

Perceived Organizational Support as the Mediating Mechanism Linking Work Engagement, Job Satisfaction and Job Performance in Indonesian Rural Banking

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Abstract

This study examines the mediating role of perceived organizational support (POS) in the relationships between work engagement, job satisfaction, and job performance among employees of an Indonesian rural bank. Grounded in Social Exchange Theory, the research focuses on the underexplored context of Bank Perkreditan Rakyat (BPR), where collectivist culture, local ownership, and limited resources may shape reciprocity mechanisms in the workplace. A quantitative cross-sectional design was applied using a saturated sample of 132 non-executive employees of PT BPR Bank Boyolali, Central Java, Indonesia. Data were collected through self-administered questionnaires using validated five-point Likert-scale measures and analyzed with Partial Least Squares Structural Equation Modelling (PLS-SEM) using SmartPLS 4. The findings show that work engagement and job satisfaction significantly and positively influence both job performance and POS. POS also positively predicts job performance and partially mediates the relationships between work engagement and job performance, as well as between job satisfaction and job performance. The model explains 60.7% of the variance in both POS and job performance. These findings contribute empirical evidence from a rural banking context and offer practical guidance for strengthening employee performance through supportive management practices, engagement-oriented job design, and satisfaction-enhancing reward systems.

Keywords: *work engagement, job satisfaction, perceived organizational support, job performance, Social Exchange Theory*

JEL Classification: G21, J28, M54, D23 and O15

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INTRODUCTION

The banking industry plays a pivotal role in mediating capital flows, supporting economic activity, and underpinning macroeconomic stability (Agiropoulos et al., 2022; Rodríguez-Fernández et al., 2024; Xu, 2025). In emerging markets such as Indonesia, this strategic role is enacted not only by commercial banks but also by Rural Banks (Bank Perkreditan Rakyat, BPR), which serve micro,

small, and medium enterprises (MSMEs) and lower-income households at the local level (Alim et al., 2025; Ariffin & Hasan, 2021; Fahmi & Rahman, 2021). Recent industry data show that, between June 2023 and June 2024, Indonesia's BPR and Sharia BPR (BPR-BPRS) industry grew its loan portfolio by 7.17 percent to IDR 162.57 trillion, with third-party funds rising 7.01 percent and a customer base exceeding 20 million accounts (Perbarindo, 2025). Yet, the licence revocation of 20 BPR/BPRS institutions in 2024 because of failure to meet remedial requirements (Lembaga Penjamin Simpanan, 2024) suggests that the sector's quantitative expansion has not been uniformly accompanied by performance and governance quality.

Banking outcomes ultimately depend on the people who deliver financial services. McKinsey's Global Banking Annual Review (2024) reports that the global banking industry generated USD 7 trillion in revenues and USD 1.1 trillion in net income, with return on tangible equity reaching 11.7 percent – the highest since before the Great Recession – and identifies the “management quotient” (the quality of human resource management) as the decisive differentiator between high- and average-performing banks. In service-intensive contexts such as rural banking, where customer relationships are built face to face, employees' attitudes, energy, and willingness to provide discretionary effort exert a strong influence on service quality, customer loyalty, and ultimately organisational sustainability (Bakker & de Vries, 2021).

Work engagement – a positive, fulfilling, work-related state of mind characterised by vigour, dedication, and absorption (Schaufeli et al., 2019) – has been linked consistently to job performance across sectors. A recent meta-analysis of 113 studies reports an average correlation of $\rho = 0.42$ between work engagement and job performance, with stronger associations in service industries (Corbeanu & Iliescu, 2023). However, global engagement trends remain a concern: U.S. engagement levels fell from 40 percent in mid-2020 to 37 percent in 2024 – the lowest point in a decade (Gallup, 2025). Job satisfaction, defined as a pleasurable or positive emotional state resulting from the appraisal of one's job (Bowling et al., 2022; Wright & Huang, 2022), has likewise long been associated with performance, with the foundational meta-analysis of Judge et al. (2001) ($\rho = 0.30$) and recent empirical work (Patrichi et al., 2025) confirming a robust positive relationship. Yet, the strength of these associations varies appreciably across contexts, suggesting unexplored boundary conditions, particularly in non-Western and micro-financial settings (Corbeanu & Iliescu, 2023).

