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DIGITAL WORK CULTURE AND EMPLOYEE PERFORMANCE: THE MEDIATING ROLE OF DYNAMIC CAPABILITIES

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Abstract

The acceleration of digital transformation in the banking sector has reshaped how employees perform their daily tasks, requiring not only technological adoption but also behavioral adaptation. This study examines the influence of digital work culture on employee performance among employees of a bank in the Bank BUMN region, Indonesia, with employee dynamic capabilities positioned as a mediating variable. A quantitative survey approach was employed, involving 100 respondents selected through purposive sampling. Data were analyzed using Partial Least Squares Structural Equatio.n Modeling (PLS-SEM) with SmartPLS 4.0. The findings reveal that digital work culture has a positive and significant effect on employee dynamic capabilities and on employee performance. Employee dynamic capabilities also positively and significantly affect employee performance and partially mediate the relationship between digital work culture and employee performance. These results indicate that the benefits of digital transformation are only fully realized when supported by employees' capacity to sense, seize, and transform in response to technological change. The study extends the Resource-Based View and Dynamic Capabilities Theory to the individual employee level within a digitally transforming banking context and offers practical guidance for strengthening human capital readiness alongside technology investment.

Keywords: digital work culture; dynamic capabilities; employee performance; banking; PLS-SEM

INTRODUCTION

Digital transformation has fundamentally altered how banking employees carry out their work. The adoption of digital systems, automated workflows, and integrated technologies in daily operations requires employees to continuously adapt to an increasingly digitalized work environment. This transformation extends beyond the mere use of new tools; it also reshapes work patterns, operational processes, and individual behavior in digitally mediated tasks. Prior industry analysis suggests that the success of digital transformation depends heavily on human-resource readiness, particularly through upskilling and reskilling efforts that enable employees to keep pace with evolving job demands (Mckinsey, 2023). Success is therefore not determined solely by an organization's technological readiness, but also by employees' ability to internalize a digital work culture while sustaining their performance. Related studies similarly argue that digital transformation raises the bar for individuals' ability to apply digital technology in everyday work activities (Shudan Wang, Chuanglian Chen, 2023), and that a digitally reshaped work environment demands adaptive, collaborative behavior capable of leveraging technology effectively (Wang, 2022).

A digitally oriented work environment pushes employees toward more flexible, collaborative, and technologically adaptive routines. In this context, digital work culture

becomes a critical antecedent, as it shapes the behavioral patterns through which employees use technology to accomplish their tasks. Digital work culture is not confined to technology usage; it also reflects values, collaborative norms, and employees' readiness to adjust to technology-driven changes in work systems. Plekhanov et al. (2023) note that digital culture supports the effective use of technology by improving coordination, decision-making, and individual adaptability to change. Consequently, the urgency of digital transformation lies not only in technological innovation but also in the extent to which human resources consistently internalize digital ways of working.

In Indonesia, digital transformation in the banking sector continues to intensify as digital technologies become more deeply embedded in operational and customer-service activities. Regulatory bodies note that banking digitalization does not necessarily reduce the demand for human resources; rather, it increases the need for a workforce equipped with adaptive capacity and digital competence to support technology-based operations (Otoritas Jasa Keuangan [OJK], 2025). Strengthening digital culture, human-resource competence, and adaptive capability has likewise been identified as essential for banks navigating a technology-driven business environment (OJK, 2021). Banks in Indonesia have been particularly active in pursuing digital transformation, expanding mobile and digital banking services, integrating service systems, and automating operational processes. As a result, customer service, administrative processes, inter-unit coordination, and decision-making increasingly rely on integrated digital applications, requiring employees to continuously learn new technologies, adjust to changing procedures, and sustain service quality within a dynamic work environment.

