

The Influence of Digital Leadership, Empowerment, and Job Crafting on Sustainable Performance through Psychological Ownership: Case Study DPMG Pidie Regency

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Abstract: This study examines the influence of digital leadership, empowerment, and job crafting on sustainable performance through psychological ownership at the Community and Village Empowerment Agency (DPMG) of Pidie Regency. The research was motivated by public-sector performance challenges related to uneven digital transformation, limited human resources, and the need to strengthen employees' sense of ownership toward organizational goals. A quantitative explanatory design was applied. Data were collected through questionnaires distributed to the entire population of 34 employees and government-contract employees at DPMG Pidie Regency. The data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS. The measurement model showed acceptable convergent validity and reliability after two psychological ownership indicators were eliminated. The structural model indicated that job crafting had a positive and significant effect on sustainable performance ($O = 0.700$; $t = 2.182$; $p = 0.030$) and psychological ownership ($O = 1.197$; $t = 2.254$; $p = 0.025$). Psychological ownership also had a positive and significant effect on sustainable performance ($O = 0.585$; $t = 6.597$; $p = 0.000$). In contrast, digital leadership and empowerment did not significantly influence either psychological ownership or sustainable performance. The indirect-effect test confirmed that psychological ownership significantly mediated only the relationship between job crafting and sustainable performance. These findings suggest that sustainable performance in local public organizations is more strongly supported by proactive work redesign and employees' psychological attachment than by formal digital leadership or empowerment practices that have not yet been internalized.

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INTRODUCTION

Human resources are a central asset in public organizations because the achievement of public service objectives depends on the quality, adaptability, and sustainability of employee performance. In local government agencies, employees do not merely execute administrative tasks. They also translate policy mandates into services and programs that affect village development, community empowerment, and public accountability (Mergel et al., 2019). For this reason, sustainable performance has become an important issue in public-sector human resource management, particularly when digital competencies, psychological empowerment, and adaptive work behavior increasingly shape job performance in contemporary organizations (Ochoa, Coello-Montecel, 2023).

Sustainable performance refers to an organization's ability to maintain effective performance over time while balancing economic, social, and environmental responsibilities. In public

administration, this concept is not limited to financial efficiency. It also includes service continuity, stakeholder trust, responsible resource use, and the capacity to respond to institutional change. Prior studies describe sustainable performance as the integration of economic, social, and environmental outcomes into organizational decision-making and operational routines (Ameer & Othman, 2012; Bansal, 2005; Elkington, 1998; Hart & Milstein, 2003; Iqbal et al., 2020).

The Community and Village Empowerment Agency of Pidie Regency play a strategic role in supporting village governance and community empowerment. Preliminary observations in the source research showed that the agency had begun to direct employees toward the use of digital technology. Leaders encouraged the use of digital tools, asked for employee opinions in meetings, and provided guidance when employees faced difficulties. However, the implementation of digital leadership was not yet fully integrated into daily work processes. The use of technology remained uneven, and the transformation from digital instruction to digital work culture still required strengthening. This condition is consistent with the view that digital transformation in public organizations requires not only technological adoption but also leadership capability, digital culture, and organizational learning routines (Avolio et al., 2000; Benitez et al., 2022; Cortellazzo et al., 2019; Khin & Ho, 2019; Mergel et al., 2019).

Employee empowerment was also observed through participation in meetings, training, and organizational activities. Nevertheless, empowerment had not been fully reflected in equal involvement in decision-making or in a strong sense of work autonomy. Some employees still followed predetermined job descriptions without sufficient initiative to redesign tasks or improve work processes. This condition is important because psychological empowerment develops through meaning, competence, self-determination, and impact, whereas job crafting is a proactive behavior that enables employees to adjust task boundaries, work relationships, and cognitive meanings of work in line with their capabilities and organizational needs (Amundsen & Martinsen, 2014; Hanaysha, 2016; Petrou et al., 2012; Rudolph et al., 2017; Seibert et al., 2011; Spreitzer, 1995; Tims et al., 2012; Wrzesniewski & Dutton, 2001; Zhang & Bartol, 2010).

