

Empowering Employee Performance Through Digital Competence and Digital Transformation at BPR Padma Denpasar Bali

Anak Agung Gde Alit Wiradyatmika^{a*}

^aUniversitas Pendidikan Nasional, Indonesia, Bali

*agungwiradyatmika@undiknas.ac.id

Abstract

The purpose of this study is to examine how employee performance at BPR Padma Denpasar Bali is impacted by digital transformation and digital competencies. Thirty employees made up the research sample, and the study employed a quantitative approach with a survey method. Questionnaires were used for data collection, and SPSS 26.0 was used for data analysis using multiple linear regression. The study's findings demonstrate that both digital transformation and employee performance are positively and significantly impacted by digital competence. Together, both variables explain 58.2% of the variance in employee performance ($R^2 = 0.582$), which indicates a moderate explanatory power that approaches substantial strength based on Chin's (1998) classification. These findings show that performance improvement in BPRs building employees' capability to use digital systems effectively. The results practically support BPR management in designing role-based digital training, internal digital-work policies, technology adoption roadmaps, and performance indicators that connect digital skills with service speed, accuracy, and customer responsiveness. Future research is encouraged to test the model in broader BPR samples and include additional organizational variables to improve generalizability.

Keywords: *Digital Competence, Digital Transformation, Employee Performance, People's Credit Bank.*

Article History:

Received : 01 April 2026

Revised : 09 July 2026

Accepted : 10 July 2026

DOI : <https://doi.org/10.56174/jbfb.v2i2.1176>

1. Introduction

The banking industry has seen tremendous transformation as a result of the advancement of digital technologies in recent decades. Digital transformation is becoming a global phenomenon that changes the way organizations operate, and affects the patterns of interaction between companies and customers (Khadhraoui & Ajina, 2026). In the banking industry, digitization is a strategic requirement to increase operational effectiveness, service quality, and competitiveness in the midst of increasingly complex competition (Lassoued et al., 2026).

In Indonesia, the digital transformation of the banking sector is driven by regulators, especially the Financial Services Authority (OJK), which is actively directing the banking industry to adapt to technological developments (Suparman et al., 2026). Through various policies and roadmaps, OJK emphasizes the importance of accelerating digitalization as an effort to strengthen the structure and competitiveness of the national banking industry (Sihombing et al., 2026). Digitalization is a necessity that must be implemented by all banking institutions, including the People's Credit Bank (BPR) (Kardiman et al., 2025).

BPR plays a crucial role in promoting financial inclusion, particularly for the region's micro, small, and medium-sized communities. However, data from the Financial Services Authority indicates that the number of BPRs in Indonesia has been declining in recent years; as of March 2025, there were 1,345 BPRs, down from 1,392 in March 2024 and 1,356 at the end of 2024 (OJK, 2025). Industrial consolidation, mergers, and business license revocations brought on by governance and performance issues were the causes of this decline (OJK, 2025). The performance of the BPR industry in general still shows positive growth, reflected in the growth of credit disbursement and third-party funds (DPK) which continues to increase despite the relatively moderate slowdown (OJK, 2025). These results indicate that despite the decline in the number of BPR units, the significance of BPR persists within the national financial system, and its role in community financial intermediation continues to be upheld.

The biggest problem for BPRs right now is how to deal with digital transformation. BPRs need to go digital to become more competitive, reach more customers, and run their businesses more efficiently (Bawana et al., 2026). The OJK even places digitalization as one of the main pillars in the BPR development roadmap 2024–2027. Digitalization allows BPRs to reach customers in remote areas, improve service quality, and optimize business processes such as credit and fundraising. The implementation of digital transformation in BPRs is inseparable from various obstacles, especially those related to human resources (Azuwandri, 2026). The digital skills of employees are one of the most important things that will determine how well digital transformation goes. Digital competence encompasses the capacity to utilize technology, oversee digital information, communicate proficiently in a digital context, and adjust to technological advancements (Ferry et al., 2026).

BPR Padma Denpasar Bali is one of the People's Credit Banks in Bali. Its main goal is to help small, medium, and micro communities. BPR Padma is a microfinance institution that helps people in the area get more access to local financing, encourages the growth of MSMEs, and supports financial inclusion. BPR Padma plays a strategic role in helping MSMEs and making financial services available to everyone, but it has a lot of problems that make it hard for employees to do their jobs well. During 2022–2025, employees will have to adjust to digital transformation, including the use of internal

systems and *newly implemented e-banking*. Some employees continued to perform manual processes because the adoption of new technology and work procedures was initially sluggish, which affected the caliber and efficiency of the work. This phenomenon demonstrates the disconnect between the needs of increasingly digital and efficient organizations and the competencies of workers at the time.