The growing reliance on digital technology also carries consequences for individual employees. A frequently discussed challenge in the literature is digital overload, a condition in which employees are exposed to an excessive volume of information, communication demands, and technology-related tasks that exceed their cognitive capacity. Such overload can cause mental fatigue, reduced concentration, heightened digital work stress, and diminished task effectiveness. Beyond digital overload, employees also face rapidly changing work procedures, continuous learning requirements for new systems, and mounting pressure to remain responsive to digital communication. When individual adaptive capacity fails to keep pace, these demands can undermine decision quality, increase the risk of operational error, and ultimately hinder performance. In the digital era, employee performance is therefore no longer determined solely by technical proficiency but also by the capacity to adapt to continuously evolving, technology-based work systems. Recent evidence indicates that intensive technology use can heighten digital work stress, service errors, and reduced focus when employees' adaptive capacity is insufficient (Mat et al., 2026), underscoring that the success of digital transformation depends jointly on organizational technology readiness and individual capacity to sustain work quality amid growing complexity.

Within this increasingly digitalized banking environment, employee dynamic capabilities emerge as a critical construct, reflecting individuals' capacity to learn new competencies, respond to change, and adjust to digitally driven work demands. Dynamic capabilities are commonly conceptualized through the processes of sensing, seizing, and transforming, which together enable continuous adaptation to technological change (Teece, 2018). Dynamic capabilities have also been shown to strengthen the relationship between digitalization and individual performance in technology-intensive work settings (Bondanini et al., 2025), while digital culture alone, absent individual adaptive capacity, has been found insufficient to optimally improve employee performance (Mahayani & Darma, 2025). Similarly, the success of employees operating in digitally based work systems has been linked less to technology availability than to individual adaptive capability (Chatterjee et al., 2023). Employee dynamic capabilities therefore represent a plausible mechanism explaining how digital work culture translates into improved employee performance, warranting empirical investigation of the

relationships among these three constructs.

Existing research on digital culture and employee performance shows mixed findings: while some studies report a direct positive effect of digital culture on performance, others suggest this effect is not fully realized without individual adaptive capacity. Moreover, much of the prior literature examines digital transformation and dynamic capabilities at the organizational level rather than at the level of individual employees who interact directly with digital work systems. Studies such as Karttunen and Vos (2026) and Plekhanov et al. (2023) emphasize organizational-level dynamic capabilities in supporting digital transformation, while Chatterjee et al. (2023) focus on digital leadership as a driver of organizational performance. Research examining employee-level dynamic capabilities as a mediating mechanism between digital work culture and employee performance, particularly within Indonesian banking, remains comparatively limited, as summarized in Table 1.

Table 1. Research Gap

Study	Variables	Prior Finding	Research Gap
Vial (2019)	Digital transformation; Organizational performance	Digital transformation improves organizational performance through technology and process integration	Organization-level focus; does not address digital work culture or individual employee performance
Urban et al. (2025)	Digital transformation; Dynamic capabilities	Digital transformation strengthens organizational responsiveness to change	Dynamic capabilities analyzed at organizational level; employee-level performance not addressed
Markovits (2022)	Digital transformation; Firm performance	Digitalization improves customer-based and firm value outcomes	Focus on firm performance; employee behavior and digital culture not incorporated
Chatterjee et al. (2023)	Digital leadership; Organizational performance	Digital leadership significantly improves organizational performance	Emphasizes leadership rather than digital work culture at the individual level
Plekhanov et al. (2023)	Digital culture; Organizational performance	Digital culture improves the effectiveness of technology implementation	Focus on implementation and organizational performance; individual-level performance untested

As summarized in Table 1, prior studies remain dominated by discussions of digital transformation, digital leadership, digital culture, and organizational-level performance, leaving the mediating role of employee-level dynamic capabilities in the relationship between digital work culture and employee performance comparatively underexplored, particularly in the context of Indonesian banks. The present study addresses this gap by positioning employee dynamic capabilities as a mediating variable in the relationship between digital work culture and employee performance in bank branches in the Bank BUMN region.

Accordingly, this study seeks to answer the following research questions: (1) Does digital

work culture significantly affect employee dynamic capabilities? (2) Does digital work culture significantly affect employee performance? (3) Does employee dynamic capabilities significantly affect employee performance? and (4) Does employee dynamic capabilities mediate the effect of digital work culture on employee performance? The study aims to analyze these relationships and thereby contribute both theoretically, by extending Dynamic Capabilities Theory to the individual level within a digital banking context, and practically, by informing human-resource strategies that strengthen digital work culture and employee competence in support of digital transformation.

