

Digital Transformation and Employee Performance: The Mediating Role of Organizational Commitment and the Moderating Role of Organizational Culture in the Indonesian Public Sector

Anggun Kurnia Dewi¹, Riswan²

^{1,2}Business and Economic Faculty, University of Bandar Lampung

Corresponding author : riswan@ubl.ac.id

Abstract

Digital transformation has become a strategic requirement for improving bureaucratic effectiveness, yet its success is strongly influenced by human and cultural factors. This study analyzes the effect of digital transformation on employee performance with organizational commitment as a mediator and organizational culture as a moderator at the Secretariat of the Regional House of Representatives (DPRD) of Pesisir Barat Regency, Indonesia. The study employs a quantitative explanatory survey of 68 employees and analyzes the data using Structural Equation Modeling–Partial Least Squares (SEM-PLS). The analytical framework is grounded in the Resource-Based View (RBV) and Behavioral Perspective to explain the role of digital capabilities, employee attitudes, and organizational values. The results show that digital transformation has a positive and significant effect on employee performance, both directly and indirectly through organizational commitment. Meanwhile, organizational culture weakens the effect of digital transformation on performance. These findings extend the literature on digital transformation in the public sector by integrating mediation and moderation mechanisms within a single empirical model in a legislative institution context in Indonesia.

Keywords: Digital Transformation; Organizational Commitment; Organizational Culture; Employee Performance; SEM-PLS.

INTRODUCTION

Employee performance is a fundamental determinant of organizational effectiveness in the public sector, particularly within local government institutions that are responsible for administrative services, legislative support, and public accountability (Mahmud et al., 2023). Prior studies have consistently shown that high employee performance is essential for

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ensuring efficiency, service quality, and institutional credibility. However, performance in public organizations is no longer defined solely by task completion or procedural compliance, but increasingly by employees' ability to deliver adaptive, innovative, and effective services in response to dynamic administrative demands and ongoing institutional reforms (Butt, 2024).

The acceleration of digital transformation has emerged as a key strategy for improving public sector performance by reshaping organizational processes, work interactions, and governance mechanisms. Existing literature has largely emphasized the technical and structural benefits of digitalization, such as process automation, information integration, and service efficiency. Nevertheless, empirical findings on the performance outcomes of digital transformation remain inconsistent, particularly in the public sector. While some studies report positive effects on employee performance, others indicate limited or even insignificant impacts, suggesting that digital transformation alone does not automatically translate into improved performance outcomes. These mixed results point to the existence of underlying organizational and behavioral factors that remain insufficiently explored (Kementerian PANRB, 2023).

One major limitation of prior research is the tendency to examine digital transformation and employee performance through a direct relationship, without adequately considering the internal psychological and cultural mechanisms through which digital initiatives influence employee behavior. Specifically, the mediating role of organizational commitment and the moderating role of organizational culture have received limited empirical attention, especially within local government institutions in developing countries. Furthermore, most existing studies focus on executive or administrative agencies, leaving legislative support institutions (Mahmud et al., 2023; Dewi, 2024).

Addressing these gaps, this study focuses on the Secretariat of the Regional House of Representatives (DPRD) of Pesisir Barat Regency, where digital transformation initiatives are currently being implemented amid observable variations in employee commitment and organizational culture. This study explicitly examines whether digital transformation improves employee performance, whether organizational commitment serves as a mediating mechanism in this relationship, and whether organizational culture strengthens or weakens the impact of digital transformation on performance. By integrating mediation and moderation mechanisms within a single empirical model and applying it to a legislative public sector context, this study seeks to extend the digital transformation literature and provide more nuanced evidence on the conditions under which digital initiatives lead to improved employee performance.



Digital Transformation and Employee Performance

Digital transformation refers to the integration of digital technologies into organizational processes, structures, and service delivery systems, which fundamentally alters how public organizations operate. From the perspective of the Resource-Based View (RBV) (Robbins & Judge, 2020; Luthans, 2011), digital capabilities constitute strategic organizational resources that enhance efficiency, information accessibility, and coordination across units. In the public sector, digital transformation enables faster administrative processes, reduces procedural complexity, and improves service quality, thereby supporting employees in performing their tasks more effectively (Barney, 1991). Empirical studies have shown that the use of integrated information systems and digital work platforms can improve employee productivity, accuracy, and responsiveness. Therefore, digital transformation is expected to have a positive impact on employee performance.