Digital competencies is one of the key elements influencing worker performance. Digital competencies include employees' capacity to comprehend, operate, and make use of technology to efficiently complete tasks, including the use of internal systems, electronic banking applications, and customer data management platforms (Munawaroh et al., 2026; Pham et al., 2025). Various previous studies have confirmed that digital competence and digital transformation have a significant influence on employee performance. Hamid & Ikbal (2025), and Basit et al. (2024) found that employees with high digital skills were able to complete tasks faster and improve the quality and quantity of work. (Saifi, 2025) and Annisa et al. (2024) shows that digital transformation, including the adoption of information systems and e-banking, increases work effectiveness and employee productivity. However, most of the studies focus on commercial banks or large organizations, so the context of microfinance institutions such as BPRs, which have different employee and technological characteristics, is still rarely studied.

It is anticipated that this research will both theoretically advance the field of digital-based human resource management science and practically assist BPR management in developing strategies to enhance employee performance through the development of digital competencies and the implementation of successful and long-lasting digital transformation. The following is the context in which the problem in this study was formulated:

1. Does digital competence affect employee performance at BPR Padma Denpasar Bali?
2. Does digital transformation affect employee performance at BPR Padma Denpasar Bali?
3. Do digital competencies and digital transformation simultaneously affect employee performance at BPR Padma Denpasar Bali?

2. Literature Review

Digital Competence

Digital competence is the ability to use digital technology critically, responsibly, and successfully in a variety of settings, including the workplace. Wallace et al. (2023) define digital competence as having three primary dimensions, namely technical, cognitive, and ethical skills in using digital technology. Digital competencies, which include technology skills, information literacy, and digital communication skills, are important factors in supporting the implementation of technology-based work (Mozammel, 2024). Employees who have high digital competence tend to be more able to adapt to changes in the work system, increase efficiency, and produce higher quality work output. Digital competence is one of the main determinants in improving employee performance in the digital era (Hien & Tam, 2025).

Digital Transformation

Digital transformation is a process of organizational change that uses digital technology to increase productivity, efficiency, and the production of new value (Saifi, 2025). Vial (2019) defines digital transformation as fundamental changes in organizational activities through a combination of digital technologies, business processes, and human resources. Alsobai & Aassouli (2026) Emphasizing digital transformation has to do with the use of technology, and includes changes in strategy, organizational structure, and work culture. Digital transformation can be in the form of digitizing customer services, using management information systems, and automating operational processes (Zhang, 2026). The effective implementation of digital transformation can improve work efficiency, speed up business processes, and improve service quality. The success of digital transformation is highly dependent on the readiness of the organization and the competence of its human resources (Bueno et al., 2026).

Employee Performance

Employee performance is the outcome of each person's efforts in completing the assigned tasks and obligations (Abdallah et al., 2026). Mangkunegara (2017) asserts that skill and motivation have an impact on worker performance. Indicators including quantity and quality of work, responsibility, effectiveness, and punctuality can be used to gauge performance. In the digital era, employee performance is measured from conventional work output, and from the ability to utilize technology, adapt to digital systems, and collaborate virtually. Factors such as digital competence and digital transformation have become very relevant in influencing employee performance (Shannaq et al., 2026).

The Influence of Digital Competence on Employee Performance

Particularly in companies that have embraced digital technology, digital competences play a significant part in enhancing employee performance. Workers with strong digital competency can finish tasks more quickly, correctly, and effectively. According to Hamid & Ikbal (2025), work satisfaction and employee performance in SOEs are greatly influenced by digital competency, digital culture, and individual experience. According to Mozammel (2024), employees' digital literacy plays a significant role as a mediator in the relationship between digital transformation and performance, with digitally competent workers typically producing higher-quality and more productive work. Munawaroh et al. (2026) also discovered a strong correlation between digital competences and employee performance and agility in the age of digital transformation, highlighting the significance of technological proficiency in promoting productivity, accuracy, and creativity.

H1: Digital competence has a positive and significant effect on employee performance.