LITERATURE REVIEW AND HYPOTHESIS FORMULATION

Resource-Based View

The Resource-Based View (RBV) explains that sustainable competitive advantage arises from resources that are valuable, rare, inimitable, and non-substitutable (Barney, 1991). While early applications of RBV emphasized tangible strategic assets, later work extended the framework to intangible resources such as knowledge, organizational culture, and human competence, which are more difficult to imitate and therefore more strategically valuable (Barney, Wright, & Ketchen, 2001, as cited in the theoretical development of RBV). In this study, digital work culture is treated as an intangible organizational resource shaping employees' technology-related behavior, while employee

dynamic capabilities represent individuals' capacity to leverage that resource to enhance performance.

Dynamic Capabilities Theory

Dynamic Capabilities Theory (DCT) was developed as a response to the relatively static nature of RBV in explaining competitive advantage under conditions of rapid technological and market change (David J Teece, 1997). The theory identifies three core processes: sensing (identifying opportunities and threats arising from environmental and technological change), seizing (capturing those opportunities through innovation and decision-making), and transforming/reconfiguring (continuously renewing competencies and resources). Although originally formulated at the organizational level, subsequent research has extended dynamic capabilities to the individual level, where they manifest as employees' ability to recognize change, learn new technologies, and adaptively reconfigure their skills. In the context of digital banking, where service technologies and customer expectations evolve rapidly, employees' sensing, seizing, and transforming capacities are essential to sustaining effective performance.

Digital Work Culture

Digital work culture refers to the shared values, beliefs, and behavioral patterns that support the use of digital technology in work processes and interpersonal interaction. It extends beyond device or software usage to encompass a digital mindset emphasizing innovation, collaboration, speed, and data-informed decision-making (Westerman, 2014). Building on Schein's view of organizational culture as a system of shared values, norms, and behavioral patterns, digital work culture in the banking context is reflected in application-based work systems, digital communication, data integration, and technology-enabled service delivery. Key characteristics include agility, digital collaboration, data-driven decision-making, innovation and experimentation, and a digitally oriented customer focus.

Employee Dynamic Capabilities

Employee dynamic capabilities denote an individual's capacity to recognize opportunities and changes arising from technological development, to act on those opportunities appropriately, and to continuously update competencies in line with evolving job demands. This construct operationalizes dynamic capabilities theory at the individual level and comprises three

dimensions: sensing (identifying digital opportunities and changes), seizing (effectively capturing new technologies and opportunities), and transforming/reconfiguring (upgrading skills, work processes, and knowledge in response to technological development).

Job Performance Model and Employee Performance

The Job Performance Model conceptualizes performance not merely as output but as behavior relevant to organizational goals, shaped by ability, motivation, effort, and organizational context (Campbell & Wiernik, 2015). The model distinguishes three dimensions: task performance (effective execution of core duties), contextual performance (behaviors supporting the broader work environment, such as cooperation and organizational citizenship), and adaptive performance (the capacity to adjust to changes in technology, strategy, or work systems). Adaptive performance is particularly salient in the digital era, given the pace of technological change. In this study, employee performance is defined as the outcome of individual work evaluated against organizational standards, encompassing quality, quantity, efficiency, and adaptability to digital work-system changes, and is measured through task, contextual, and adaptive performance.

Hypothesis Development

Digital work culture provides an environment in which employees are exposed to continuous learning, openness to innovation, and digitally enabled collaboration. Consistent with Dynamic Capabilities Theory, such an environment is expected to strengthen employees' sensing of digital opportunities, their seizing of new technologies, and their ongoing competency renewal. Prior evidence indicates that digital culture supports learning, adaptation, and innovation capacity within organizations (Kiron & Buckley, 2015; Plekhanov et al., 2023), and that dynamic capabilities help individuals adapt to rapidly changing environments (Schilke, 2014). Accordingly:

H1: Digital work culture has a positive effect on employee dynamic capabilities.

A digital work culture is also expected to directly enhance employee performance by improving access to information, coordination, and technology-enabled task completion, consistent with the Job Performance Model's view that context shapes individual performance outcomes (Campbell & Wiernik, 2015). Empirical evidence indicates that digital culture increases productivity and work effectiveness (Westerman, 2014) and that a digital workplace strengthens organizational performance through improved dynamic capability and work-environment quality (Chatterjee et al., 2023). Accordingly:

H2: Digital work culture has a positive effect on employee performance.