The agency also faced constraints in sustaining performance because of limited human resources. Several employees were unable to work due to illness, which required other employees to assist across tasks. Such a condition created a practical need for flexibility and collaboration. At the same time, the research background noted that psychological ownership, or the feeling that the organization and its work are psychologically connected to the employee, had not been optimally formed among all employees. Psychological ownership is important because it encourages responsibility, care, and voluntary contribution to organizational success (Avey et al., 2009; Dawkins et al., 2017; Pierce et al., 2001; Van Dyne & Pierce, 2004).

Digital leadership, empowerment, and job crafting are conceptually related to sustainable performance. Digital leadership can help organizations develop digital vision, technological literacy, and innovation-oriented work systems (Avolio et al., 2000; Benitez et al., 2022; Cortellazzo et al., 2019). Empowerment can strengthen employee competence, participation, and autonomy (Amundsen & Martinsen, 2014; Seibert et al., 2011; Spreitzer, 1995). Job crafting can increase employees' capacity to manage job demands and resources, especially in changing work environments (Demerouti, 2014; Petrou et al., 2012; Rudolph et al., 2017; Tims et al., 2012; Wrzesniewski & Dutton, 2001). However, these factors may not automatically produce sustainable performance unless employees also develop psychological ownership toward their organization (Avey et al., 2009; Dawkins et al., 2017; Pierce et al., 2001). This study therefore positions

psychological ownership as an intervening mechanism linking digital leadership, empowerment, and job crafting with sustainable performance.

The main contribution of this study is its focus on a local public organization in Aceh, Indonesia. Previous research has often examined digital leadership, empowerment, job crafting, psychological ownership, or sustainable performance separately. By integrating these constructs in one PLS-SEM model, this study provides empirical evidence on which internal human resource factors are most relevant for sustaining employee performance in a public agency with limited staffing and ongoing digital adaptation. The model is also relevant to public-sector digital transformation debates, which emphasize that technology adoption must be supported by human capability, organizational commitment, and meaningful employee involvement (Mergel et al., 2019; Ochoa Pacheco & Coello-Montecel, 2023).

Based on this rationale, the study aims to analyze: (1) the effect of digital leadership, empowerment, and job crafting on psychological ownership; (2) the effect of digital leadership, empowerment, job crafting, and psychological ownership on sustainable performance; and (3) the mediating role of psychological ownership in the relationship between digital leadership, empowerment, job crafting, and sustainable performance at DPMG Pidie Regency.

RESEARCH METHOD

This research used a quantitative explanatory design. The design was selected because the study tested causal relationships among latent variables that had been formulated in the hypotheses. The unit of analysis was employees of the Community and Village Empowerment Agency of Pidie Regency, located at Jl. Prof. A. Majid Ibrahim, Cot Teungoh, Sigli, Pidie Regency, Aceh.

The population consisted of all employees working at DPMG Pidie Regency, including civil servants and government-contract employees. Because the population was relatively small, the study used a census or total sampling technique. All 34 employees were included as respondents. This approach was consistent with the principle that when the population is fewer than 100 individuals, all members may be used as the research sample.

The research variables were digital leadership, empowerment, job crafting, psychological ownership, and sustainable performance. Digital leadership was measured through digital attitude, digital competence, digital behavior, and digital transformation. Empowerment was measured through participation in decision-making, access to information, management support, and organizational trust. Job crafting was measured through increasing structural job resources, decreasing hindering job demands, increasing social job resources, and increasing challenging job demands. Psychological ownership was measured through sense of ownership, sense of responsibility, self-identity with the organization, and psychological attachment. Sustainable performance was measured through economic, environmental, and social performance.

Data were collected using a structured questionnaire with a Likert scale. The questionnaire was supported by observation, preliminary interviews, and literature review. Data analysis was performed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS. The outer model was evaluated through outer loading, Average Variance Extracted (AVE), composite reliability, and Heterotrait-Monotrait Ratio (HTMT). The inner model was evaluated using Standardized Root Mean Square Residual (SRMR), R Square, path coefficients, t-statistics, and p-

values. Hypotheses were accepted when p-values were below 0.05 and t-statistics were greater than 1.96 [10], [11].