The Effect of Digital Transformation on Employee Performance

By streamlining workflows, boosting productivity, and creating a more cohesive organization, digital transformation can enhance worker performance. Vial (2019) emphasized that digital transformation allows organizations to optimize technology to improve business performance. Employee productivity and job effectiveness are enhanced by the adoption of digital transformation (Alsobai & Aassouli, 2026; Pham et al., 2025). Data management is made easier by digital transformation, which also

expedites service procedures, lowers administrative errors, and enhances internal and external communication (Sihombing et al., 2026; Zhang, 2026). Workers may work more quickly, correctly, and efficiently in a digitalized setting, which greatly enhances both individual and organizational performance.

H2: Digital transformation has a positive and significant effect on employee performance.

The Influence of Digital Competence and Digital Transformation on Employee Performance

Digital competence and digital transformation are two interrelated factors that together affect employee performance. Digital transformation will not run effectively without the support of adequate employee digital competence. Digital competence, personal experience, and digital culture are the primary factors that determine how well digital transformation improves employee performance, according to Hamid & Ikbali (2025). According to Mozammel (2024) and Munawaroh et al. (2026), workers with high levels of digital competence are better equipped to make use of the technology at their disposal, increase productivity, decrease administrative mistakes, and speed up decision-making. Vial (2019) demonstrates that enhancing organizational performance is mostly dependent on the integration of technology and human talents. Employee performance is significantly impacted by both digital competence and digital transformation at the same time, particularly in the microbanking industry where employee adoption of digital technologies is crucial to efficiency, accuracy, and service quality.

H3: Digital competence and digital transformation simultaneously have a positive and significant effect on employee performance.

3. Research Methods

Design, Location, and Research Object

This study uses a quantitative research design with a descriptive and verifiable approach, which aims to describe variable conditions and test digital competencies and digital transformation effects on employee performance. The research was carried out at BPR Padma Denpasar Bali as the location of the research, which was chosen because of its relevance to the digitalization phenomenon in the BPR sector. All BPR Padma Denpasar Bali personnel are the subject of this study, with a focus on digital competence as the first independent variable (X1), digital transformation as the second independent variable (X2), and employee performance as a dependent variable (Y). This study aims to obtain an empirical picture of the connection between these variables in supporting the improvement of employee performance in the era of banking digitalization.

Population and Sample

The study's population consists of all BPR Padma Denpasar Bali employees. Based on data obtained from the company, there are thirty employees in this study. Given the relatively small population, all members of the population are used as research samples using the saturated sampling (census) technique (Sugiyono, 2019). Thirty respondents make up the study's sample size, all of whom are employees of BPR Padma Denpasar Bali.

The use of saturated sampling techniques in this study aims to obtain more accurate and representative research results, because the entire population is directly involved in the data collection process. Although the quantity of samples used in this research is relatively small ($N = 30$) thus limiting the generalization of the research results, the approach used remains relevant as an empirical case study with quantitative methods. This study emphasizes more on the depth of contextual analysis by presenting an accurate statistical picture of digital competencies and digital transformation effects on employee performance at BPR Padma Denpasar Bali.

Operational Definitions and Variable Measurements

The operational definition of variables aims to provide clear limits on research variables so that they can be measured empirically. This study uses two independent variables, employee performance (Y) is the dependent variable in this study, whereas digital competence (X1) and digital transformation (X2) are the independent variables. A Likert scale, ranging from 1 to 5, was used to measure each variable, from strongly disagree to strongly agree.

Table 1. Variable Operational Definition

Variable	Indicator	Statement Items
Digital Competence (X1)	Technical capabilities	Able to operate a digital banking system
	Information literacy	Able to search and manage digital information
	Digital communication	Able to communicate through digital media
	Technological adaptation	Able to adapt to new technologies
Digital Transformation (X2)	Digitization of work processes	Work processes have been digitized
	Information system	Information systems support work
	Work automation	The presence of automation in work
	Service innovation	Digital-based service innovations available
Employee Performance (Y)	Quality of work	Quality work
	Working quantity	Able to complete work according to targets
	Punctuality	Getting work done on time
	Work effectiveness	Work effectively and efficiently

Data Analysis Techniques

The Statistical Package for the Social Sciences (SPSS) version 26.0 was used to analyze the study's data. In order to test the developed study hypotheses and guarantee the quality of the data, the analytical procedure was conducted in an organized manner. The initial stage involved testing the research instruments through validity and reliability assessments. Each item's accuracy in measuring the desired variables was assessed using the validity test; an item is deemed valid if its computed r-value is greater than its r-table value. Cronbach's Alpha was used in the reliability test to assess the instrument's consistency, with a threshold value greater than 0.70 indicating that the instrument is reliable.