H1: Digital transformation positively affects employee performance.

Digital Transformation and Organizational Commitment

Beyond its technical implications, digital transformation also influences employees' psychological attachment to the organization. When digital initiatives are well implemented, they signal organizational support, modernization, and investment in employee capabilities (Febiri et al., 2024). Such conditions can increase employees' sense of belonging, perceived organizational support, and long-term attachment. According to behavioral and organizational commitment theories, employees are more likely to develop affective and normative commitment when they perceive organizational change as beneficial and supportive of their work (Butt, 2024). Digital systems that simplify tasks and enhance transparency may strengthen employees' trust and identification with organizational goals. Accordingly, digital transformation is expected to positively influence organizational commitment.

H2: Digital transformation positively affects organizational commitment.

Organizational Commitment and Employee Performance

Organizational commitment reflects the degree to which employees identify with organizational goals, are emotionally attached to the organization, and are willing to exert effort on its behalf. Prior research consistently demonstrates that committed employees tend to show higher levels of motivation, job involvement, and discretionary effort. In the public sector, where formal incentives may be limited, organizational commitment plays a crucial role in sustaining employee performance. Employees with strong organizational commitment are more likely to adapt to new systems, comply with organizational standards, and actively contribute to performance improvement (Sacavém et al., 2025). Therefore, organizational commitment is expected to positively affect employee performance.

H3: Organizational commitment positively affects employee performance.



The Mediating Role of Organizational Commitment

While digital transformation may directly influence employee performance, its impact is not purely technological. Digital initiatives often require employees to change established work routines, learn new systems, and adopt new ways of working. These changes are more likely to result in performance improvement when employees develop a strong sense of commitment to the organization (Febiri et al., 2024). Organizational commitment functions as a psychological mechanism that translates digital transformation into behavioral outcomes, such as increased effort, adaptability, and performance (Pradana dan Utomo (2023). Thus, digital transformation is expected to enhance employee performance indirectly by strengthening organizational commitment, which in turn improves performance outcomes.

H4: Organizational commitment mediates the relationship between digital transformation and employee performance.

The Moderating Role of Organizational Culture

Organizational culture represents shared values, norms, and beliefs that shape employee behavior and responses to change. Culture determines whether digital transformation is perceived as an opportunity or a threat. In organizations with adaptive, innovative, and supportive cultures, digital initiatives are more likely to be embraced, thereby strengthening their impact on employee performance (Butt, 2024). Conversely, in organizations characterized by rigid, hierarchical, or conservative cultures, digital transformation may encounter resistance, limiting its effectiveness (Amankona et al., 2025). Thus, organizational culture influences the strength of the relationship between digital transformation and employee performance by shaping employees' acceptance and utilization of digital systems.

H5: Organizational culture moderates the relationship between digital transformation and employee performance.

RESEARCH METHOD

This study employed a quantitative explanatory research design to examine the relationships among digital transformation, organizational commitment, organizational culture, and employee performance. The research population consisted of all employees of the Secretariat of the Regional House of Representatives (DPRD) of Pesisir Barat Regency, and a saturated sampling technique was applied, resulting in a total sample of 68 respondents. Data were collected using a structured questionnaire measured on a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). Prior to the main survey, the instrument was pilot-tested with 20 respondents to ensure clarity, reliability, and content validity.



Data analysis was conducted using Structural Equation Modeling–Partial Least Squares (SEM-PLS) with SmartPLS 3.0 software. This analytical approach was selected due to its suitability for testing complex models involving latent constructs, mediation and moderation effects, and relatively small sample sizes with non-normal data distribution. The evaluation of the measurement model included tests of convergent validity, assessed through outer loadings (≥ 0.70) and average variance extracted ($AVE \geq 0.50$), as well as discriminant validity, evaluated using the Fornell–Larcker criterion and the Heterotrait–Monotrait ratio (HTMT). In addition, construct reliability was examined using Cronbach's Alpha and Composite Reliability to ensure the internal consistency of the measurement instruments.