RESULTS AND DISCUSSION

The respondent profile showed that most respondents were male (61.8%), while female respondents represented 38.2%. The largest age group was 40-49 years (41.2%), followed by respondents older than 50 years (32.4%). In terms of education, most respondents held a bachelor's degree (91.2%). The employment-status composition consisted of civil servants (55.9%) and government-contract employees (44.1%). This profile indicates that the agency was dominated by experienced employees with formal higher education, which should provide a sufficient basis for organizational learning and work adaptation. The initial measurement model indicated that two psychological ownership indicators did not meet the required loading threshold. After eliminating these indicators, all remaining indicators had loadings above 0.70. The retained loading range was 0.795 to 0.977. AVE values ranged from 0.757 to 0.914, indicating acceptable convergent validity. Composite reliability values ranged from 0.925 to 0.970, showing that all constructs were internally consistent. The HTMT results generally supported discriminant validity, although the relationship between empowerment and job crafting was high. This indicates that these two constructs may overlap conceptually in the empirical setting and should be interpreted carefully.

Table 1. Summary of Measurement Model Evaluation

Construct	Retained Indicators	Loading Range	AVE	Composite Reliability	Decision
Digital leadership	X1.1-X1.4	0.829-0.949	0.824	0.949	Valid and reliable
Empowerment	X2.1-X2.4	0.795-0.969	0.801	0.941	Valid and reliable
Job crafting	X3.1-X3.4	0.812-0.949	0.757	0.925	Valid and reliable
Psychological ownership	Z1, Z4	0.949-0.962	0.913	0.954	Valid and reliable
Sustainable performance	Y1-Y3	0.938-0.977	0.914	0.970	Valid and reliable

Source: Primary data processed with SmartPLS, 2026.

The structural model produced an R Square value of 0.342 for sustainable performance and 0.317 for psychological ownership. This means that digital leadership, empowerment, job crafting, and psychological ownership explained 34.2% of the variance in sustainable performance. Digital leadership, empowerment, and job crafting explained 31.7% of the variance in psychological ownership. These values indicate moderate explanatory power for a public-sector model with a limited sample size. The saturated SRMR value was 0.068, while the estimated model SRMR was 0.165. The saturated value suggested acceptable model fit, but the estimated value indicated that the structural model should be refined in future research.

Table 2. Direct Effects of the Structural Model

Relationship	O	T-statistic	p-value	Conclusion
Digital leadership -> Sustainable performance	0.224	0.954	0.341	Not significant
Digital leadership -> Psychological ownership	0.384	0.977	0.329	Not significant
Empowerment -> Sustainable performance	-0.607	1.687	0.092	Not significant

Relationship	O	T-statistic	p-value	Conclusion
Empowerment -> Psychological ownership	-1.038	1.721	0.086	Not significant
Job crafting -> Sustainable performance	0.700	2.182	0.030	Significant
Job crafting -> Psychological ownership	1.197	2.254	0.025	Significant
Psychological ownership -> Sustainable performance	0.585	6.597	0.000	Significant

Source: Primary data processed with SmartPLS, 2026.

The direct-effect results show that digital leadership did not significantly influence sustainable performance or psychological ownership. This finding indicates that the presence of digital leadership initiatives did not automatically produce sustainable performance or a stronger sense of organizational ownership. In the observed agency, digital leadership was still at the stage of encouraging technology use rather than fully integrating digital systems, data-based decision-making, and digital collaboration into work routines. Digital leadership may require a stronger implementation system, continuous digital training, and clear performance linkages before it can influence employee outcomes.

Empowerment also did not have a significant direct effect on either sustainable performance or psychological ownership. This result does not necessarily mean that empowerment is irrelevant. It suggests that empowerment practices in the agency may still be procedural or limited to participation in meetings and training. Empowerment becomes meaningful only when employees receive real authority, clear information, institutional support, and responsibility for work outcomes. Without these elements, employees may not perceive empowerment as a source of autonomy or ownership.

