognize and use digital opportunities, whereas organizational culture represents shared values and work practices. Investment in digital learning, access to technology, an innovative climate, consistent norms, and collaborative routines can be experienced as organizational support. SET predicts that employees may reciprocate this support through engagement and sustained contribution. Employee engagement is thus tested as a possible psychological response linking digital mindset and organizational culture to sustainable employee performance. The mediation is an empirical proposition rather than an automatic consequence of the theory.

Two further principles of Social Exchange Theory clarify why engagement is treated as a mediator rather than a certainty. The norm of reciprocity holds that beneficial treatment generates a felt obligation to respond in kind, but the strength and direction of that response depend on how employees interpret the exchange (Cropanzano & Mitchell, 2005). Perceived organizational support, in particular, shapes whether investments in digital learning, technology, and a collaborative culture are read as genuine care or as routine administration. When support is perceived as authentic and consistent, employees are more likely to reciprocate with heightened energy, dedication, and absorption in their work. Yet reciprocity operates through discretionary effort, and discretionary effort alone does not guarantee performance that can be sustained over time. Employees must also possess clear priorities, adequate resources, manageable workloads, and opportunities for recovery for that effort to translate into durable output. This reasoning motivates a model in which digital mindset and organizational culture are expected to build engagement, while the link from engagement to sustainable performance is left open to empirical test rather than assumed from the exchange logic itself.

Sustainable Employee Performance

Sustainable employee performance combines enduring goal achievement, efficiency, adaptability, energy, and well-being. The original E-SuPer scale was developed as a one-factor construct and demonstrated acceptable psychometric properties in two cross-sectional samples (Ji et al., 2021). The present study adapts eight indicators that cover consistent work quality and productivity, adaptation to changes in tasks and technology, sufficient energy, productive work without excessive sacrifice of well-being, and working methods that can be maintained over time. This outcome is more specific than general employee performance because it explicitly includes the continuity of performance and employee functioning.

Evidence reviewed in the thesis indicates that sustainable performance is shaped by combinations of individual, job, leadership, and organizational factors (Hendri, 2025). For a transforming institution, both personal readiness and an enabling context may therefore matter. The study treats sustainable employee performance as a reflective first-order construct and examines whether digital mindset and organizational culture provide distinct explanatory contributions.

Digital Mindset and Its Proposed Effects

Digital mindset is a cognitive filter and competence that influences how individuals understand and act in digital transformation contexts (Goldmann et al., 2025). It is broader than the ability to operate a device or application. The adapted indicators assess digital awareness, active information seeking, adaptation across systems, learning new features, viewing technical difficulty as a learning opportunity, experimentation without fear of failure, exploration of better digital work methods, and data-oriented decision making. Workplace digital transformation also requires readiness across individual, group, and organizational levels (Trenerry et al., 2021).

From an SET perspective, training, digital facilities, opportunities to experiment, and an innovative climate signal long-term organizational investment. Employees with a stronger digital mindset may use those resources to maintain work quality, respond to changing systems, and contribute more consistently. Enterprise digital capability has been related to sustainable employee performance through learning and unlearning processes (Fu et al., 2023), while individual digital mindset has been examined together with engagement and employee performance (David & Lahindah, 2025). The first hypothesis is therefore:

H1: Digital mindset has a positive effect on sustainable employee performance.

Employees who interpret digital change as a learning opportunity rather than only as a threat may also experience greater enthusiasm, efficacy, and involvement. Workforce readiness and supportive conditions have been identified as important for engagement in digital transformation (Hizam et al., 2023). Accordingly:

H3: Digital mindset has a positive effect on employee engagement.

Organizational Culture and Its Proposed Effects

Organizational culture is a system of shared values, beliefs, and practices that shapes how members interpret problems and act. Denison & Mishra (1995) identify involvement, consistency, adaptability, and mission as cultural characteristics related to organizational effectiveness. In Bank Indonesia, culture must support integrity and governance while enabling collaboration, innovation, and adaptation. The eight adapted indicators assess whether organizational values are practiced and understood, whether cross-unit collaboration functions effectively, whether new ideas and approaches are encouraged, and whether organizational change is treated as an opportunity for development.

A culture that provides clarity, cooperation, learning, and psychological support can reduce coordination barriers and help employees maintain work quality during change. Evidence in the thesis shows that organizational culture is related to engagement across service settings (Bui & Le, 2023) and to employee performance (Pratiwi & Nawangsari, 2021). Under SET, consistent and supportive practices constitute resources that employees may reciprocate through constructive work behavior. Thus:

H2: Organizational culture has a positive effect on sustainable employee performance.