An important explanation for this variability lies in the role of organisational reciprocity. Building on Social Exchange Theory (SET; Blau, 1964, 2020) and the theory of perceived organizational support (POS; Eisenberger et al., 1986, 2020), employees evaluate the extent to which their organisation values their contributions and cares for their well-being, and reciprocate accordingly through stronger effort, engagement, and performance. Kurtessis et al.'s (2017) meta-analytic review documents that POS is positively related to job satisfaction, organisational commitment, job performance, and citizenship behaviour, and negatively related to turnover intention. Recent studies further suggest that POS may operate as a mediating mechanism explaining how engagement and satisfaction become performance: Jimoh (2025), in Nigerian banking, finds significant indirect effects through POS ($\beta = 0.036$ and 0.068 , respectively), while Şanlıöz et al. (2023) report mediation in a hospital context. Conversely, Ahmed et al. (2024) treat POS as a moderator in Egyptian private banks, leaving the mediating mechanism only partially understood. Studies that test POS as a mediator in Indonesian micro-financial banking remain scarce.

These observations point to a three-fold research gap. First, geographically, the literature remains dominated by Western and large-bank evidence, with limited insight into how engagement, satisfaction, and support operate in Indonesian rural banks. Second, theoretically, while POS is widely recognised, its role as a mediator (rather than a moderator) in the joint relationship of engagement, satisfaction, and performance has been tested unevenly and rarely in collectivist micro-finance settings. Third, practically, the recent failures of Indonesian BPR institutions – attributed in part to weak human resource management and governance (BPR Pundi Masyarakat, 2022) – indicate an urgent need for evidence-based guidance on how to convert employees' psychological resources into measurable performance gains.

Against this backdrop, this study examines a focal Indonesian rural bank, PT BPR Bank Boyolali, to address two research questions: (1) Do work engagement and job satisfaction exert direct positive effects on job performance? (2) Does perceived organizational support mediate the relationships between work engagement, job satisfaction, and job performance? Using PLS-SEM on a census sample of 132 employees, the study contributes (i) theoretically, by clarifying the partial mediating role of POS within an SET framework in a previously under-examined micro-financial context; (ii) empirically, by supplying novel evidence from a culturally distinctive setting that complements Western and African data; and (iii) practically, by translating findings into actionable interventions for rural bank executives and Indonesian financial-services regulators committed to building a higher-performing BPR workforce.

LITERATURE REVIEW AND HYPOTHESES

Social Exchange Theory and Perceived Organizational Support

Social Exchange Theory (SET; Blau, 1964, 2020) conceptualises social interaction as a process of reciprocal exchange in which parties confer benefits on one another with the expectation – though not the contractual obligation – of future return. Unlike strictly economic exchanges, social exchanges encompass intangible resources such as trust, recognition, and emotional support, and are governed by the norm of reciprocity (Cropanzano et al., 2017). When transposed to the employer–employee relationship, SET predicts that employees who receive favourable treatment will feel obliged to reciprocate through positive workplace attitudes and behaviours that benefit the organisation, including higher engagement, greater satisfaction, and superior performance (Eisenberger et al., 2020).

Eisenberger et al. (1986) operationalised this exchange logic by introducing the construct of perceived organizational support (POS), defined as employees' global belief regarding the extent to which the organisation values their contributions and cares about their well-being. Subsequent meta-analytic work confirms that POS is consistently associated with positive employee outcomes, including job satisfaction, organisational commitment, in-role performance, and organisational citizenship behaviour, and with reduced turnover intention and counter-productive work behaviour (Kurtessis et al., 2017). Theoretically, POS represents the perceived reciprocation signal: employees interpret tangible and intangible organisational acts – fair treatment, supervisor support, favourable working conditions, and developmental opportunities – as evidence that the organisation is committed to them, prompting reciprocal effort and loyalty.

In the context of the present study, SET and POS theory together suggest that work engagement and job satisfaction generate not only direct performance effects, but also indirect effects channelled through employees' evolving perception of organisational support. As employees experience high engagement and satisfaction, they recalibrate their assessment of how much the organisation values them, which in turn intensifies their reciprocal performance contribution.