Dynamic Capabilities Theory further suggests that individuals with stronger sensing, seizing, and transforming capacities are better positioned to sustain effective performance amid continuous change (Eisenhardt & Martin, 2000). Empirical studies confirm that dynamic capabilities are positively associated with performance improvement, as adaptive capacity enables individuals to work effectively despite a changing environment (Zahra, 2002; Teece, 2018; Fainshmidt et al., 2019, as cited in related dynamic-capabilities literature). Accordingly:

H3: Employee dynamic capabilities have a positive effect on employee performance.

Following mediation theory (Baron & Kenny, 1986), employee dynamic capabilities are theorized as the mechanism through which digital work culture translates into improved performance: a digital work environment first strengthens employees' adaptive capacity, which in turn drives performance gains. Related evidence shows that dynamic capabilities mediate the relationship between digital transformation and organizational performance (Jin et al., 2023), and that learning and adaptive capacity are key drivers of performance amid rapid business-

environment change (Raisch et al., 2009). Accordingly:

H4: Employee dynamic capabilities mediate the effect of digital work culture on employee performance.

Based on the hypotheses above, the research model links digital work culture (exogenous), employee dynamic capabilities (mediating), and employee performance (endogenous) in a single structural framework, tested using PLS-SEM.

1. RESEARCH METHODS

This study adopts a quantitative survey design (Sugiyono, 2019; Creswell, 2023) to examine the effect of digital work culture on employee performance, with employee dynamic capabilities as a mediating variable, among employees of a bank in the Bank BUMN region, Indonesia. Data collection took place between May and June 2026, encompassing instrument development, distribution, and analysis.

The population comprised all employees of bank branches in the Bank BUMN region who use digital systems or applications in their daily work; because the exact population size was unknown, it was treated as an infinite population. A purposive, non-probability sampling technique was applied, with respondents required to (a) be active employees of a bank in the Bank BUMN region, (b) have a minimum tenure of six months, and (c) use digital systems or applications in daily work activities. Applying Cochran's formula for an unknown population ($z = 1.96$, $p = q = 0.5$, margin of error = 10%) yielded a minimum sample of 96 respondents, rounded to 100; this sample also exceeds the minimum recommended for PLS-SEM (at least ten times the number of structural paths), and is therefore considered adequate.

Data were collected through a structured online questionnaire administered via Google Forms, measuring respondents' perceptions of digital work culture, employee dynamic capabilities, and

employee performance using a five-point Likert scale (1 = strongly disagree to 5 = strongly agree). Digital work culture was measured through five indicators (agility, digital collaboration, data-driven decision-making, innovation and experimentation, and digital customer orientation); employee dynamic capabilities through three dimensions (sensing, seizing, transforming); and employee performance through three dimensions (task, contextual, and adaptive performance), consistent with the operational definitions summarized in the literature review.

Data were analyzed using variance-based Structural Equation Modeling with Partial Least Squares (PLS-SEM) in SmartPLS 4.0, chosen for its capacity to test mediation models simultaneously without requiring normally distributed data (Ghozali, 2023). The analysis proceeded through descriptive statistics, evaluation of the measurement model (convergent validity via outer loadings and Average Variance Extracted, discriminant validity via cross-loadings, and reliability via Cronbach's alpha and composite reliability), evaluation of the structural model (R^2, f^2, predictive relevance Q^2, path coefficients, and variance inflation factors), and hypothesis testing via bootstrapping, with hypotheses supported when t-statistics exceeded 1.96 and p-values were below 0.05. Mediation was assessed through the specific indirect effect using the same bootstrapping procedure.