Supportive culture also supplies meaning, belonging, and norms that can reinforce energy, dedication, and participation. Employees who experience collaboration, safe idea sharing, and development support may respond with stronger engagement. Therefore:

H4: Organizational culture has a positive effect on employee engagement.

Employee Engagement and the Proposed Mediating Role

Employee engagement is a positive work-related psychological state characterized by vigor, dedication, and absorption (Schaufeli et al., 2006). Vigor concerns energy and persistence, dedication concerns enthusiasm, pride, and meaning, and absorption concerns concentration and immersion in work. Engaged employees are expected to apply greater attention and effort, which may help them maintain work quality. Sustainable human resource practices have also been associated with resilience, work engagement, and employee outcomes (Lu et al., 2022). These arguments lead to:

H5: Employee engagement has a positive effect on sustainable employee performance.

Digital mindset may affect sustainable employee performance indirectly if readiness for technology first increases engagement and that engagement is then translated into durable contribution. Similarly, organizational culture may create support and belonging that increase engagement, which may then carry cultural values into sustained work behavior. SET provides a reciprocity logic for both pathways, and prior studies have placed engagement within models linking digital or cultural factors to performance (David & Lahindah, 2025; Saimin et al., 2024). However, because sustainable performance also requires adequate resources and well-being, both indirect effects require empirical confirmation. The final hypotheses are:

H6: Employee engagement mediates the effect of digital mindset on sustainable employee performance.

H7: Employee engagement mediates the effect of organizational culture on sustainable employee performance.

Research Framework

Drawing on Social Exchange Theory and the hypotheses developed above, the research framework specifies how two exogenous constructs operate on the outcome. Digital mindset (X1) represents individual cognitive readiness for digital work, and organizational culture (X2) represents the shared values and practices of the institution. Both are proposed to affect sustainable employee performance (Y) directly, and also indirectly through employee engagement (Z) as a mediating psychological state. The direct paths correspond to H1 and H2, the paths into engagement to H3 and H4, the engagement-to-performance path to H5, and the two indirect paths to H6 and H7. Figure 1 presents the framework, and Table 1 summarizes each pathway with its type of effect and supporting reference.

Figure 1. Conceptual research framework: direct effects of digital mindset (X1) and organizational culture (X2) on sustainable employee performance (Y), and indirect effects through employee engagement (Z).
Source: Developed from (Blau, 1964; Cropanzano & Mitchell, 2005; Goldmann et al., 2025; Hasan, 2023).

Table 1. Structural pathways and hypothesis specification

Path	Relationship	Type of effect	Reference
H1	Digital mindset (X1) → Sustainable employee performance (Y)	Direct	Fu et al. (2023); Goldmann et al. (2025)

Path	Relationship	Type of effect	Reference
H2	Organizational culture (X2) → Sustainable employee performance (Y)	Direct	Hasan (2023); Pratiwi & Nawangsari (2021)
H3	Digital mindset (X1) → Employee engagement (Z)	Direct	Hizam et al. (2023); Trenerry et al. (2021)
H4	Organizational culture (X2) → Employee engagement (Z)	Direct	Bui & Le (2023); Tadesse Bogale & Debela (2024)
H5	Employee engagement (Z) → Sustainable employee performance (Y)	Direct	Lu et al. (2022); Hendri (2025)
H6	Digital mindset (X1) → Employee engagement (Z) → Sustainable employee performance (Y)	Indirect (mediation)	David & Lahindah (2025); Fu et al. (2023)
H7	Organizational culture (X2) → Employee engagement (Z) → Sustainable employee performance (Y)	Indirect (mediation)	Saimin et al. (2024); Saputro & Nawangsari (2025)

METHOD

This study used a quantitative explanatory survey with a cross-sectional design. The unit of analysis was the individual employee. The sampling frame comprised 200 employees from six Bank Indonesia work units: DR, UKPS, DPID, DLDS, DPKL, and DPPT. All 200 employees were invited to participate through a census approach. A census invitation does not imply that every population member supplied usable data. The closed-ended questionnaire generated 180 complete and valid responses, representing a valid response rate of 90%. The distribution was DPKL 73, DR 35, UKPS 21, DLDS 18, DPPT 18, and DPID 15. The scope of inference is therefore limited to the valid responses and the population frame of these six work units.