Job Performance in Service-Based Organisations

Job performance refers to the level of attainment by an employee in fulfilling expectations and goals set by the organisation, encompassing both the quantity and quality of work output and proactive behaviours that go beyond formal job requirements (Patrichi et al., 2025). In service-based settings such as banking, performance is multifaceted, comprising in-role task accomplishment (e.g., serving customers, meeting deadlines, attaining sales targets), adaptive performance (e.g., adjusting to changing customer demands or technological transformations), and contextual or extra-role performance (e.g., helping colleagues, taking initiative to improve processes). In rural banks operating in tight-knit communities, contextual performance is particularly valuable because customer trust often depends on relational and personalised service (Bakker & de Vries, 2021).

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Work Engagement and Job Performance

Work engagement is a positive, fulfilling, work-related state of mind characterised by vigour (high energy and mental resilience), dedication (strong involvement and a sense of significance), and absorption (full concentration and engrossment in work) (Schaufeli et al., 2019). Engaged employees direct discretionary effort to their work, persist in the face of difficulties, and identify strongly with their roles. Within SET, engagement reflects an investment of personal resources that employees expect the organisation to recognise and reciprocate.

Empirically, the engagement–performance link has been robustly documented. The meta-analysis of Corbeanu and Iliescu (2023) summarising 113 studies reports an average corrected correlation of $\rho = 0.42$, with stronger relationships in service contexts. Patrichi et al. (2025) report substantive engagement effects in hospitality, and Şanlıöz et al. (2023) document them in healthcare. In banking, engagement supports the customer-orientation behaviours that drive service quality and loyalty. Building on these arguments, the following hypothesis is formulated:

H1. Work engagement has a positive and significant effect on job performance.

Job Satisfaction and Job Performance

Job satisfaction captures the pleasurable or positive emotional state arising from an employee's appraisal of their job and its constituents – compensation, coworker relations, achievement, comfort, and developmental opportunities (Bowling et al., 2022; Patrichi et al., 2025). Whereas engagement emphasises energetic involvement, satisfaction emphasises evaluative attitudes that crystallise over time. The two are conceptually distinct but typically positively correlated, and both are predicted by SET to elicit reciprocal performance effort.

The meta-analytic evidence of Judge et al. (2001) established the satisfaction–performance correlation ($\rho = 0.30$), and subsequent work has confirmed the direction and added nuance about boundary conditions, including job complexity, cultural context, and sectoral characteristics (Bowling et al., 2022; Wright & Huang, 2022). In service industries, satisfied employees tend to express positive emotions during customer encounters, deliver higher service quality, and reduce errors. Patrichi et al. (2025) report significant effects of satisfaction on performance in hospitality, while Raghavendra and Kamaraj (2024) document the joint role of engagement and satisfaction in driving sustained performance. Accordingly:

H2. Job satisfaction has a positive and significant effect on job performance.

Perceived Organizational Support as Mediator

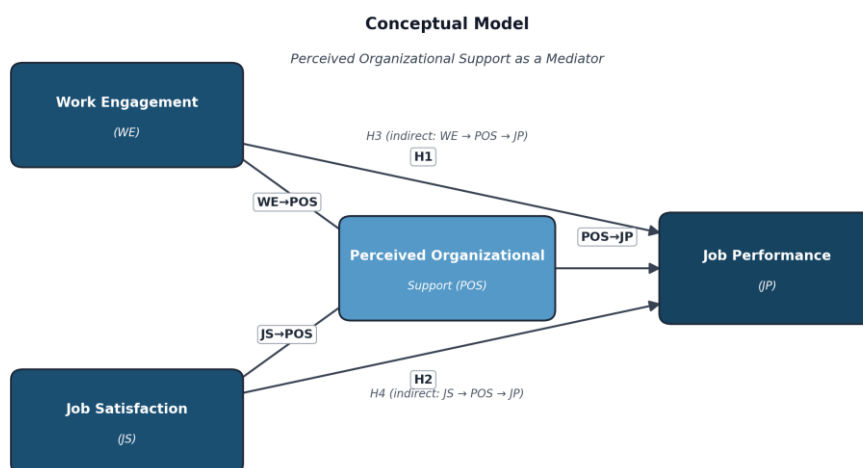
Although engagement and satisfaction influence performance directly, an important question is how these effects unfold psychologically. SET suggests an intermediary appraisal process: as employees experience engagement and satisfaction, they update their global perception of how much the organisation values their contribution. Reciprocally, a higher POS elevates discretionary effort and persistence, channelling psychological resources into observable performance (Eisenberger et al., 2020; Kurtessis et al., 2017).