Following the instrument testing, to give a summary of respondent characteristics and the distribution of replies for each variable, descriptive statistical analysis was carried out. This analysis included the calculation of mean values, percentages, and standard deviations to summarize the data. To make sure the regression model satisfies the necessary statistical assumptions, the following step involved performing traditional assumption tests. These tests included the heteroscedasticity test to find out if there is variance inconsistency in the residuals, the multicollinearity test to evaluate the correlation between independent variables, and the normality test to see if the data are normally distributed.

Subsequently, multiple linear regression analysis was employed to examine the effect of digital competence and digital transformation on employee performance. The purpose of this analysis was to determine the strength and direction of the correlations between the independent and dependent variables. Lastly, the F-test was used to analyze the simultaneous influence of all independent factors and the t-test was used to evaluate the partial effect of each independent variable on employee performance. Furthermore, the percentage of employee performance variance that can be accounted for by digital competence and digital transformation was determined using the coefficient of determination.

4. Results

Research Results

Table 2. Respondent Characteristics and Descriptive Statistics of Variables

Yes	Characteristics	Categories	Number (People)	Percentage (%)
1	Gender	Male	14	46,7%
		Women	16	53,3%
2	Age	< 25 years old	6	20,0%
		25–35 years old	17	56,7%
		> 35 years old	7	23,3%
3	Final Education	High School	8	26,7%
		Diploma	7	23,3%
		Bachelor	15	50,0%
4	Tenure	< 1 year	5	16,7%
		1–5 years	14	46,7%
		> 5 years	11	36,7%

Table 3. Descriptive Statistics of Research Variables

Yes	Variable	N	Minimum	Maximum	Red	Categories
1	Digital Competence (X1)	30	3,00	5,00	4,12	High
2	Digital Transformation (X2)	30	2,80	5,00	4,05	High
3	Employee Performance (Y)	30	3,20	5,00	4,18	High

Based on Table 2, the majority of respondents were women (53.3%) with a dominant age range of 25–35 years (56.7%), and most of them had a bachelor's degree (50.0%). Regarding work experience, 46.7% of employees have worked for one to five years. Table 3 of the descriptive statistical results show that all research variables falls into the high category, with an average digital competency score of 4.12, digital transformation of 4.05, and employee performance of 4.18. This shows that BPR Padma Denpasar Bali employees have good digital skills, supported by the implementation of digital transformation that is quite optimal, so that it has an effect on high employee performance.

Data and Model Quality Test Results

Every statement item on the variables of digital competence, digital transformation, and employee performance had a computed r value higher than the table's r (0.361), according to the validity test results. This demonstrates that every questionnaire item has been deemed valid and capable of accurately measuring study variables. The reliability test's findings demonstrated that each variable's Cronbach Alpha value, namely digital competence of 0.821, digital transformation of 0.834, and employee performance of 0.847, were all above the minimum limit of 0.70. It can be concluded that the research instrument has a good level of consistency and is declared reliable for use in research.

The research data satisfied all of the assumptions needed for regression analysis, according to the findings of the traditional assumption test. The normality test showed that the significance value of 0.200 was greater than 0.05, so the data was normally distributed. The multicollinearity test revealed that there was no multicollinearity between independent variables because the tolerance value of 0.652 was larger than 0.10 and the VIF value of 1.534 was less than 10. There were no signs of heteroscedasticity, according to the heteroscedasticity test results, since each variable's significance value was higher than 0.05. The study's regression model was deemed suitable for hypothesis testing.

Hypothesis Test Results

Multiple linear regression analysis was used in this study's hypothesis testing to ascertain how employee performance at BPR Padma Denpasar Bali was impacted by digital competence and digital transformation. the test examined the model's capacity to explain dependent variables using the coefficient of determination (R^2) and was conducted partially using the t-test and concurrently using the F-test.

Table 4. Multiple Linear Regression Test (t-test) results

Variable	Regression Coefficient (B)	t count	Sig.	Remarks
(Constant)	1,215	2,104	0,044	-
Digital Competence (X1)	0,352	2,701	0,012	Significant
Digital Transformation (X2)	0,417	3,112	0,005	Significant

Table 5. Simultaneous Test Results (F Test)

Models	F count	Sig.	Remarks
Regression	18,764	0,000	Significant

Table 6. Result of Coefficient of Determination (R²)

Models	R	R Square	Adjusted R Square
Regression	0,763	0,582	0,548

The regression equation is derived as follows from the multiple linear regression analysis results:

$$Y = 1.215 + 0.352X_1 + 0.417X_2$$

A constant value of 1.215 indicates the employee's basic performance when digital competence and digital transformation are equal to zero. Employee performance will increase by 0.352 units for every unit increase in digital competence, according to the regression coefficient of 0.352, while employee performance will increase by 0.417 units for every unit increase in digital transformation.