All items used a five-point Likert scale from 1 (strongly disagree) to 5 (strongly agree). The initial measurement model contained 36 indicators: 10 for digital mindset adapted from Goldmann et al. (2025), eight for organizational culture adapted from Denison & Mishra (1995) and Hasan (2023), 10 for employee engagement adapted from Schaufeli et al. (2006), and eight for sustainable employee performance adapted from Ji et al. (2021). Each variable was specified as a reflective first-order construct, and all indicators were linked directly to their respective construct. No higher-order component was estimated.

Data were analyzed with partial least squares structural equation modeling (PLS-SEM) using SmartPLS 4. The analysis proceeded from the measurement model to the structural model (Hair et al., 2022). Indicator reliability was evaluated through outer loadings, convergent validity through average variance extracted (AVE), internal consistency through rho_A and composite reliability (rho_C), and discriminant validity primarily through the heterotrait-monotrait ratio (HTMT), supported by cross-loadings and the Fornell-Larcker criterion. Indicators in the 0.400-0.708 loading range were not removed mechanically; retention considered changes in AVE and reliability together with theoretical coverage and content validity. Eight indicators were removed iteratively, leaving 28 indicators in the final model.

The structural assessment examined inner variance inflation factors (VIF), path coefficients, R-square, f-square, Q-square predict, model fit, and direct and specific indirect

effects. Because all hypotheses specified a positive direction, significance testing used one-tailed bootstrapping with 5,000 subsamples and a 5% significance level. A hypothesis was supported when the *t*-statistic exceeded 1.645 and the *p*-value was below 0.050. The mediation decision was based directly on the bootstrapped specific indirect effect. The cross-sectional design estimates statistical relationships at one period and does not by itself establish temporal or causal change (Creswell & Creswell, 2023).

Several procedural safeguards supported the quality of the data. Participation was voluntary, respondents were informed of the academic purpose of the study, and responses were treated confidentially and analyzed only in aggregate, so that no individual employee or work unit could be identified from the reported results. Because all constructs were measured through the same self-administered instrument at a single point in time, the risk of common-method bias was acknowledged and addressed procedurally by assuring anonymity, varying the framing of items, and avoiding leading wording, which reduces the tendency for respondents to answer in a socially desirable or artificially consistent manner. The reflective specification, the iterative review of indicator loadings against changes in average variance extracted and reliability, and the use of the heterotrait-monotrait ratio for discriminant validity together provided evidence that the constructs were empirically distinct rather than artifacts of a shared measurement approach. These steps do not eliminate the inferential limits of a cross-sectional self-report design, but they strengthen confidence that the estimated relationships reflect the constructs of interest rather than method effects alone.

RESULTS AND DISCUSSION

Results

The 180 respondents included 98 women (54.44%) and 82 men (45.56%). Half were over 40 years old, 34.44% were aged 31-40, 14.44% were aged 25-30, and 1.11% were under 25. Most respondents had worked for Bank Indonesia for more than five years (85.56%). Staff accounted for 52.78% of the sample, followed by assistant managers (26.67%), managers (10.56%), and assistant directors (10.00%). These characteristics show that the results predominantly reflect experienced employees at staff and early-to-middle management levels.

Measurement Model

The initial 36-indicator model was evaluated iteratively. DM1, DM9, DM10, EE1, EE2, EE6, EE8, and EE10 were removed, and the final model retained 28 indicators. The retained outer loadings ranged from 0.658 for OC5 to 0.795 for SEP8. Seven indicators below 0.700 - DM2, DM3, DM7, EE9, OC5, SEP3, and SEP6 - were retained because each construct already met AVE and composite reliability requirements and further deletion would reduce construct coverage. All final indicator loadings were statistically significant, with *t*-statistics from 8.502 to 26.760 and $p < 0.001$.

Table 2. Measurement model assessment

Construct	Cronbach's alpha	rho_A	rho_C	AVE
Digital Mindset	0.846	0.851	0.883	0.520
Employee Engagement	0.779	0.782	0.850	0.532

Construct	Cronbach's alpha	rho_A	rho_C	AVE
Organizational Culture	0.871	0.872	0.898	0.525
Sustainable Employee Performance	0.886	0.887	0.909	0.557

Source: Primary data processed by the researcher (2026).

As shown in Table 2, AVE values ranged from 0.520 to 0.557 and rho_C values from 0.850 to 0.909, demonstrating convergent validity and internal consistency. The square roots of AVE for digital mindset, organizational culture, employee engagement, and sustainable employee performance were 0.721, 0.725, 0.729, and 0.746, respectively, and exceeded the corresponding interconstruct correlations. HTMT values ranged from 0.661 to 0.841, all below 0.900. Each indicator also loaded most strongly on its assigned construct. Together, these results supported discriminant validity.