Several recent studies support this mediating pathway. Jimoh (2025), in the Nigerian banking sector, finds that POS mediates both the engagement–performance and the satisfaction–performance relationships, explaining a substantive portion of variance in performance. Şanlıöz et al. (2023) report comparable evidence in healthcare. Gün et al. (2021) document positive joint effects of satisfaction and organisational support on performance. In contrast, Ahmed et al. (2024) treat POS as a moderator rather than a mediator, underscoring the need for explicit mediation tests. In rural banking contexts characterised by close interpersonal relationships and limited formal HR resources, the mediating function of POS is theoretically salient: employees rely heavily on relational signals of support to judge the organisation’s reciprocity, and any boost to engagement or satisfaction is likely to reverberate through POS before manifesting as elevated performance. Drawing on these arguments, the following mediation hypotheses are advanced:

H3. Perceived organizational support mediates the positive effect of work engagement on job performance.

H4. Perceived organizational support mediates the positive effect of job satisfaction on job performance.

Figure 1. Conceptual model of the study.



METHODS

Research Design, Setting, and Participants

This study adopted a quantitative, cross-sectional survey design appropriate for examining hypothesised relationships among latent constructs. The research site was PT BPR Bank Boyolali, a rural bank located in Boyolali Regency, Central Java, Indonesia, that primarily serves micro, small, and medium enterprises and lower-income households. The site was selected because of (i) the strategic role of rural banks in advancing financial inclusion in Indonesia, (ii) the relevance of human resource quality in determining BPR survival and performance (Lembaga Penjamin Simpanan, 2024), and (iii) management’s explicit interest in evidence-based human resource interventions.

A saturated sampling (census) strategy was employed: all non-executive employees of the bank – permanent, contract, and outsourced staff actively working at the head office and branches at the time of the study – were invited to participate. Members of the board of directors were excluded because POS is theoretically operationalised as employees’ perception of support received from the organisation rather than provided to it (Rahmadani et al., 2024). The eligible population comprised

132 employees, all of whom completed the survey, yielding a 100 percent response rate. The sample size satisfies the minimum requirements for PLS-SEM with the present model complexity (Hair et al., 2023).

Participation was voluntary and informed consent was obtained from each respondent prior to questionnaire completion. Confidentiality and anonymity were guaranteed, and participants were informed of their right to withdraw at any stage. Approval to conduct the study was granted by the bank's management following a formal application from the research team.

Data Collection Procedure

Hard-copy questionnaires were distributed in person over a two-week period. After obtaining management approval, the researcher visited each work location, briefed respondents on the study's purpose and ethical safeguards, and provided assistance during completion to ensure that all items were correctly understood and answered. Completed questionnaires were collected in sealed envelopes to protect anonymity. The in-person administration enabled clarification of items and minimised missing data, both of which are common challenges in self-administered surveys.

Measures

All constructs in this study were measured using validated international scales adapted to the Indonesian rural banking context, with each item rated on a five-point Likert scale from strongly disagree to strongly agree. Work engagement was assessed through indicators of vigour, dedication, and absorption, such as feeling "bursting with energy" and being "proud of the work" performed. Job satisfaction captured employees' satisfaction with their job, workplace comfort, achievement, pay, coworker relations, and supervisor treatment, for example, "I am satisfied with my job." Perceived organizational support measured the extent to which employees felt valued and cared for by the organization, including items such as "My organisation really cares about my well-being" and "My organisation is willing to help me when I need a special favour." Job performance was measured through practical work behaviours, including problem-solving, adaptability, responsibility, meeting deadlines, and building effective working relationships, such as "I find practical solutions to problems." The back-translation procedure, bilingual review, and pilot testing further ensured that the instruments were clear, culturally appropriate, and suitable for use among employees.