2. RESULTS AND DISCUSSION

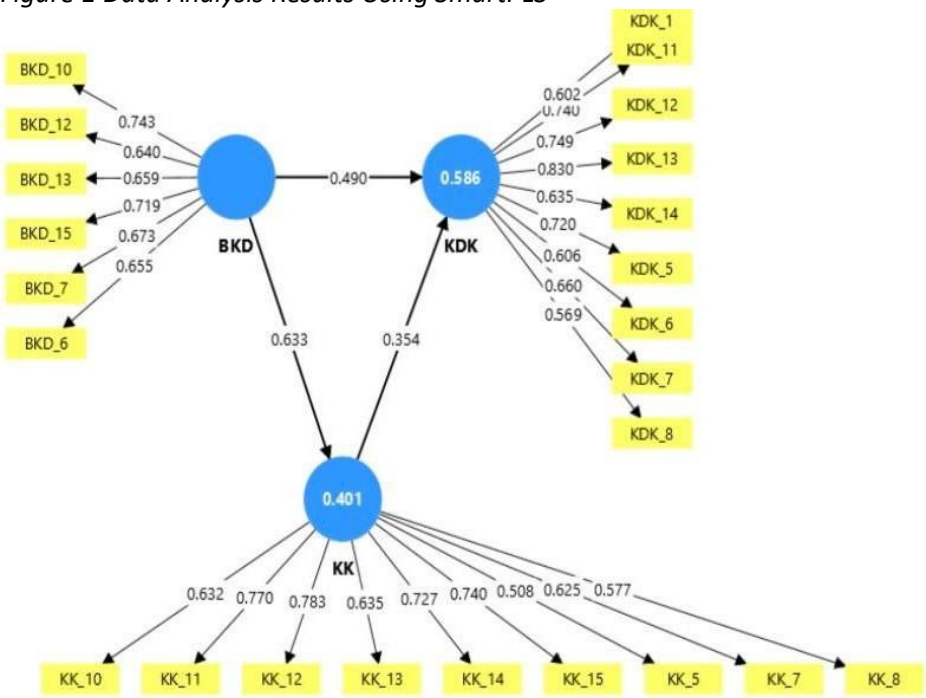
A total of 100 questionnaires were distributed and returned complete, yielding a 100% usable response rate. Respondent characteristics are summarized in Table 2. The sample was predominantly female (83.0%) and relatively young, with more than half of respondents under 25 years of age and the largest tenure group (40.0%) reporting one to three years of service, indicating a workforce with moderate but sufficient exposure to the bank's digital work systems.

Table 2. Respondent Profile (n = 100)

Characteristic	Category	N	%
Gender	Female	83	83.0
	Male	17	17.0
Age	< 25 years	55	55.0
	25–30 years	27	27.0
	31–35 years	13	13.0
	> 35 years	5	5.0
Tenure	6–12 months	30	30.0
	1–3 years	40	40.0
	3–5 years	15	15.0
	> 5 years	15	15.0

Descriptive analysis of the three constructs shows that digital work culture (mean = 4.30) and employee dynamic capabilities (mean = 4.20) were both perceived at a very high level, while employee performance (mean = 4.15) fell into the high category. These results suggest that employees generally perceive strong organizational support for digital ways of working and feel reasonably confident in their own adaptive capacity, translating into consistently high self-assessed performance.

Figure 1 Data Analysis Results Using SmartPLS



As shown in Figure 1 and detailed in Table 3, initial evaluation of the measurement model revealed several indicators with outer loadings below the conventional 0.70 threshold. Following the iterative item-purification guidance for reflective PLS-SEM models (Hair et al., 2022), low-loading indicators were removed, after which the remaining loadings ranged from 0.508 to 0.830 across the three constructs.

Table 3 Convergent Validity Test Results

Item	DWC	EDC	EP
BKD6	0.655		
BKD7	0.673		
BKD10	0.743		
BKD12	0.640		
BKD13	0.659		
BKD15	0.719		
KDK1		0.602	
KDK5		0.720	
KDK6		0.606	
KDK7		0.660	
KDK8		0.569	
KDK11		0.740	
KDK12		0.749	
KDK13		0.830	
KDK14		0.635	
KK5			0.508
KK7			0.625
KK8			0.577
KK10			0.632
KK11			0.770
KK12			0.783
KK13			0.635
KK14			0.727
KK15			0.740

Note. DWC = Digital Work Culture; EDC = Employee Dynamic Capabilities; EP = Employee Performance.