Structural Model and Hypothesis Testing

Inner VIF values ranged from 2.057 to 2.528, indicating no critical predictor collinearity. The model explained 54.4% of the variance in employee engagement and 44.2% of the variance in sustainable employee performance. The small differences between R-square and adjusted R-square indicate that the model's explanatory capacity changed little after adjustment. Both Q-square predict values were above zero.

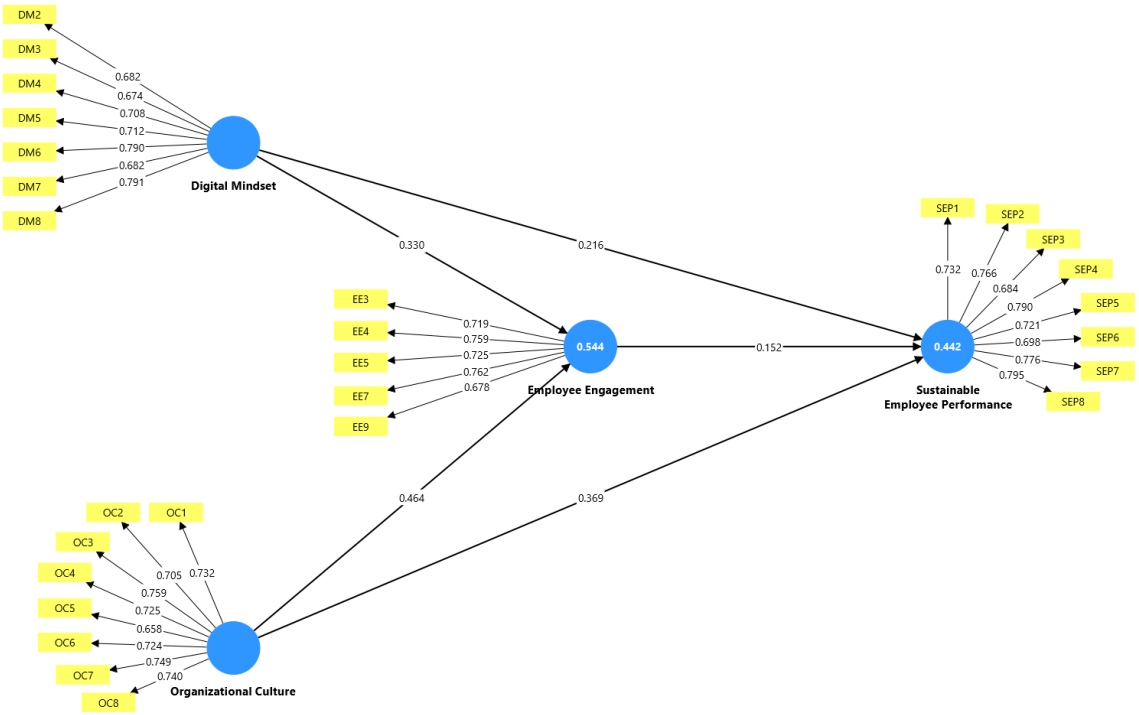
Table 3. Explanatory and predictive assessment of endogenous constructs

Endogenous construct	R-square	Adjusted R-square	Q-square predict
Employee Engagement	0.544	0.539	0.516
Sustainable Employee Performance	0.442	0.433	0.393

Source: Primary data processed by the researcher (2026).

The f-square values were 0.116 for digital mindset to employee engagement, 0.036 for digital mindset to sustainable employee performance, 0.229 for organizational culture to employee engagement, 0.097 for organizational culture to sustainable employee performance, and 0.019 for employee engagement to sustainable employee performance. Thus, organizational culture had a medium contribution to employee engagement, digital mindset and organizational culture had small contributions to the other relevant endogenous constructs, and the contribution of employee engagement to sustainable employee performance was negligible. Model-fit output reported SRMR = 0.074, NFI = 0.711, d_ULS = 2.209, and d_G = 0.884.