Using statistical testing and the regression equation, the study reveals several key findings related to the proposed hypotheses. First, a significance value of 0.012, below the 0.05 threshold, indicates that digital competence has a positive and significant impact on employee performance. This finding supports the first hypothesis by showing that workers' proficiency with digital technology directly enhances productivity. In addition, digital transformation also shows a positive and significant effect on employee performance, with a significance value of 0.005. This finding indicates that the more effectively digitalization and technology-based innovations are implemented within organizational work processes, The greater the degree of worker performance attained, thus supporting the second hypothesis.

The simultaneous influence of digital competence and digital transformation on employee performance is substantiated by the F-test, which yields an F-value of 18.764 at a significance level of 0.000. This finding confirms that the two independent variables collectively exert a meaningful effect on employee performance, thereby supporting the third hypothesis and underscoring the necessity of aligning individual digital capabilities

with broader organizational digital strategies. With a coefficient of determination of 0.582, the model indicates that digital competence and digital transformation account for 58.2 percent of the variance in employee performance, while the remaining 41.8 percent is attributed to factors outside the model.

Referring to Chin (1998), R^2 values of 0.19, 0.33, and 0.67 can be interpreted as weak, moderate, and substantial, respectively. Therefore, the R^2 value of 0.582 in this study can be classified as moderate with a tendency toward substantial explanatory power. This means that digital competence and digital transformation provide a meaningful basis for explaining employee performance at BPR Padma Denpasar Bali. The findings should not be blindly applied to all BPRs as other factors, including leadership, organizational culture, job motivation, incentive systems, and customer burden, still account for 41.8% of employee performance. Instead, the model is more suited as a practical adoption framework and contextual evidence base that may be further verified in additional BPR contexts.

Discussion

The Influence of Digital Competencies on Employee Performance

The findings reveal that digital competence exerts a positive and statistically significant influence on employee performance, reflected in a regression coefficient of 0.352 and a significance level of 0.012 ($p < 0.05$). This suggests that as employees become more proficient in utilizing digital technologies, their performance likewise improves. Digital competencies include the ability to use banking software, data literacy, adaptation to new technologies, and the ability to solve problems digitally (Hamid & Ikbal, 2025; Mozammel, 2024). These results are consistent with those of Susanto et al. (2021) who show that digital competencies increase the productivity and quality of work of employees in the financial sector, especially in the management of information and customer services. Workers with a high level of digital competency can complete transactions more quickly, reduce manual errors, and increase customer satisfaction, which ultimately drives organizational performance. Digitally proficient employees can optimally utilize management information systems and data analysis, so that operational decisions can be made more precisely and quickly (Munawaroh et al., 2026; Hamid & Ikbal, 2025). Digital competence represents a critical individual factor and serves as a primary driver of enhanced organizational performance, particularly within rural banks (BPRs), where the efficiency and precision of digital services are essential.

The Effect of Digital Transformation on Employee Performance

The regression analysis indicates that digital transformation has a positive and statistically significant impact on employee performance, with a coefficient of 0.417 and a significance level of 0.005 ($p < 0.05$). This finding suggests that more effective implementation of digitalization in the operational processes of BPRs corresponds to higher levels of employee performance. Digital transformation includes the adoption of information technology, business process automation, e-banking, digital-based credit management systems, and the use of data analytics for decision-making (Vial, 2019; Pham et al., 2025). These results are consistent with those of Basit et al. (2024) and Sihombing et al. (2026) who show that organizational digitalization increases work

effectiveness and employee productivity, as it reduces the burden of manual administration, accelerates decision-making, and improves access to information. At BPR, digital transformation allows employees to complete work more efficiently, reduce the risk of errors, and speed up service to customers. This supports the theory that digital technology plays an enabler in improving human resource performance (Bawana et al., 2026; Bueno et al., 2026). The implementation of comprehensive digital transformation in microfinance institutions has been proven to increase employee productivity, minimize customer wait times, and support operational transparency (Alsobai & Aassouli, 2026; Zhang, 2026).