Although several retained indicators fell in the 0.50–0.70 range, they were kept in the model because their removal did not materially improve overall model quality. Cross-loading analysis further confirmed that every retained indicator loaded most strongly on its intended construct, supporting discriminant validity. Composite reliability and Cronbach's alpha for all three constructs exceeded 0.70 (Table 4), indicating adequate internal consistency, although Average Variance Extracted values remained below the conventional 0.50 threshold, suggesting that convergent validity based on AVE was only partially achieved and should be interpreted with some caution alongside the otherwise acceptable reliability indices.

Table 4 Test Results for Average Variance Extracted and Reliability

Construct	Cronbach's Alpha	rho_a	rho_c	AVE
Digital Work Culture	0.770	0.774	0.839	0.466
Employee Dynamic Capabilities	0.855	0.869	0.886	0.468

Employee Performance	0.844	0.855	0.879	0.452

Structural model evaluation (Table 5) showed an R^2 of 0.586 for employee dynamic capabilities, indicating that digital work culture explains 58.6% of its variance, and an R^2 of 0.401 for employee performance, indicating that digital work culture and employee dynamic capabilities jointly explain 40.1% of its variance; both values fall in the moderate range (Hair et al., 2022).

Table 5 Coefficient of Determination (R^2)

Endogenous Variable	R^2	R^2 Adjusted	Category
Employee Dynamic Capabilities	0.586	0.577	Moderate
Employee Performance	0.401	0.395	Moderate

Effect-size analysis (f^2) indicated a medium effect of digital work culture on employee dynamic capabilities ($f^2 = 0.348$), a large effect of digital work culture on employee performance ($f^2 = 0.669$), and a medium effect of employee dynamic capabilities on employee performance ($f^2 = 0.181$), suggesting that digital work culture is the strongest single driver of performance in the model. The model's predictive relevance, assessed through Q^2 (0.752), exceeded the zero threshold, confirming good predictive relevance for the endogenous constructs. Multicollinearity was not a concern, as all variance inflation factors (1.000–1.669) remained well below the conventional cutoff of 5 (Hair et al., 2022).

Hypothesis testing via bootstrapping (Table 6) showed that all four hypothesized relationships were statistically significant ($t > 1.96$, $p < 0.05$). Digital work culture positively affected employee dynamic capabilities ($\beta = 0.490$, $t = 5.671$, $p = 0.000$; H1 supported), positively affected employee performance ($\beta = 0.633$, $t = 10.040$, $p = 0.000$; H2 supported), and employee dynamic capabilities positively affected employee performance ($\beta = 0.354$, $t = 3.823$, $p = 0.000$; H3 supported). The specific indirect effect of digital work culture on employee performance through employee dynamic capabilities was also significant ($\beta = 0.224$, $t = 3.581$, $p = 0.000$; H4 supported). Because both the direct and indirect paths from digital work culture to employee performance were significant, employee dynamic capabilities function as a partial, rather than full, mediator.

Table 6 Path Coefficients and Hypothesis Testing Results

Hypothesis	Path	Path Coeff. (O)	T-Statistics	P-Values	Result
H1	Digital Work Culture → Dynamic Capabilities	0.490	5.671	0.000	Supported
H2	Digital Work Culture → Employee Performance	0.633	10.040	0.000	Supported
H3	Dynamic Capabilities → Employee Performance	0.354	3.823	0.000	Supported
H4	Digital Work Culture → Dynamic Capabilities → Employee Performance	0.224	3.581	0.000	Supported (partial mediation)

Digital Work Culture and Employee Dynamic Capabilities

The positive and significant effect of digital work culture on employee dynamic capabilities (H1) indicates that a stronger digital work culture is associated with a greater capacity among employees to sense opportunities, seize new technologies, and transform their competencies.

This is consistent with Dynamic Capabilities Theory (David J Teece, 1997), which holds that adaptive capacity develops through repeated exposure to environments that reward learning and responsiveness to change; a digitally oriented work culture appears to provide exactly this kind of enabling environment, echoing findings that digital culture supports employee learning and technology adoption (Kiron & Buckley, 2015; Plekhanov et al., 2023).