Data Analysis

Data were analysed using partial least squares structural equation modelling (PLS-SEM) with SmartPLS 4. PLS-SEM was selected for three reasons: its suitability for prediction-oriented research, its capacity to model complex relationships with multiple latent variables and indicators, and its robustness when sample size is moderate relative to model complexity (Hair et al., 2023). Following Hair et al.'s (2023) two-step approach, the measurement model was first evaluated for reliability and validity, after which the structural model was tested for direct and indirect relationships.

Convergent validity was assessed through standardised outer loadings (≥ 0.70), composite reliability ($CR \geq 0.70$), Cronbach's alpha (≥ 0.70), and average variance extracted ($AVE \geq 0.50$). Discriminant validity was assessed using the Fornell–Larcker criterion (the square root of AVE for each construct should exceed its correlations with other constructs). Common-method bias was screened using the full collinearity variance inflation factor (FCVIF) approach, with values below 3.3 indicating that the data are unlikely to suffer from common-method contamination (Kock, 2015). Hypotheses were tested using a bootstrapping procedure with 5,000 resamples, providing path coefficients, t-values, and bias-corrected confidence intervals for both direct and indirect effects.

RESULT AND DISCUSSION

Respondent Profile

Of the 132 respondents, 50.0 percent reported monthly compensation between IDR 5,000,001 and IDR 10,000,000; 28.0 percent earned less than IDR 5,000,000; 19.7 percent earned between IDR

10,000,001 and IDR 15,000,000; and 2.3 percent earned more than IDR 15,000,000. The majority were married (84.1 percent). With respect to tenure, 37.9 percent had worked at the bank for 6–10 years, 24.2 percent for less than 5 years, 20.5 percent for 11–15 years, 12.9 percent for 16–20 years, and 4.5 percent for more than 20 years. The predominance of long-tenured respondents implies substantial accumulated organisation-specific knowledge and stable attachment, both relevant to the constructs studied (Ng & Feldman, 2010; Suthatorn & Charoensukmongkol, 2023). The full demographic profile is presented in Table 1.

Table 1. Respondent demographic profile

Characteristic	Category	Frequency	Percentage (%)
Monthly salary (IDR)	< 5,000,000	37	28.0
	5,000,001 – 10,000,000	66	50.0
	10,000,001 – 15,000,000	26	19.7
	15,000,001 – 20,000,000	3	2.3
Marital status	Married	111	84.1
	Single	18	13.6
	Divorced / widowed	3	2.3
Tenure (years)	Less than 5	32	24.2
	6 – 10	50	37.9
	11 – 15	27	20.5
	16 – 20	17	12.9
	More than 20	6	4.5

Source: Author’s own processed (2026)

Note. Percentages may not sum to 100 due to rounding. IDR = Indonesian Rupiah.

Measurement Model Evaluation

Convergent validity was supported by standardised outer loadings ranging from 0.723 to 0.889, all above the 0.70 threshold (Hair et al., 2023). Composite reliability ranged from 0.930 to 0.946, Cronbach’s alpha from 0.908 to 0.936, and AVE from 0.663 to 0.733, all comfortably exceeding their recommended cut-offs. Table 2 summarises the indicators of the measurement model.

Table 2. Indicator loadings, reliability, and convergent validity

Construct	Loading range	AVE	CR	Cronbach’s α
Work engagement (9 items)	0.723 – 0.857	0.663	0.943	0.931
Job satisfaction (6 items)	0.807 – 0.853	0.687	0.930	0.909
Perceived organisational support (8 items)	0.738 – 0.864	0.674	0.946	0.936
Job performance (5 items)	0.807 – 0.889	0.733	0.932	0.908
<i>Recommended threshold</i>	≥ 0.70	≥ 0.50	≥ 0.70	≥ 0.70

Source: Author’s own processed (2026)

Note. AVE = average variance extracted; CR = composite reliability. Thresholds drawn from Hair et al. (2023).

Discriminant validity was confirmed using the Fornell–Larcker criterion: the square root of each construct’s AVE (diagonal in Table 3) exceeded its correlations with the other constructs (off-diagonals).