The Simultaneous Influence of Digital Competence and Digital Transformation on Employee Performance

The results of the simultaneous test (F-test) reveal that digital competence and digital transformation jointly exert a significant influence on employee performance, with an F-value of 18.764 and a significance level of 0.000 ($p < 0.05$). This underscores that the combination of skilled human resource capabilities and the effective implementation of digital transformation serve as a key driver of employee performance. These findings are consistent with Munawaroh et al. (2026) and Mozammel (2024), who show that employee competencies and good digital systems reinforce each other, resulting in higher performance than if only one of the factors were considered. Digital transformation will be more effective if it is supported by employees who have adequate digital competencies, and employees' digital competencies will be optimal if the organization provides reliable digital technology and systems. These results show that HR development strategies must be in line with digital innovation. Digital training for employees, integration of technology-based banking systems, and increasing digital literacy are strategic steps that can improve the performance of individuals and organizations simultaneously. This supports the view of Basit et al. (2024) and Bawana et al. (2026) that the digital capabilities of human resources and technology infrastructure must go hand in hand to achieve an organization's competitive advantage, especially in the microbanking sector such as BPR.

Practical Impact and Policy-Making Implications for BPR

The findings have practical relevance for BPRs because digitalization is closely related to service speed, credit administration accuracy, customer data management, and internal control quality. Being influenced by digital competence, it is an important findings of the assessment for the training that shouldn't be general or ceremonial for BPR Padma Denpasar Bali. It should be built with the various job functions in mind, e.g., Tellers and Customer Service Digital transactions, Credit Officers transaction with data inputs and monitoring, Accounting/reporting systems, and Managerial use on dashboard. The digital transformation plays an important role, which also means that the adoption of the system should take place together with simplified principles of doing a job, defined instructions of carrying out a job (SOPs) and measurable performance targets. The results of BPRs can be applied in practice for cutting out manual work, mitigating transaction and documentation errors, speeding up credit analysis, faster response time for customers and making accountability better in day to day operations.

Another policy-level outcome of BPR management, from the perspective of policy making, is to develop internal policies like having an internal minimum competency in digital of each position, hours of digital thinking required per year, compulsory training when new digital applications are used during the onboarding process, cybersecurity and data-protection specific rules, and using digital parameters as part of staff evaluations. To complete the digitalization process, it is also essential to have a stage in the digital transformation policy with mapping the manual process in progress, identifying areas of digitalization that have an impact, budgeting the cost of training, systems, digital champions for each unit, and then evaluating periodically how systems are used. This policy orientation goes beyond the pure purchase of technology to become a HR program and a rule set enabling prudent banking, the different operational efficiency and competitiveness in the sustainable BPR sector.

5. Conclusion

Conclusion

Based on the study's findings, employee performance is positively and significantly impacted by digital competence, demonstrating that workers who possess technical proficiency, digital literacy, and the capacity to adjust to new technologies typically perform better. Employee performance is positively and significantly impacted by digital transformation as well, showing that the implementation of digitization of operational processes, banking information systems, and work automation increases efficiency, accuracy, and work speed. Simultaneously, digital competence and digital transformation together have a major impact on employee performance, confirming that these two factors support each other and are the main drivers of employee success at BPR Padma Denpasar Bali. With a determination coefficient (R^2) of 0.582, these two variables account for 58.2% of the variability in employee performance. Based on Chin's (1998) classification, this value can be interpreted as moderate and approaching substantial explanatory power. This indicates that the model is strong enough to guide internal BPR improvement programs, particularly in digital training and digital work-system development. Nevertheless, because the remaining 41.8% of employee performance is influenced by factors outside the model, such as leadership, organizational culture, motivation, reward systems, and workload, the findings should be adopted cautiously and validated further before being generalized to all BPRs.

Managerial Implications

The study results show how Digital competence and Digital transformation have a significant influence on employee performance. Finally, moving from merely encouraging digitalisation towards a tangible digital management system is necessary for BPR management. The first step in management is to create competency profiles and establish required competency levels for individual job family members. Second, the training must be compulsory, practical and linked to the daily tasks of banking, such as the core banking function, handling e banking services, customer data organization and management, credit management, digital reporting and cyber hygiene. Thirdly, transforming into digital needs to be paired with SOPs and work targets, so that digitalizing can be evaluated by service time, error rate, completion speed, data accuracy and customer satisfaction.

HR development, technology investment, and risk management are all parts of the digital transformation roadmap BPR can discuss at the policy level. This roadmap should incorporate budgeting for digital training, regular review of the use of the system, the identification of digital champions within each unit of the system, and rules for data security and user privacy. These policies are sufficient in strength to be used as an in-house improvement policy due to the fact that the model explains 58.2% of the employee performances. The remaining unexplained factors, however, should be supported by policies in this area, such as leadership, motivation, organizational culture, as well as reward systems and workload management and implementation should be monitored.

