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Strategic HR Management Model Based on Digital Competencies and Organizational Culture in Improving the Innovative Performance of Public Sector Employee

Rati Pundissing

Universitas Krsisten Indonesia (UKI) Toraja

Jl. Jenderal Sudirman No.9, Bombongan, Kec. Makale, Kabupaten Tana Toraja,
Sulawesi Selatan 91811

Email: ratihpundinssing@gmail.com

Randi Tangdialla

Universitas Krsisten Indonesia (UKI) Toraja

Jl. Jenderal Sudirman No.9, Bombongan, Kec. Makale, Kabupaten Tana Toraja,
Sulawesi Selatan 91811

Email: tangdiallar@gmail.com

Ade Lisa Matasik

Program Studi Manajemen, Universitas Krsisten Indonesia (UKI) Toraja

Jl. Jenderal Sudirman No.9, Bombongan, Kec. Makale, Kabupaten Tana Toraja,
Sulawesi Selatan 91811

Email: matasik.adelisa@gmail.com

Abstract

Digital transformation has become an urgent necessity for the public sector, particularly at the local government level, which often faces infrastructural limitations and bureaucratic complexity. The urgency of this study lies in the need to understand how digital competence and an innovative organizational culture can foster civil servants' innovative performance. The primary objective is to examine the influence of digital competence on innovative organizational culture and innovative performance, while also analyzing the mediating role of organizational culture in strengthening this relationship. The central research question is to what extent digital competence drives innovative performance, both directly and indirectly through organizational culture. This study employed a quantitative approach with an explanatory correlational design. Data were collected through a survey of 365 civil servants in Tana Toraja Regency using proportionate stratified random sampling. Structural Equation Modeling–Partial Least Squares (SEM-PLS) was applied to test validity, reliability, and inter-variable relationships. The findings reveal that digital competence significantly influences innovative organizational culture ($\beta=0.63$; $p<0.001$) and innovative performance ($\beta=0.41$; $p<0.001$). Innovative organizational culture also significantly affects innovative performance ($\beta=0.46$; $p<0.001$) and partially mediates the relationship between digital competence and innovative performance. Overall, the model explains 57% of the variance in innovative performance. The study concludes that enhancing civil servants' digital literacy must be accompanied by strengthening organizational cultures that foster creativity, collaboration, and risk tolerance. Theoretically, the study integrates digital competence and organizational culture within a strategic HRM framework. Practically, it provides a policy

basis for local governments to design digital- and innovation-oriented human resource development strategies.

Keywords: Digital Competence, Organizational Culture, Innovative Performance, Public Sector, Strategic HRM.

1. Introduction

In the era of digital transformation, public sector organizations worldwide are under mounting pressure to enhance service quality, transparency, and accountability. Digital transformation has emerged as a primary strategy for public entities seeking to bolster the effectiveness and efficiency of their service delivery. This phenomenon extends beyond developed nations to include developing countries such as Indonesia. Enhancing the digital competencies of public sector employees, coupled with fostering an innovative organizational culture, is regarded as a pivotal factor in achieving responsive, citizen-centered services (DeVries et al., 2018; Mollah et al., 2024). On a global scale, Ciancarini and Grimaudo (2023) and Ningsih et al. (2023) underscore that public sector digital transformation transcends mere technology adoption; it entails a holistic shift involving human resource digital skills and cultural reconfiguration to facilitate innovative work practices. This highlights how digital competencies and organizational culture serve as interconnected pillars driving innovation within the public domain.

Within the national context, the imperative for modernizing public services has become increasingly evident through government policies promoting bureaucratic digitalization. Presidential Regulation No. 95 of 2018 on the Electronic-Based Government System (SPBE) emphasizes the critical role of information technology integration in public services. Nevertheless, the successful execution of such policies hinges on the readiness of human resources equipped with robust digital competencies and a supportive organizational culture that embraces change (Janowski et al., 2018; Zervas & Sotiria, 2025). Empirical studies across various Indonesian regions demonstrate that employees' digital competencies significantly contribute to elevating service quality. For instance, Ingsih and Riyanto (2024) and Zervas and Stiakakis (2025) revealed a direct influence of digital competencies on service quality and employee performance in Central Java's public sector. These findings align with research by Nur (2024) and Van Laar et al. (2020), which posits digital competencies as a key determinant in advancing public service performance. Such evidence underscores the pressing need to elevate digital literacy among civil servants to adapt to the demands of the digital age.