Table 3. Discriminant validity (Fornell–Larcker criterion)

Construct	POS	JS	WE	JP
Perceived organisational support (POS)	0.821			
Job satisfaction (JS)	0.605	0.829		
Work engagement (WE)	0.649	0.299	0.814	
Job performance (JP)	0.684	0.665	0.555	0.856

Source: Author’s own processed (2026)

Note. Diagonal values (bold) are the square roots of AVE; off-diagonal values are inter-construct correlations.

Full collinearity VIF values ranged from 1.098 to 2.542, all below the 3.3 threshold, indicating that common-method bias is unlikely to confound the results (Kock, 2015). The measurement model therefore exhibits adequate reliability and validity, supporting the test of structural hypotheses.

Structural Model and Hypothesis Testing

The structural model accounts for substantial variance in the endogenous constructs ($R^2 = 0.607$ for both POS and job performance), indicating a moderately strong predictive model in line with PLS-SEM expectations. Path coefficients, bootstrapped t-statistics, and p-values for the direct hypotheses are reported in Table 4. The full structural model is depicted in Figure 2.

Figure 2. Structural model with PLS-SEM standardised path coefficients.

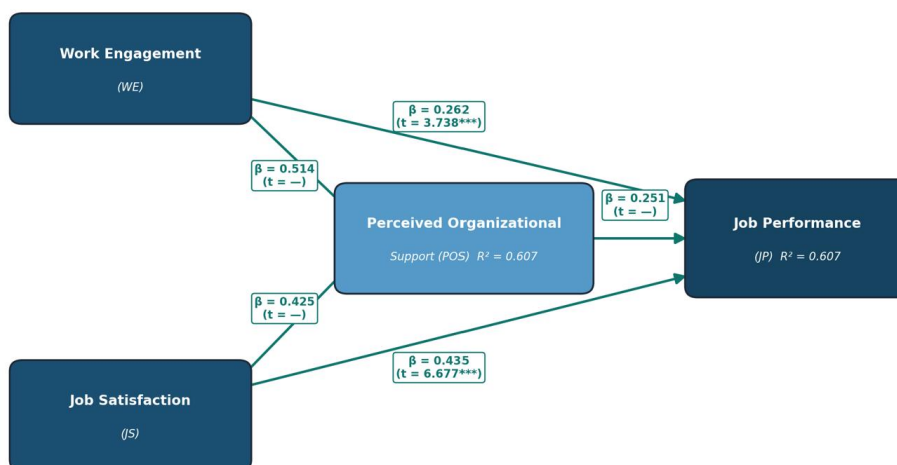


Table 4. Direct effects and hypothesis testing

Hypothesis	Path	β	t-statistic (p)	Conclusion
H1	Work engagement → Job performance	0.262	3.738 (< 0.001)	Supported
H2	Job satisfaction → Job performance	0.435	6.677 (< 0.001)	Supported
–	Work engagement → POS	0.514	<i>Significant</i>	–
–	Job satisfaction → POS	0.425	<i>Significant</i>	–
–	POS → Job performance	0.251	<i>Significant</i>	–

Source: Author’s own processed (2026)

Note. β = standardised path coefficient. Significance based on 5,000 bootstrap resamples. POS = perceived organisational support.

Both direct hypotheses are supported: work engagement ($\beta = 0.262$, $t = 3.738$, $p < 0.001$) and job satisfaction ($\beta = 0.435$, $t = 6.677$, $p < 0.001$) exert positive and significant effects on job performance. Job satisfaction emerges as the stronger direct antecedent in the model, with engagement contributing additional explanatory power. The two predictors also exert significant positive effects on POS ($\beta = 0.514$ and 0.425 , respectively), which in turn predicts job performance ($\beta = 0.251$), enabling the mediation tests reported below.

Mediation Analysis

The mediating role of POS was examined through the bootstrapped indirect effects (5,000 resamples), following Hair et al.’s (2017, 2023) approach. Results are reported in Table 5.

Table 5. Mediation analysis: indirect effects

Hypothesis	Indirect path	Indirect β	t (p)	Mediation type
H3	Work engagement → POS → Job performance	0.129	2.605 (0.009)	Partial mediation (supported)
H4	Job satisfaction → POS → Job performance	0.113	2.293 (0.022)	Partial mediation (supported)

Source: Author’s own processed (2026)

Note. Indirect effects based on 5,000 bootstrap resamples. Because the direct paths from work engagement and job satisfaction to job performance remain significant, mediation is partial.