DISCUSSION

The findings of this study provide strong empirical support for the Resource-Based View (RBV), which posits that organizational performance is enhanced through the effective deployment of strategic capabilities. Digital transformation emerges as a critical organizational capability that can improve employee performance by streamlining work processes, enhancing information accessibility, and supporting coordination across organizational units. However, the results also demonstrate that the impact of digital transformation on performance is not purely technological in nature. Instead, its effectiveness is contingent upon human and behavioral factors within the organization. The significant mediating role of organizational commitment indicates that digital initiatives yield performance improvements primarily when employees internalize organizational goals and develop a strong psychological attachment to the institution. This finding underscores that technology-driven change must be accompanied by efforts to foster employee engagement, trust, and commitment in order to translate digital investments into tangible performance outcomes (Susanti, 2020).

Furthermore, the moderating analysis reveals that organizational culture weakens the relationship between digital transformation and employee performance. This suggests that the prevailing cultural context within the organization may constrain the effectiveness of digital initiatives. In particular, conservative work patterns, hierarchical decision-making structures, and resistance to change may limit employees' willingness to fully adopt and utilize digital systems, even when technological infrastructure is available. Such cultural characteristics can reduce flexibility, discourage experimentation, and reinforce reliance on traditional work practices, thereby diminishing the potential performance benefits of digital transformation. These findings highlight that digital readiness in the public sector extends beyond technological infrastructure to include cultural openness, learning orientation, and adaptability to change (Rahmawati & Prasetyo, 2021).

By demonstrating both the mediating role of organizational commitment and the weakening moderating effect of organizational culture, this study contributes important



insights to the literature on public sector digitalization. While prior studies have predominantly emphasized technological efficiency and structural reforms, the present findings emphasize the critical role of behavioral and cultural alignment in shaping digital transformation outcomes (Lestari, 2020). This study thus extends existing research by showing that digital transformation in public organizations is a socio-technical process, in which performance improvements depend not only on digital capabilities but also on employees' commitment and the compatibility of organizational culture with change initiatives (Setiawan, 2020). These insights are particularly relevant for public sector institutions in developing countries, where bureaucratic traditions and rigid cultural norms often pose significant challenges to digital reform efforts.

CONCLUSION

This study provides empirical evidence that digital transformation significantly improves employee performance in public sector organizations, both directly and indirectly through organizational commitment. The direct effect indicates that digital initiatives enhance work efficiency, information accessibility, and task execution. At the same time, the indirect effect highlights the critical role of organizational commitment as a psychological mechanism that translates digital transformation into improved performance outcomes. Employees who perceive digital change as beneficial and aligned with organizational objectives tend to exhibit stronger commitment, which subsequently enhances their work performance.

However, the findings also reveal that organizational culture weakens the relationship between digital transformation and employee performance. This suggests that deeply rooted bureaucratic norms, conservative work patterns, and resistance to change may hinder the effective utilization of digital systems. As a result, technological advancements alone are insufficient to maximize performance gains without addressing cultural barriers. These conclusions underscore that digital transformation in the public sector is a socio-technical process that requires not only technological readiness but also behavioral alignment and cultural adaptability.

Theoretical Implications

From a theoretical perspective, this study strengthens the Resource-Based View (RBV) by providing empirical support that digital capabilities and behavioral resources function as strategic assets that enhance organizational performance. Digital transformation is shown not merely as an operational tool but as a valuable organizational capability whose effectiveness depends on complementary human resources.

Furthermore, this study extends the Behavioral Perspective by demonstrating the mediating role of organizational commitment in the relationship between technology adoption and employee performance. By empirically validating commitment as a key psychological



mechanism, the study advances existing theories that link technological change to behavioral outcomes. The integration of mediation and moderation mechanisms within a single empirical model also contributes to a more nuanced understanding of how digital transformation affects performance in public sector contexts, particularly within legislative support institutions that have been underexplored in prior research.

Practical Implications

The findings of this study offer several practical implications for public sector organizations implementing digital transformation initiatives. First, organizations should strengthen digital infrastructure and system integration to ensure reliability, accessibility, and interoperability across work units. Second, continuous digital skills training is essential to enhance employee competence, confidence, and readiness to adopt new technologies.

Third, human resource management practices should be reinforced through effective communication, transparent performance evaluation, and fair reward systems that recognize adaptability and digital competence. Such practices can enhance organizational commitment and reduce resistance to change. Finally, organizations should proactively address sources of cultural resistance by promoting cultural alignment initiatives, such as change leadership, participatory decision-making, and the development of adaptive and learning-oriented work cultures. By aligning technological, human, and cultural dimensions, public sector organizations can maximize the performance benefits of digital transformation.

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