Theoretical Implications

Theoretically, this research strengthens the conceptual foundation that employee digital competence and organizational digital transformation are important factors in improving human resource performance, especially in microfinance institutions such as BPR. These findings confirm that the influence of digital competencies cannot be separated from the implementation of organizational digitalization; These two factors strengthen and form synergies that contribute to employee performance. This research also adds to the empirical literature on HR management and information technology management in the micro-banking sector, while providing evidence that a combination of competent human resources and effective digital transformation is the key to organizational success in the digitalization era. This research provides guidance for management practice and theory development, while also providing a basis for further research that can explore other variables such as motivation, organizational culture, or external factors that also affect employee performance in BPR.

Limitations and Future Research Directions

The relationships between the observed values of characteristics and their multiple regression model have moderate explanatory power of $R^2 = 0.582$, which falls within the moderate category and approaches substantial explanatory power according to Chin (1998), but there are some limitations that should be noted. The research design employed is cross-sectional research because it observes the relationships in one point of time and only one institution (BPR Padma Denpasar Bali) with a small number of samples ($N = 30$). This means the results are not readily transferable to BPRs of varying sizes and technology readiness levels, governance organizations and customer profiles. The findings of this study can be generalized to other BPRs and qualitative analysis can be used to understand the differences among the rural and commercial banks. Further studies may be conducted using longitudinal designs and other factors like leadership, organizational culture, motivation, rewards, workload and digital risk governance can be incorporated. This would enhance external validity and could serve to advance the adoption of the model as a more comprehensive BPR digital transformation framework.

References

- Abdallah, T., Mohammad, T., Bilal, E., & Obaid, A. (2026). The influence of skill-based hiring on job performance in the banking sector: The mediating role of continuous learning. *SA Journal of Human Resource Management*, 24(1), 3306. <https://doi.org/10.4102/sajhrm.v24i0.3306>
- Alsobai, B., & Aassouli, D. (2026). The Role of Legal and Regulatory Frameworks in Driving Digital Transformation for the Banking Sector in Qatar with Global Benchmarks. In *Journal of Risk and Financial Management* (Vol. 19, Issue 2, p. 99). <https://doi.org/10.3390/jrfm19020099>
- Annisa, S., Siahaan, E., & Lumbanraja, P. (2024). Impact of digital transformation on banking employee performance with self-efficacy as a mediator. *Problems and Perspectives in Management*, 22(4), 523. [https://doi.org/10.21511/ppm.22\(4\).2024.39](https://doi.org/10.21511/ppm.22(4).2024.39)
- Azuwandri, A. (2026). The Role of Digital HR in Improving Indonesian Human Resource Competence In The Era of Industry 4.0 Transformation. *Focus of Human Resource Management Journal*, 1(1), 31–36.
- Basit, A., Rahim, A., & Li, W. (2024). Assessing the impact of employee-centric digital transformation initiatives on job performance: the mediating role of digital empowerment. *Strategic Management Journal*, 29(2), 5–18. <https://doi.org/10.5937/StraMan2300057R>
- Bawana, T. A., Mansor, F., & Noordin, K. (2026). Delving into Islamic digital banking: strategic insights for Indonesia. *Journal of Islamic Accounting and Business Research*, 1–20. <https://doi.org/10.1108/JIABR-12-2024-0520>
- Bueno, L. A., Sigahi, T. F. A. C., Rampasso, I. S., Moraes, G. H. S. M. de, & Anholon, R. (2026). Conceptualizing and measuring operational efficiency in the context of digital transformation: a Delphi study in the Brazilian banking sector. *The TQM Journal*, 1(1), 1–18. <https://doi.org/10.1108/TQM-04-2025-0256>
- Chin, W. W. (1998). The partial least squares approach to structural equation modeling. In G. A. Marcoulides (Ed.), *Modern Methods for Business Research* (pp. 295–336). Lawrence Erlbaum Associates.
- Ferry, Y., Pamurda, A., Mahendra, D., & Pujiati, H. (2026). What Drives Customer Intention in Digital Banking? Evidence from Trust, Security Risk, and Technological Innovation. *Journal of Business, Finance, and Banking*, 2(1), 95–106. <https://doi.org/10.56174/jbfb.v2i1.1160>
- Hamid, R. S., & Ikbal, M. (2025). Role of Digital Competence, Digital Culture, Individual Experience, in Increasing Job Satisfaction and Employee Performance at BUMN. *Bima Jorنال –Business Management and Accounting*, 6(1), 627–642. <https://doi.org/10.37638/bima.6.1.627-642>
- Hien, L. T., & Tam, P. T. (2025). Impacting Technology on Employees' Job Performance: A Case Study of Commercial Banks in Vietnam. *Journal of Applied Data Sciences*, 6(2), 1129–1142. <https://doi.org/10.47738/jads.v6i2.630>
- Kardiman, T. A., Yoga M, R., & Indriani, F. (2025). Digital Transformation Sustainability in Indonesia's Banking Sector: A Systematic Review. *Arthatama: Journal of Business Management and Accounting*, 9(2 SE-Articles), 258–277.
- Khadhraoui, F., & Ajina, A. (2026). Digital transformation and bank performance:

- evidence from Tunisia. *Journal of Islamic Marketing*, 1(1), 1–26. <https://doi.org/10.1108/JIMA-07-2025-0424>
- Lassoued, N., Khanchel, I., & Bejaoui, E. (2026). Digital transformation and banking competitiveness in MENA: A contingency perspective. *Journal of Economic Studies*, 1(1), 1–22. <https://doi.org/10.1108/JES-06-2025-0375>
- Mangkunegara, A. A. P. (2017). Evaluasi Kinerja SDM. In *Bandung: PT Refika Aditama* (p. 156).
- Mozammel, S. (2024). *Bridging the Digital HRM and Business Performance Gap: Exploring the Mediating Role of Employee Digital Literacy in the Banking Sector*. 30(2), 110–123. <https://doi.org/10.46970/2024.30.2.06>
- Munawaroh, M., Khaerunnisa, R., Mudaeroh, Galuh, A., & Maulana, A. (2026). From Competence to Agility: A Systematic Review of Digital Competence and Employee Agility Effects on Employee Performance in Digital Transformation Era. *PANDITA: Interdisciplinary Journal of Public Affairs*, 9(1), 92–107. <https://doi.org/10.61332/ijpa.v9i1.443>
- Pham, T. T., Hoang, H. T. T., & Do, H. T. T. (2025). Human resources and bank performance in the context of digital transformation: an empirical study in Vietnam. *Pacific Accounting Review*, 38(1), 149–167. <https://doi.org/10.1108/PAR-01-2025-0017>
- Saifi, H. (2025). Digital Transformation as a SocioEconomic Challenge: The Impact on the Commercial Bank Employees' Job Performance. *SocioEconomic Challenges*, 9(3), 48–63. [https://doi.org/0.61093/sec.9\(3\).48-63.2025](https://doi.org/0.61093/sec.9(3).48-63.2025)
- Shannaq, H. M., Taamneh, M. M., Aljawarneh, N. M., Al Fares, A. R., Huson, Y. A., & Aldaabseh, T. K. (2026). Socialization Process on Job Performance: The Mediating Role of Job Engagement. In B. Alareeni (Ed.), *Technology and Entrepreneurship: Systems Driving Innovation* (pp. 441–452). Springer Nature Switzerland. https://doi.org/10.1007/978-3-031-99466-1_41
- Sihombing, J. A., Simatupang, S. A., Simamora, V., & Sihalohe, F. A. (2026). The Effect Of Digital Transformation Strategy On Financial Performance Of Pt Telkom Indonesia 2020–2024. *RIGGS: Journal of Artificial Intelligence and Digital Business*, 4(4), 9599–9608. <https://doi.org/10.31004/riggs.v4i4.5241>
- Suparman, M., Suhardjo, I., Crystina, C., Agustin, I. N., & Christian, Y. (2026). Digital transformation and sustainability performance: an empirical study from Indonesia. *Asian Journal of Accounting Research*, 1(1), 1–20. <https://doi.org/10.1108/AJAR-02-2025-0049>
- Vial, G. (2019). Understanding digital transformation: A review and a research agenda. *Journal of Strategic Information Systems*, 28(2), 118–144. <https://doi.org/10.1016/j.jsis.2019.01.003>
- Wallace, J., Scanlon, D., & Calderón, A. (2023). Digital technology and teacher digital competency in physical education: a holistic view of teacher and student perspectives. *Curriculum Studies in Health and Physical Education*, 14(3), 271–287. <https://doi.org/10.1080/25742981.2022.2106881>
- Zhang, S. (2026). The influence of digital transformation on chinese bank profitability performance. *PLOS ONE*, 21(1), e0340249.