Beyond digital competencies, organizational culture plays a vital role in shaping employees' innovative behaviors. An organizational culture that is receptive to change, nurtures creativity, and provides avenues for novel idea development fosters innovative performance in public services (Rezaei et al., 2024; Naranjo et al., 2019). Research by Santoso and Nurcholis (2024) in the Semarang customs environment affirms that integrating organizational culture with digital competencies enhances knowledge creation, ultimately leading to improved human resource performance. Similarly, Firman et al. (2024) in the banking sector illustrate how a robust digital organizational culture amplifies the impact of digital competencies on employee performance. These insights reveal that the synergy between digital competencies and organizational culture is essential for generating innovative outcomes (Carretero et al., 2021; Ahmed et al., 2019). That said, most of these studies remain sector-specific and have yet to deeply explore the local government context,

where bureaucratic characteristics diverge from those in the private sector or central government institutions.

Local governments, including those in the Tana Toraja region, confront multifaceted challenges in implementing digital transformation. Diverse geographical conditions, infrastructural constraints, and local cultural wisdom distinguish these areas from others. Consequently, examining strategic human resource management models grounded in digital competencies and organizational culture is crucial for bolstering innovative performance among local government employees in Tana Toraja Regency. To date, few studies have explicitly linked digital competencies, organizational culture, and innovative performance in the local governance setting. This points to a notable research gap that warrants attention to yield both theoretical and practical contributions.

This research gap is evident in the limitations of prior studies, which typically emphasize linear relationships among variables without developing an integrated strategic human resource management model. For example, Ingsih et al. (2024) and Nur (2024) concentrate solely on digital competencies and public service performance, overlooking a comprehensive integration of organizational culture. While Santoso and Nurcholis (2024) and Potemkin and Rasskazova (2020) touch on the connection between organizational culture and knowledge creation, their analyses are confined to the customs sector. Firman et al. (2024) effectively bridge digital competencies and digital organizational culture with employee performance, yet their work is situated in banking, which differs markedly from local government bureaucracy. Thus, considerable scope exists for constructing a strategic human resource management model based on digital competencies and innovative organizational culture to enhance innovative performance among public sector employees at the local government level, particularly in Tana Toraja.

The urgency of this study intensifies when viewed against the local government's needs amid decentralization and the push for digital public services. Local government apparatus are compelled not only to execute administrative procedures but also to innovate in governance practices. Employees' innovative performance is central to local governments' success in delivering citizen-relevant public services. Accordingly, this research seeks to address core questions: to what extent do digital competencies influence employees' innovative performance, how does organizational culture reinforce this relationship, and can organizational culture mediate the effect of digital competencies on innovative performance? Drawing from this conceptual framework, the study aims to formulate and validate a strategic human resource management model rooted in digital competencies and organizational culture to elevate innovative performance among employees in Tana Toraja Regency's local government. Further objectives include identifying the strength of inter-variable relationships, evaluating organizational culture's mediating role, and offering strategic policy recommendations for human resource development in local government settings. The research employs a quantitative approach with Structural Equation Modeling (SEM-PLS) analysis to yield valid and reliable empirical findings.

The study's primary contribution lies in integrating three key dimensions—digital competencies, organizational culture, and innovative performance—within a strategic human resource management framework. Its novelty stems from not only assessing direct variable interlinks but also developing a comprehensive conceptual model tailored to local governance contexts. Moreover, it provides practical value through strategic recommendations that inform decision-making for digital- and innovation-oriented human

resource policies in Tana Toraja Regency's local government. In this way, the research is poised to enrich the literature on strategic human resource management and public administration while delivering tangible benefits for improving local-level public services.