Job crafting had a positive and significant effect on sustainable performance and psychological ownership. This result is important because the agency faced staffing limitations that required employees to help each other and adjust to work demands. Employees who were able to redesign tasks, strengthen work relationships, and create more meaningful interpretations of their jobs showed stronger performance sustainability. Job crafting also strengthened psychological ownership because employees became more personally invested in the work process and organizational results.

Psychological ownership had the strongest significant direct effect on sustainable performance. Employees who feel that the organization and its work are part of their own responsibility tend to show stronger commitment, care, and willingness to maintain performance quality. In a public agency, this sense of ownership is especially important because sustainable performance depends not only on formal rules but also on employee responsibility toward public service outcomes.

Table 3. Indirect Effects through Psychological Ownership

Indirect Relationship	O	T-statistic	p-value	Conclusion
Digital leadership -> Psychological ownership -> Sustainable performance	0.224	0.954	0.341	Not mediated
Empowerment -> Psychological ownership -> Sustainable performance	-0.607	1.687	0.092	Not mediated
Job crafting -> Psychological ownership -> Sustainable performance	0.700	2.182	0.030	Mediated

Source: Primary data processed with SmartPLS, 2026.

The mediation test confirmed that psychological ownership mediated only the relationship between job crafting and sustainable performance. This finding means that job crafting improves sustainable performance partly because it increases employees' psychological ownership. When employees actively shape their work, they invest time, energy, and ideas into the organization. This investment produces a stronger sense of responsibility and emotional attachment, which then supports performance continuity.

In contrast, psychological ownership did not mediate the effects of digital leadership or empowerment on sustainable performance. The insignificant mediation paths suggest that leadership and empowerment practices had not yet been translated into employees' internal sense of belonging. For digital leadership, the issue may lie in the gap between digital instruction and digital culture. For empowerment, the issue may lie in the gap between participation and real authority. Both conditions show that managerial practices must be experienced as meaningful by employees before they can strengthen ownership and sustainable performance.

The practical implication is that DPMG Pidie Regency should prioritize job crafting and psychological ownership as immediate strategies for improving sustainable performance. Leaders can provide flexible task arrangements, encourage employees to propose work-process improvements, and build cross-functional collaboration. The agency should also increase psychological ownership by involving employees in decisions, recognizing their contributions, and connecting daily tasks with the broader purpose of village and community empowerment.

The findings also suggest that digital leadership and empowerment require deeper institutionalization. Digital leadership should not be limited to encouraging technology use. It should include digital vision, shared standards, data-based performance monitoring, and continuous digital capability development. Empowerment should be supported by clear delegation, access to relevant information, and consistent managerial trust. Without these supports, digital leadership and empowerment may remain symbolic and fail to affect employee performance.

Based on the PLS data processing results shown in Figure 4.1, the majority of indicators for each variable exhibit a loading value greater than 0.70, except for indicators Z.2 and Z.3, which fall below this threshold. Indicators with a loading value exceeding 0.70 demonstrate a high level of validity, thereby satisfying the criteria for convergent validity. Conversely, indicators with loading values below 0.70 indicate low validity and must be eliminated or dropped from the model. Below is the initial data processing output comprising 4 variables with a total of 20 statement items.