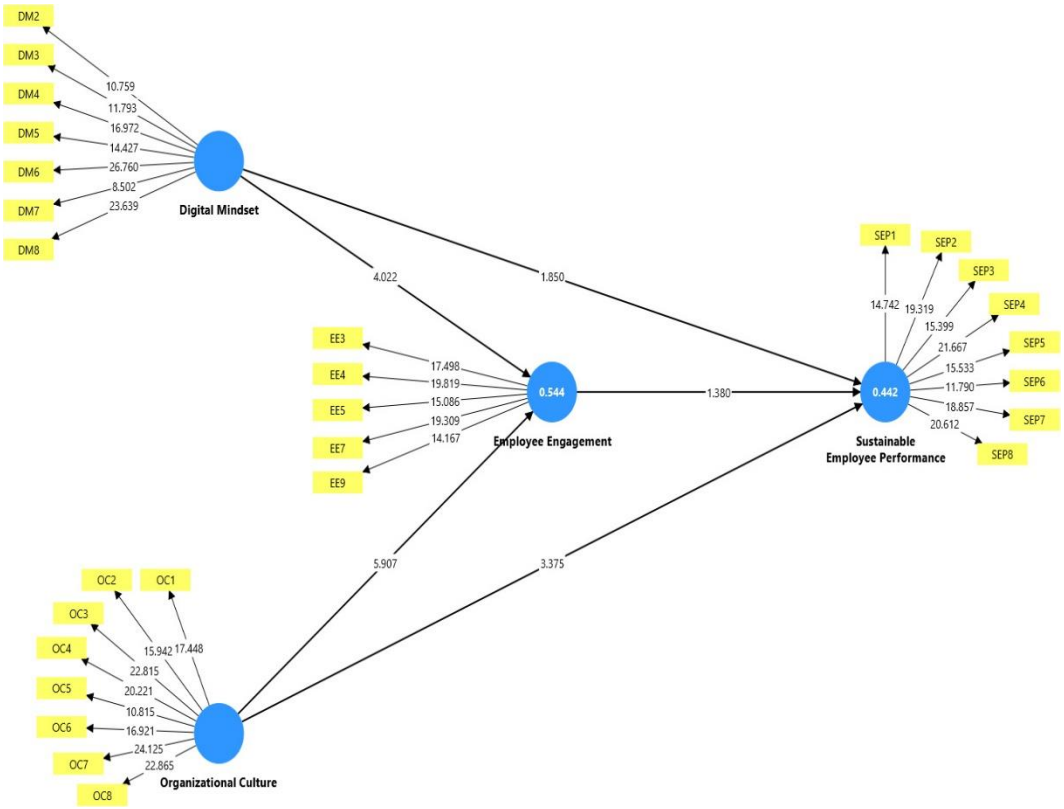
Figure 2. Final PLS-SEM model with outer loadings, path coefficients, and R-square values



Source: SmartPLS 4 output based on 180 valid responses, processed by the researcher (2026).

Figure 2 displays all 28 retained indicators and the complete structural model. The path coefficients are 0.330 from digital mindset to employee engagement, 0.216 from digital mindset to sustainable employee performance, 0.464 from organizational culture to employee engagement, 0.369 from organizational culture to sustainable employee performance, and 0.152 from employee engagement to sustainable employee performance. The bootstrapping decisions are summarized in Table 4.

Figure 3. Bootstrapping t-values of the structural model



Source: SmartPLS 4 bootstrapping output based on 180 valid responses, processed by the researcher (2026).

Table 4. Direct and indirect hypothesis testing

Hypothesis and path	Beta	t-statistic	p-value	Decision
H1: Digital Mindset -> Sustainable Employee Performance	0.216	1.850	0.032	Supported
H2: Organizational Culture -> Sustainable Employee Performance	0.369	3.375	< 0.001	Supported
H3: Digital Mindset -> Employee Engagement	0.330	4.022	< 0.001	Supported
H4: Organizational Culture -> Employee Engagement	0.464	5.907	< 0.001	Supported
H5: Employee Engagement -> Sustainable Employee Performance	0.152	1.380	0.084	Not supported
H6: Digital Mindset -> Employee Engagement -> Sustainable Employee Performance	0.050	1.219	0.111	Not supported

Hypothesis and path	Beta	t-statistic	p-value	Decision
H7: Organizational Culture -> Employee Engagement -> Sustainable Employee Performance	0.070	1.372	0.085	Not supported

Source: SmartPLS 4 bootstrapping output, processed by the researcher (2026).

Discussion

Digital Mindset and Sustainable Employee Performance

H1 was supported: digital mindset had a positive and significant effect on sustainable employee performance (beta = 0.216; $t = 1.850$; $p = 0.032$). SET helps explain this relationship by treating access to digital tools, training, and room for experimentation as organizational resources. Employees who recognize and use those resources can reciprocate through adaptive and consistently effective work behavior (Alam et al., 2024). The result is also aligned with Fu et al. (2023), who connected enterprise digital capability with sustainable employee performance through learning and unlearning. The constructs and levels of analysis differ, but both results emphasize that digital resources create value through employee learning and application.