Method

This study employs a quantitative approach with an explanatory correlational design, as the primary objective is to analyze the relationships between independent and dependent variables and to test the mediating role of organizational culture in a strategic human resource management model based on digital competence. The explanatory correlational design was selected to explain the extent to which digital competence influences employees' innovative performance, both directly and indirectly, through innovative organizational culture as a mediating variable. According to Creswell and Creswell (2023), a survey-based quantitative approach enables researchers to obtain measurable and generalizable data using standardized instruments and inferential statistical analysis.

The data used in this study consist of primary and secondary sources. Primary data were collected directly from respondents through questionnaires, as this type of data provides accurate and contextually relevant information on the conditions of local government employees in Tana Toraja Regency. Secondary data were obtained from official documents, local government performance reports, and publications from Statistics Indonesia (BPS, 2023) to strengthen contextual descriptions and support the interpretation of findings. Combining both primary and secondary data allows for a more comprehensive analysis.

Data collection was carried out using surveys through questionnaires distributed both offline and online. The questionnaire was designed with a five-point Likert scale ranging from "strongly disagree" to "strongly agree." The Likert scale was chosen because it is effective in measuring employees' perceptions, attitudes, and behavioral tendencies regarding digital competence, organizational culture, and innovative performance (Hair et al., 2022). The population of this study comprises all civil servants (PNS) working in the Tana Toraja Regency Government, with the most recent records indicating approximately 4,137 employees distributed across various agencies and organizational units (BPS, 2023). The sample size was determined using Slovin's formula with a 5% margin of error, yielding a minimum of 365 respondents. To ensure the validity of the Structural Equation Modeling (SEM) analysis, the study targeted 365 respondents. According to Kline (2021), SEM requires relatively large sample sizes, with at least 200 respondents to ensure stable parameter estimation and valid results.

The sampling technique employed was proportionate stratified random sampling. This method was chosen because the population of local government employees in Tana Toraja consists of different organizational strata (agencies, departments, offices, and the regional secretariat). Stratification ensured that each organizational unit had a representative chance of being included in the sample, thereby increasing the generalizability of the findings. Respondents within each stratum were randomly selected in proportion to the number of employees in each unit.

Operational Definitions

Table 1. Operational Definitions Variable

Variable	Conceptual Definition	Indicators	Measurement Scale
Digital Competence	The individual's ability to effectively use digital technologies to access, process, create, protect, and solve problems at work (Carretero, Vuorikari, & Punie, 2021).	1. Information literacy (ability to search, evaluate, and use digital information) 2. Digital communication (ability to interact and collaborate through digital platforms) 3. Content creation (ability to produce and share digital content) 4. Digital security (ability to protect data, privacy, and devices) 5. Problem-solving (ability to resolve technical issues and adapt to new technologies)	Likert 1–5
Innovative Organizational Culture	Values, norms, and practices within the organization that encourage creativity, collaboration, openness, and risk-taking to generate innovation (Naranjo-Valencia et al., 2019).	1. Openness to change 2. Support for creativity 3. Risk tolerance 4. Employee collaboration	Likert 1–5
Innovative Performance	Individual behavior in generating, promoting, and implementing new ideas that benefit the organization (De Jong & Den Hartog, 2010).	1. Idea generation (ability to create new ideas) 2. Idea promotion (ability to communicate and convince others about new ideas) 3. Idea implementation (ability to transform ideas into actual practices at work)	Likert 1–5

Source: Processed by the author, 2025

The data analysis was conducted in two main stages. The first stage involved descriptive analysis to provide an overview of the distribution of respondents' responses, including means, percentages, and standard deviations (Sugiyono, 2018). The second stage involved inferential analysis using Structural Equation Modeling Partial Least Squares (SEM-PLS) (Ghozali, 2018). SEM-PLS was chosen because it is suitable for research models with relatively large numbers of indicators and large sample sizes, and it has the capacity to analyze complex latent relationships (Hair et al., 2022). The analysis was performed using SmartPLS version 4.0.