Employee Dynamic Capabilities and Employee Performance

The positive effect of employee dynamic capabilities on employee performance (H3, $\beta = 0.354$), reflecting a medium effect size ($f^2 = 0.181$), indicates that employees who are better able to recognize change, capture opportunities, and adjust their competencies achieve higher performance. This finding reinforces the view that adaptive capacity, rather than technology exposure alone, is central to sustaining performance under conditions of rapid technological change (Zahra, 2002; Teece, 2018), and is consistent with prior evidence that dynamic capability underpins competitive and individual-level advantage (David J Teece, 1997; Schilke, 2014).

Digital Work Culture and Employee Performance

Digital work culture also exerted a direct positive effect on employee performance (H2, $\beta = 0.633$), the largest path coefficient in the model and consistent with a large effect size ($f^2 = 0.669$), suggesting that beyond building adaptive capacity, a supportive digital environment directly facilitates communication, coordination, and efficient task completion. This is consistent with the Resource-Based View's premise that valuable organizational resources, including culture, can be a source of competitive advantage when effectively leveraged (Barney, 1991), and aligns with evidence that digital workplace culture improves productivity and effectiveness (Westerman, 2014; Chatterjee et al., 2023).

Mediating Role of Employee Dynamic Capabilities

The significant indirect effect (H4) demonstrates that employee dynamic capabilities partially explain how digital work culture translates into improved performance: digital work culture does not only act directly on performance but also strengthens employees' capacity to adapt, which independently contributes to performance gains. Because the direct effect of digital work culture on performance remained significant even after accounting for the mediator, the mediation is partial rather than full, indicating that digital work culture influences performance through both direct channels and the indirect channel of enhanced adaptive capability. This is consistent with evidence that dynamic capabilities mediate the relationship between digital transformation and organizational-level performance (Jin et al., 2023) and with the broader argument that digitally adaptive culture strengthens individual dynamic capability, which in turn drives performance (Warner & Wäger, 2019, as cited in related digital-transformation literature).

CONCLUSION

This study examined the effect of digital work culture on employee performance among bank employees in the Bank BUMN region, Indonesia, with employee dynamic capabilities as a mediating variable. Based on PLS-SEM analysis of 100 respondents, four conclusions can be drawn. First, digital work culture has a positive and significant effect on employee dynamic capabilities, indicating that a stronger digital culture is associated with greater employee capacity to sense, seize, and adapt to change. Second, digital work culture has a positive and significant direct effect on employee performance, representing the strongest relationship in the model. Third, employee dynamic capabilities have a positive and significant effect on employee performance. Fourth, employee dynamic capabilities partially mediate the effect of digital work culture on employee performance, confirming that digital work culture improves

performance both directly and indirectly through enhanced individual adaptive capacity.

Theoretically, the study extends the Resource-Based View and Dynamic Capabilities Theory to the individual employee level within a digitally transforming banking context, and provides empirical evidence that employee dynamic capabilities serve as a meaningful mechanism linking digital work culture to performance outcomes. Practically, the findings suggest that banks should pursue digital transformation as a dual investment in technology and in the workforce: strengthening digital work culture through digital literacy programs and collaborative digital practices, while simultaneously investing in training that builds employees' capacity to recognize opportunities, adopt new tools, and reconfigure their skills. Because digital work culture showed the strongest overall association with performance, while employee dynamic capabilities also contributed meaningfully as a partial mediator, targeted capability-building initiatives alongside continued investment in digital culture may yield particularly high returns. For regulators such as Indonesia's Financial Services Authority (OJK), the findings offer empirical grounding for policies that pair digital infrastructure investment with human-capital readiness requirements in the banking sector.

This study is subject to several limitations. It was conducted within a single sector (banking) and a single region (Bank BUMN), limiting generalizability to other industries or geographic contexts. The cross-sectional design captures perceptions at a single point in time and cannot establish the temporal or causal ordering of the relationships examined. Reliance on self-reported questionnaire data introduces the possibility of common-method and social-desirability bias. Additionally, the Average Variance Extracted values for all three constructs remained below the conventional 0.50 threshold despite adequate reliability, suggesting that the measurement instruments could be further refined. Future research is encouraged to replicate this model across other banking institutions or industries, adopt longitudinal or multi-wave designs to examine causal dynamics over time, incorporate additional constructs such as digital leadership or organizational support, and refine measurement instruments to strengthen convergent validity.

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