The effect size was small (f-square = 0.036), so digital mindset should not be interpreted as a sufficient condition for sustainable performance. In Bank Indonesia, digital development should be connected to actual work problems, opportunities to improve processes, and a work design that permits new capabilities to be used consistently. This interpretation fits the descriptive result that enthusiasm for new digital systems was high, while actively allocating time to learn new application features was comparatively lower. Digital readiness therefore needs an application pathway, not only technology exposure.

This pattern also carries a warning against a purely technological reading of digital transformation. A high average digital mindset score does not guarantee uniform application across units, and the gap between enthusiasm and time actually invested in learning new features suggests that intention and behavior can diverge. For a central bank whose strategic agenda depends on reliable digital operations, the practical task is to shorten that gap by embedding learning in the flow of work, recognizing employees who translate new tools into measurable process gains, and ensuring that supervisors model the applied use of technology rather than treating it as an add-on to existing routines. Understood this way, digital mindset functions as a necessary but insufficient enabler whose contribution to sustainable performance is realized only when the surrounding work system allows the mindset to be exercised.

Organizational Culture and Sustainable Employee Performance

H2 was supported: organizational culture had a positive and significant effect on sustainable employee performance (beta = 0.369; $t = 3.375$; $p < 0.001$). It was the largest direct coefficient predicting sustainable employee performance, although its f-square of 0.097 remained small. Under SET, a culture that consistently provides clarity, support, trust, and cooperation forms an exchange context in which employees are more likely to return positive treatment through sustained contribution. Shared values can also reduce coordination barriers and help employees preserve work quality while systems and priorities change.

The finding is consistent with Pratiwi & Nawangsari (2021), who found a significant organizational culture relationship with general employee performance. The present study

extends that argument to an outcome that includes continuity and well-being. For Bank Indonesia, the values of BI Religi, BI Inovasi, BI Prestasi, and BI Digital need to remain visible in observable routines: cross-unit knowledge sharing, open evaluation, safe communication of improvement ideas, and follow-up after joint projects. Culture contributes to sustainable performance when it becomes a repeated work practice rather than only a formal statement.

The prominence of organizational culture as the strongest direct predictor deserves emphasis because it reframes where managerial attention should sit. In many transformation narratives, technology is cast as the decisive lever, yet in this model the shared values and routines of the workplace bore a heavier relationship with whether performance could be sustained. This does not diminish the role of digital readiness; rather, it suggests that culture provides the connective tissue that lets individual capabilities aggregate into dependable collective output. When cross-unit cooperation, knowledge sharing, and safe communication are habitual, employees can absorb changing systems and priorities without a loss of quality, and the institution retains its performance through periods of intense demand. Culture, in this sense, is not a soft complement to strategy but a direct operational asset that should be measured, reinforced, and rewarded as deliberately as technical capability.

Digital Mindset and Employee Engagement

H3 was supported: digital mindset positively and significantly affected employee engagement (beta = 0.330; $t = 4.022$; $p < 0.001$), with a small f-square of 0.116. Digital facilities, learning opportunities, and organizational support can be interpreted as investments that employees reciprocate through attention, energy, and participation. This result is consistent with Hizam et al. (2023), who identified workforce readiness and supportive conditions as important components of engagement in digital transformation.

The implication is that digital learning should be safe, applied, and accompanied when new systems are introduced. Opportunities to practice, solve authentic work problems, and learn from technical difficulty can reinforce both competence and involvement. However, the cross-sectional design means that the coefficient represents a relationship at the measurement period; it does not establish how engagement changes over time as digital capability develops.

Organizational Culture and Employee Engagement

H4 was supported: organizational culture positively and significantly affected employee engagement (beta = 0.464; $t = 5.907$; $p < 0.001$). Its f-square of 0.229 was medium and was the largest contribution to employee engagement in the model. This pattern strongly supports the SET expectation that a consistent, collaborative, and learning-oriented culture is experienced as organizational support and reciprocated through dedication and participation. The result is aligned with Saimin et al. (2024), who placed culture and job engagement within an employee performance model, and with Bui & Le (2023), who linked organizational culture to engagement in a service setting.

For Bank Indonesia, cultural strengthening should be expressed through leadership example, cross-unit cooperation, psychological room to communicate ideas, and recognition of employee contributions. These practices make organizational values tangible and can reinforce employees' sense of belonging and willingness to invest energy in their work. The larger effect on engagement than on sustainable performance also indicates that culture influences the psychological experience of work particularly strongly.