The SEM-PLS analysis included two main stages: testing the measurement model (*outer model*) and the structural model (*inner model*). In the outer model, convergent validity, discriminant validity, and construct reliability were assessed. Discriminant validity was

examined using the Fornell-Larcker criterion and the Heterotrait-Monotrait Ratio (HTMT). In the inner model, the coefficient of determination (R^2), and path coefficients among variables were tested. Significance testing was carried out using the bootstrapping method with 5,000 resamples to obtain t-statistics and p-values. Research hypotheses were accepted if the p-value < 0.05 at a 95% confidence level.

Through this methodological procedure, the study not only replicates theoretical relationships among variables but also tests the empirical model in a robust manner. The chosen methodology aligns with contemporary quantitative research practices in strategic human resource management and public sector innovation. Ultimately, the findings are expected to provide practical contributions in the form of strategic recommendations for developing local government human resources in Tana Toraja that are adaptive to digital transformation and capable of fostering an innovative organizational culture.

Results and Discussion

Descriptive Analysis of Respondents

1. Gender

Table 2. Respondents' Characteristics by Gender

Gender	Number (n=365)	Percentage (%)
Male	198	54.2
Female	167	45.8
Total	365	100.0

Source: Processed data by the author, 2025

The distribution of respondents indicates that male employees slightly outnumber female employees. A total of 198 respondents (54.2%) were male, while 167 (45.8%) were female. This proportion reflects the general condition of civil service in the region, where male employees still dominate, although female participation in the bureaucracy has been steadily increasing.

2. Age

Table 3. Respondents' Characteristics by Age

Age Group	Number (n=365)	Percentage (%)
< 30 years	63	17.3
31-40 years	152	41.6
41-50 years	110	30.1
> 50 years	40	11.0
Total	365	100.0

Source: Processed data by the author, 2025

Respondents were drawn from a wide age range. The majority were in the productive age group of 31-40 years, with 152 respondents (41.6%), followed by 110 respondents (30.1%) aged 41-50. Meanwhile, 63 respondents (17.3%) were under 30 years old, and 40 respondents (11.0%) were over 50 years old. These findings suggest that most respondents

are in the mid-career stage, characterized by sufficient work experience while remaining adaptive to the demands of digitalization.

3. Educational Background

Table 4. Respondents' Characteristics by Educational Background

Education Level	Number (n=365)	Percentage (%)
Senior High/Vocational	20	5.5
Diploma (D3)	59	16.2
Bachelor's Degree (S1)	214	58.6
Postgraduate (S2/S3)	72	19.7
Total	365	100.0

Source: Processed data by the author, 2025

Based on educational attainment, most respondents held a Bachelor's degree (214 respondents, or 58.6%). Meanwhile, 59 respondents (16.2%) had a Diploma, 72 respondents (19.7%) were postgraduate degree holders, and only 20 respondents (5.5%) completed Senior High/Vocational school. This distribution indicates that the academic competence of employees is relatively high, enabling them to absorb new knowledge related to digital competence effectively.

4. Length of Service

Table 5. Respondents' Characteristics by Length of Service

Length of Service	Number (n=365)	Percentage (%)
< 5 years	81	22.2
6–10 years	137	37.5
11–20 years	102	27.9
> 20 years	45	12.3
Total	365	100.0

Source: Processed data by the author, 2025

In terms of work experience, 137 respondents (37.5%) had served for 6–10 years, followed by 102 respondents (27.9%) with 11–20 years of service. Meanwhile, 81 respondents (22.2%) had fewer than 5 years of experience, and 45 respondents (12.3%) had worked for more than 20 years. This composition demonstrates a balance between junior employees who are more adaptive to new technologies and senior employees with deeper bureaucratic experience.

Overall, the demographic profile of respondents reflects a diverse workforce, combining younger and more experienced employees, with the majority holding higher education qualifications and a relatively balanced gender distribution. This diversity strengthens the validity of the study as it represents the demographic characteristics of local government employees in Tana Toraja in the context of digital transformation and the development of an innovative organizational culture.