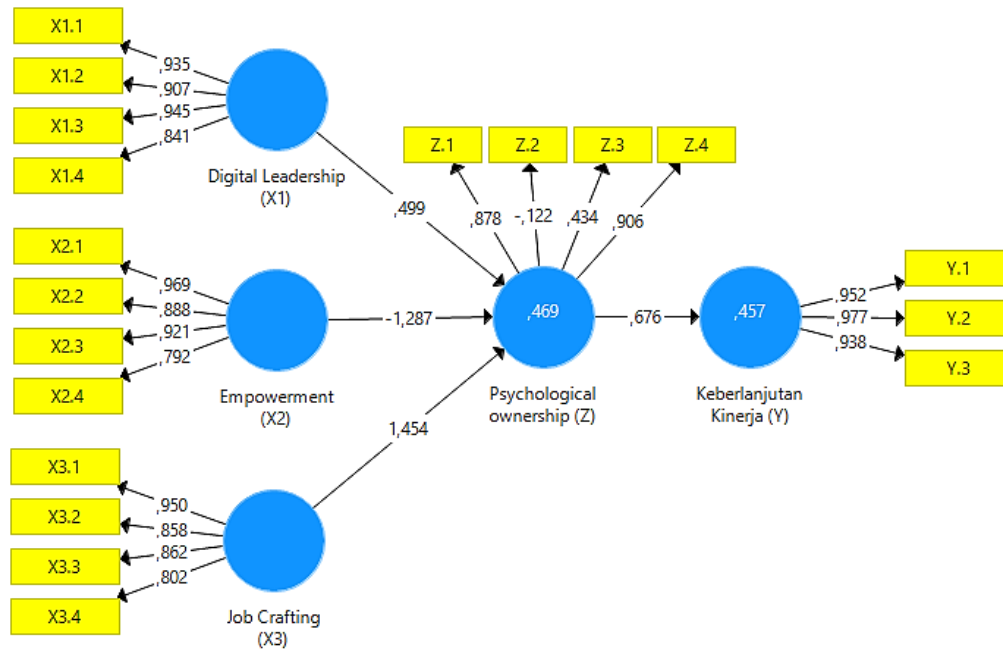


Figure 1. PLS data processing

Based on the outer loadings test results table for the dependent variables (e-Digital Leadership, Empowerment, and Job Crafting) presented above, 17 statement items exhibit outer loading values of ≥ 0.70 . This indicates that these items are valid and suitable for further statistical testing. Conversely, 2 statement items (Z.2 and Z.3) have outer loading values below 0.70, indicating they are invalid and cannot be included in subsequent analyses. Consequently, the modified model after removing these invalid indicators is structured as follows:

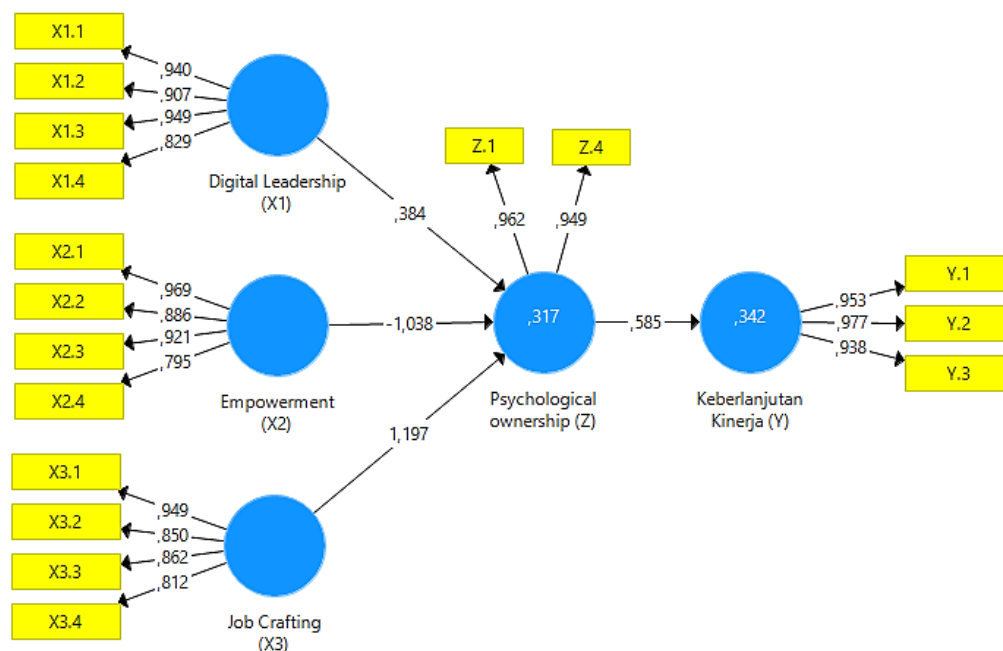


Figure 2. Outer Calculated Algorithm

After evaluating the measurement model (outer model) and confirming that each construct satisfies the requirements for convergent validity, discriminant validity, and composite reliability, the next step is to evaluate the structural model (inner model). This evaluation encompasses testing the model fit, path coefficients, and R^2 values. The model fit test, specifically, is utilized to determine the extent to which the hypothesized model aligns or is consistent with the empirical data.

The structural model, or inner model (also referred to as inner relation or substantive theory), specifies the relationships between latent variables based on substantive theory. This structural model is evaluated by examining the R^2 (R-square) values for the dependent (endogenous) constructs. The R^2 value serves to assess the magnitude of influence exerted by exogenous variables on a particular endogenous variable and to determine whether these exogenous variables possess a substantive impact (Ghozali, 2014:78). According to Ghozali (2014:79), R^2 results of 0.67, 0.33, and 0.19 classify the structural model as 'good,' 'moderate,' and 'weak,' respectively.

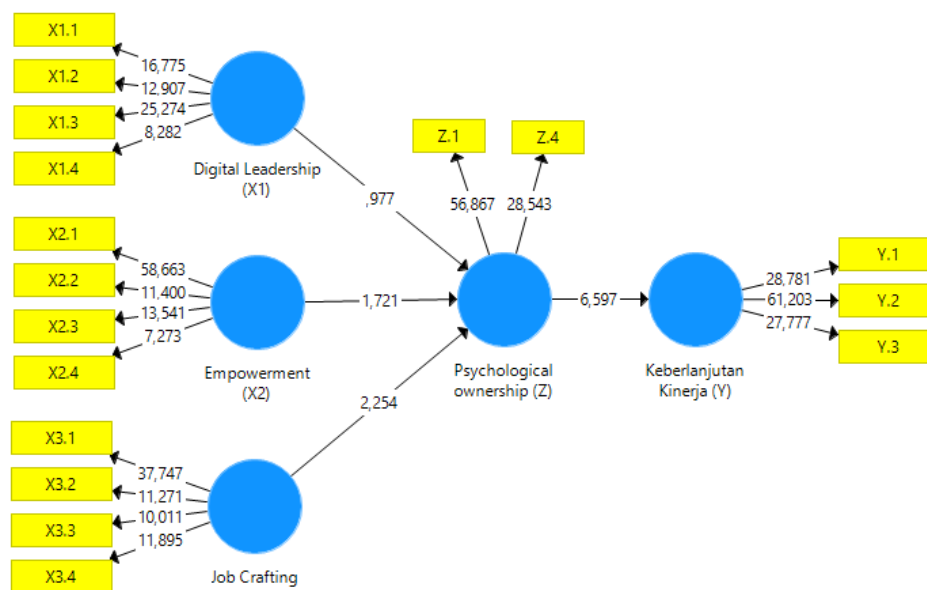


Figure 3. Hypothesis Test Result

CONCLUSION

This study demonstrates that digital leadership and empowerment do not exert a significant influence on either psychological ownership or sustainable performance at DPMG Pidie Regency. Conversely, job crafting has a positive and significant effect on both psychological ownership and sustainable performance. Furthermore, psychological ownership positively and significantly affects sustainable performance. The mediation analysis reveals that psychological ownership significantly mediates only the relationship between job crafting and sustainable performance.

These findings indicate that sustainable performance in this public sector organization is primarily driven by employees' proactive capacity to reshape their work and their psychological attachment to the organization. While digital leadership and empowerment remain crucial managerial practices, their impacts require more robust implementation, clearer delegation of authority, and deeper internalization among personnel. Future research should explore additional variables such as work motivation, organizational culture, job satisfaction, or employee

engagement, and employ larger sample sizes or mixed-method approaches to provide a more comprehensive understanding of performance sustainability in public-sector organizations.

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