That organizational culture exerted its largest effect on engagement, larger than any other path in the model, points to a clear sequencing insight for management. Culture appears to work first on the psychological experience of work, shaping how supported, connected, and willing to contribute employees feel, before those feelings are translated into behavior. The practical consequence is that cultural interventions are likely to show their earliest and clearest returns in indicators of engagement, such as energy, involvement, and discretionary participation, and only later, and conditionally, in sustained performance. Managers should therefore not abandon a cultural program because performance metrics lag; they should instead pair the cultural work with the work-design and resource conditions that allow heightened engagement to be converted into output that employees can maintain. This staged reading is consistent with the overall model, in which culture built engagement robustly while the engagement-to-performance link remained conditional.

Employee Engagement and Sustainable Employee Performance

H5 was not supported. Employee engagement had a positive coefficient but did not significantly affect sustainable employee performance (beta = 0.152; t = 1.380; p = 0.084), and its f-square was 0.019. This finding does not show that engagement reduces performance or that the constructs are equivalent. It indicates that the available statistical evidence was insufficient to confirm the positive path at the 5% one-tailed threshold in this model and sample.

SET predicts that employees may reciprocate support through engagement, but sustainable performance includes more than energy and dedication. It also requires work methods, resources, recovery, and well-being that can be maintained. Ji et al. (2021) explicitly incorporate this balance into E-SuPer, while Hendri (2025) identifies individual, job, leadership, and organizational conditions as a broader set of sustainable performance determinants. High engagement may therefore coexist with workload or recovery conditions that limit its conversion into durable performance. Engagement initiatives at Bank Indonesia should be connected to process improvement, workload management, adequate resources, and employee well-being rather than emphasizing enthusiasm alone.

Two further readings help interpret the nonsignificant engagement path without overstating it. First, the outcome construct in this study is deliberately demanding: sustainable employee performance asks not only whether employees perform, but whether they can keep performing efficiently without depleting their well-being. Engagement, as vigor, dedication, and absorption, captures the energetic side of that equation but not the resource and recovery side, so a positive but modest coefficient is consistent with theory rather than contradicting it. Second, the study population reported generally high and stable performance, which can compress variance and make it statistically harder to detect an incremental engagement effect. Rather than concluding that engagement is unimportant, the more defensible interpretation is that engagement is one input among several, and that its performance payoff depends on whether workload, staffing, and recovery conditions let engaged employees sustain their effort over time.

The Mediating Role of Employee Engagement

H6 was not supported. The indirect effect of digital mindset on sustainable employee performance through employee engagement was positive but nonsignificant (beta = 0.050; t = 1.219; p = 0.111). Digital mindset significantly predicted engagement, but engagement did not significantly predict sustainable performance; consequently, the mediating pathway was not

established. Digital mindset retained a significant direct effect, suggesting a more immediate route through the way employees adapt technology, solve work problems, and maintain output. Learning, unlearning, and workforce readiness identified by Fu et al. (2023) and Hizam et al. (2023) may represent mechanisms that warrant separate testing.

H7 was likewise not supported. The indirect effect of organizational culture through employee engagement was positive but nonsignificant (beta = 0.070; t = 1.372; p = 0.085). Organizational culture significantly predicted both engagement and sustainable performance directly, but engagement did not transmit a statistically supported indirect effect. This pattern is compatible with evidence that culture, leadership, and employee development can shape sustainable work practices directly (Saputro & Nawangsari, 2025; Tadesse Bogale & Debela, 2024). In SET terms, a favorable exchange context can generate engagement, yet the reciprocity process does not automatically produce sustainable performance unless employees also have clear priorities, sufficient resources, manageable demands, and recovery opportunities.

Taken together, the results refine the expected SET mechanism. Digital mindset and organizational culture both supported engagement, demonstrating that individual readiness and organizational context matter for the employee experience. Their clearer relationship with sustainable employee performance, however, was direct. Employee engagement remained a positive organizational outcome, but in this model it was not the mechanism that explained how either antecedent related to sustainable performance.

CONCLUSION

This study addressed the limited evidence integrating individual digital mindset and organizational culture in a model of sustainable employee performance with employee engagement as a mediator in a central-bank setting. Based on 180 valid responses from six Bank Indonesia work units, digital mindset and organizational culture each had positive and significant effects on sustainable employee performance and employee engagement. Organizational culture produced the strongest direct coefficient for sustainable employee performance and the strongest coefficient for employee engagement. Employee engagement had a positive but nonsignificant effect on sustainable employee performance and did not mediate either the digital mindset or organizational culture relationship with sustainable employee performance.