Measurement Model Analysis (Outer Model)

Table 6. Summary of Outer Model Analysis Results

Latent Variable	Highest Loading Indicator	Loading	Lowest Loading Indicator	Loading	Notes
Digital Competence	A1 (Information Literacy)	0.787	A5 (Digital Problem-Solving)	0.412	All indicators significant at $p < 0.001$
Innovative Org. Culture	D1 (Collaboration)	0.835	D12 (Risk Tolerance)	0.668	Construct reliability (CR > 0.70), AVE > 0.50, convergent validity achieved
Innovative Performance	E4 & E9 (Idea Implementation)	0.842	E8 (Idea Promotion)	0.427	Discriminant validity achieved (Fornell-Larcker & HTMT)

Source: Primary data processed by the author (2025).

The evaluation of the outer model indicates that all indicators representing digital competence, innovative organizational culture, and innovative performance met the minimum loading factor threshold of 0.60 (Hair et al., 2022), ranging from 0.41 to 0.84. The lowest value was observed in the digital problem-solving dimension (0.412), while the highest loadings were found in organizational collaboration (0.835) and idea implementation (0.842). All indicators were statistically significant at the 95% confidence level ($p < 0.001$), confirming the validity of the measurement instrument.

Construct reliability testing revealed Cronbach's Alpha and Composite Reliability (CR) values greater than 0.70, suggesting adequate internal consistency. Furthermore, the Average Variance Extracted (AVE) values exceeded 0.50 for all constructs, confirming convergent validity (Carretero et al., 2021). Discriminant validity assessed through Fornell-Larcker and HTMT criteria also confirmed clear distinctions among constructs, validating the model fit.

Structural Model Analysis (Inner Model)

Table 2. Summary of Inner Model Analysis Results

Relationship	Path Coefficient (β)	p-value	Notes
Digital Competence → Innovative Culture	0.63	0.000	Positive, significant
Digital Competence → Innovative Perf.	0.41	0.000	Positive, significant
Innovative Culture → Innovative Perf.	0.46	0.000	Positive, significant
Mediation: Digital Competence → Culture → Performance	Partial	–	Culture as mediator

Source: Primary data processed by the author (2025).

- R^2 for Innovative Organizational Culture = 0.40
- R^2 for Innovative Performance = 0.57

These results imply that the model explains 57% of the variance in innovative performance through digital competence and organizational culture, which falls under the moderate-to-substantial category.

The structural model confirms that digital competence significantly and positively influences both innovative organizational culture ($\beta = 0.63$; $p < 0.001$) and employees' innovative performance ($\beta = 0.41$; $p < 0.001$). Additionally, innovative organizational culture significantly contributes to innovative performance ($\beta = 0.46$; $p < 0.001$). The mediation analysis further confirms that innovative organizational culture serves as a partial mediator in the relationship between digital competence and innovative performance.

These findings demonstrate that digital competence impacts innovative performance both directly and indirectly by fostering an innovative organizational culture. The determination coefficient (R^2) values confirm that the model provides substantial explanatory power, while predictive relevance ($Q^2 > 0$) indicates the model's predictive validity.

Discussion

Hypothesis 1: Digital Competence → Innovative Organizational Culture

The results reveal a strong and significant influence of digital competence on innovative organizational culture ($\beta = 0.63$; $p < 0.001$). This suggests that employees with higher digital competence are more likely to internalize values, norms, and practices that support innovation. These findings align with the digital competence framework, which emphasizes that digital literacy not only entails technical skills but also facilitates collective behavioral transformation within organizations (Carretero et al., 2021).

Empirical evidence corroborates this conclusion. Ingsih et al. (2024) found that digital literacy fosters collaborative environments in public bureaucracies, while Nur (2024) highlighted that digital competence can transform rigid bureaucratic cultures into more adaptive and innovative ones. Similarly, Van Laar et al. (2020) demonstrated that 21st-century digital skills play a crucial role in shaping knowledge-based organizational practices. The contribution of this study lies in its focus on the local government context of Tana Toraja, where infrastructure limitations and local wisdom shape digital adoption. Practically, the findings suggest that governments should implement structured digital literacy programs that extend beyond technical usage toward cultivating an innovative mindset.

Hypothesis 2: Digital Competence → Innovative Performance

The structural model confirms that digital competence directly influences innovative performance ($\beta = 0.41$; $p < 0.001$). Employees' ability to access, process, and integrate digital technologies enhances their capacity to generate, promote, and implement innovative ideas. This result supports De Jong and Den Hartog's (2010) framework, which emphasizes the role of individual competencies in driving innovative behaviors.