The findings imply that Bank Indonesia can prioritize applied digital capability and consistently enacted organizational culture as direct foundations for sustainable performance. Digital learning should be connected to real process improvement, while culture should be reinforced through cross-unit collaboration, knowledge sharing, leadership example, open communication, and support for adaptation. Employee engagement remains important, but engagement programs should be integrated with work design, resource adequacy, workload balance, recovery, and well-being so that employee energy can be converted into performance that is maintainable over time.

Theoretical Implications

Theoretically, the study refines rather than confirms the expected Social Exchange mechanism in a central-bank setting. Digital mindset and organizational culture both raised employee engagement, which supports the reciprocity logic that individual readiness and a supportive organizational context shape the employee experience. The absence of a significant

engagement-to-performance path and the nonsignificant indirect effects, however, indicate that reciprocated engagement did not automatically convert into performance that could be sustained over time. This suggests that Social Exchange Theory is better treated as a starting explanation that must be complemented by resource-, demand-, and recovery-based perspectives when the outcome of interest is durability of performance rather than effort alone. Positioning digital readiness as an individual mindset, and testing it jointly with organizational culture against the specific sustainable-employee-performance construct, contributes evidence at a level of analysis that prior firm-level and general-performance studies did not directly address.

Practical Implications

Practically, the results give Bank Indonesia a clear order of priorities. Because organizational culture and digital mindset related to sustainable performance directly and more strongly than through engagement, the institution can treat applied digital capability and a consistently enacted culture as primary levers. Digital learning is most useful when tied to real process improvement rather than to generic training completion, and culture is reinforced through cross-unit collaboration, knowledge sharing, visible leadership example, open communication, and concrete support for adaptation during periods of change. Engagement initiatives remain worthwhile, but their return is likely to be higher when they are embedded in work design, resource adequacy, workload balance, and recovery, so that the energy engagement produces can be channeled into output that employees can maintain without eroding their well-being. For a public institution pursuing a leading-digital-central-bank agenda, this implies investing in the conditions that make performance repeatable, not only in programs that raise short-term enthusiasm.

The results are bounded by five limitations recorded in the study. The sample was limited to 180 employees in six work units; the cross-sectional design did not establish temporal or causal change; the questionnaire relied on self-reported perceptions and may be affected by subjectivity and common-method bias; the model explained 54.4% of employee engagement and 44.2% of sustainable employee performance, leaving additional variance outside the included predictors; and removal of eight indicators may have narrowed the empirical coverage of the adapted constructs. Future research can extend the population to other Bank Indonesia offices or sectors, use longitudinal or mixed-method designs, and examine leadership, perceived organizational support, work-life balance, psychological safety, job crafting, workload, or well-being as additional predictors, mediators, or moderators. Out-of-sample prediction and measurement invariance should also be assessed when data and group comparisons permit.

Beyond addressing these limitations, several extensions would sharpen the contribution of this line of work. A longitudinal or lagged design would allow engagement and performance to be observed across time, offering a stronger basis for causal interpretation than a single cross-sectional snapshot and clarifying whether engagement precedes, follows, or moves together with sustainable performance. Mixed-method work that pairs the survey with interviews or observation could explain why the engagement-to-performance path was weak in this setting, distinguishing whether the constraint lies in workload, recovery, resource adequacy, or the way performance is defined and measured. Comparative studies across Bank Indonesia offices, or across public and private financial institutions, would test whether the primacy of

organizational culture observed here generalizes or reflects the specific context of a central bank. Finally, incorporating boundary conditions such as leadership style, perceived organizational support, psychological safety, job crafting, and well-being as moderators would move the model from establishing that culture and digital mindset matter toward specifying when and for whom engagement translates into performance that can be sustained.

In sum, this study shows that in a central-bank setting the durability of employee performance rests more on a consistently enacted organizational culture and an applied digital mindset than on employee engagement as an intervening mechanism. Engagement remains a valuable organizational outcome and a genuine product of a supportive culture and digital readiness, but converting that engagement into performance that can be maintained over time requires deliberate attention to work design, resources, workload, and recovery. For institutions pursuing an ambitious digital agenda, the message is that sustainable performance is built not only by raising capability and enthusiasm, but by shaping the conditions that allow capability and enthusiasm to be exercised without depleting the people who provide them.

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