Supporting studies include Wibowo et al. (2022), who showed that digital competence among Indonesian civil servants significantly contributed to public service innovation. Similarly, Ciancarini and Grimaudo (2023) stressed the importance of digital skills in global public administration for both efficiency and innovation. Firman et al. (2024) also confirmed that digital competence accelerates innovation adoption in the banking sector. In the context of this study, the findings underscore the importance of digital skills in

enabling innovative public service delivery, particularly in regions with limited infrastructure. Policy implications include integrating digital training with bureaucratic innovation strategies to ensure employees not only master technology but also contribute creative solutions.

Hypothesis 3: Innovative Organizational Culture → Innovative Performance

The study confirms that innovative organizational culture positively influences innovative performance ($\beta = 0.46$; $p < 0.001$). Organizational values and norms that support creativity and collaboration encourage employees to proactively engage in innovation. This result supports Naranjo-Valencia et al. (2019), who emphasized that openness to change is critical to innovation success, and Ahmed et al. (2019), who highlighted the role of knowledge-sharing cultures in fostering innovation.

Santoso and Nurcholis (2024) demonstrated that organizational culture combined with digital competence enhances knowledge creation, which in turn improves performance. Similarly, Firman et al. (2024) showed that digital organizational culture strengthens innovative performance in service industries. This study adds evidence in the local government context, where bureaucratic rigidity often hinders innovation. Practically, the findings highlight the need for governments to build collaborative, risk-tolerant, and open organizational cultures to ensure sustainable innovation.

Hypothesis 4: Mediation Role of Innovative Organizational Culture

The mediation analysis confirms that innovative organizational culture partially mediates the effect of digital competence on innovative performance. While digital competence directly enhances innovation, its effect is amplified when supported by a conducive organizational culture. This aligns with De Vries et al. (2018), who argued that public sector innovation depends not only on technology adoption but also on organizational readiness for change. Carretero et al. (2021) noted that digital literacy alone produces technical proficiency without behavioral transformation, while the combination of digital competence and organizational culture fosters sustainable innovation. Ahmed et al. (2019) similarly showed that organizational culture internalizes values that magnify the impact of digital skills on innovation.

This study contributes by highlighting the critical mediating role of organizational culture in local government settings, where hierarchical structures often impede innovation. Practically, the findings call for human resource policies that emphasize not only digital competence development but also the cultivation of organizational values that encourage creativity, collaboration, and risk-taking. Integrating these dimensions offers an effective strategy for strengthening innovative performance in the public sector amid digital transformation.

Conclusion and Recommendations

This study underscores the critical role of digital competence as a foundational driver of innovative performance among civil servants. The findings demonstrate that digital competence not only exerts a direct influence on innovative performance but also amplifies its impact through the mediating role of an innovative organizational culture. An organizational culture that fosters creativity, collaboration, openness, and risk tolerance has

45 been shown to be a significant factor in mediating the relationship between digital competence and innovative performance. The research model explains 57% of the variance in innovative performance, reflecting a substantial contribution of these two key variables to the innovative behavior of public-sector employees.

11 The theoretical implication of this study lies in its contribution to the enrichment of strategic human resource management literature by integrating digital competence and organizational culture into the framework of bureaucratic innovation. Methodologically, the application of Structural Equation Modeling–Partial Least Squares (SEM-PLS) has proven to be an appropriate approach for analyzing complex relationships involving mediating variables. Practically, this research provides a policy foundation for local governments to design human resource development strategies that emphasize digital literacy while simultaneously fostering the growth of an innovative organizational culture.

25 Based on the findings, several recommendations can be proposed. Local governments should develop structured and sustainable programs aimed at enhancing the digital literacy of civil servants, integrated with initiatives to cultivate a collaborative and adaptive work culture. Furthermore, future studies are encouraged to include additional variables, such as transformational leadership or institutional capacity, to provide a more comprehensive understanding of the dynamics of public-sector innovation in the digital transformation era.

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