Both indirect effects are significant: POS partially mediates the relationship between work engagement and job performance ($\beta = 0.129$, $t = 2.605$, $p = 0.009$) and between job satisfaction and job performance ($\beta = 0.113$, $t = 2.293$, $p = 0.022$). Because the direct effects of work engagement and

job satisfaction on job performance also remain significant, the pattern conforms to partial complementary mediation (Hair et al., 2017): the direct and indirect components of the total effect operate in the same direction. Hypotheses H3 and H4 are therefore supported.

DISCUSSION

This study examined the mediating role of perceived organizational support in the relationship between work engagement, job satisfaction, and job performance in an Indonesian rural bank. All four hypotheses were supported, with the model explaining 60.7 percent of the variance in both POS and job performance. The findings clarify how engagement and satisfaction translate into performance and refine the application of Social Exchange Theory in a culturally distinctive, micro-financial banking setting.

Work engagement exerts a significant positive effect on job performance ($\beta = 0.262$, $p < 0.001$), confirming H1. The finding aligns with Schaufeli et al. (2019) and the meta-analytic evidence of Corbeanu and Iliescu (2023), and converges with sectoral studies in service contexts (Patrichi et al., 2025; Şanlıöz et al., 2023). Engaged employees devote energy, dedication, and absorption to their work; in rural banking, where each employee often handles a wide variety of front- and back-office tasks for a relatively small customer base, this resource investment translates directly into the responsiveness, accuracy, and persistence that customers and the organisation depend on. The result is consistent with Job Demands–Resources reasoning, whereby engagement increases availability of personal resources to meet job demands (Bakker & de Vries, 2021).

Job satisfaction emerges as the strongest direct predictor of performance ($\beta = 0.435$, $p < 0.001$), supporting H2 and extending the meta-analytic baseline of Judge et al. (2001). The relative weight of satisfaction over engagement in the present sample is noteworthy: in a long-tenured workforce (over 75 percent of respondents had at least six years of service) operating in a stable local market, evaluative attitudes about pay, achievements, and colleague relationships may have accumulated and stabilised more than the energetic states captured by engagement. This pattern resonates with Bowling et al. (2022), who emphasise the affective foundation of job satisfaction's performance effect, and with Patrichi et al. (2025), who report similar effects in service settings.

Most importantly, the analysis confirms the mediating role of POS in both the engagement–performance link (H3; indirect $\beta = 0.129$, $p = 0.009$) and the satisfaction–performance link (H4; indirect $\beta = 0.113$, $p = 0.022$). Because the direct effects remain significant, the mediation is partial and of the complementary type (Hair et al., 2017): engagement and satisfaction influence job performance both directly and through their elevation of POS, which in turn translates into performance gains. This pattern is consistent with the reciprocity logic of Social Exchange Theory (Blau, 2020; Cropanzano et al., 2017): as employees experience engagement and satisfaction, they update their global perception that the organisation values them, which intensifies their reciprocal contributions of effort and discretionary behaviour. The result echoes Jimoh's (2025) findings in Nigerian banking and Şanlıöz et al.'s (2023) findings in healthcare, but extends them in three respects.

First, the present study locates the mediation effect in the rural banking context of Indonesia – a setting in which family-like and community-based working relationships place a premium on relational signals of support. Second, it documents partial rather than full mediation, indicating that engagement and satisfaction retain substantial direct performance effects even when reciprocity-based explanations are accounted for; the implication is that motivational and attitudinal mechanisms operate alongside, not solely through, perceptions of organisational reciprocity. Third, the work engagement → POS path coefficient (0.514) is markedly stronger than the job satisfaction → POS path coefficient (0.425), suggesting that the more energetic, affect-laden experience of engagement is particularly potent in shaping employees' evaluations of organisational care – a nuance that may inform future theorising about the dynamics of POS formation.

THEORETICAL AND PRACTICAL IMPLICATIONS

Theoretical Implications

The study advances theory in three ways. First, it contributes to the literature on Social Exchange Theory by demonstrating that POS functions as a mediating mechanism (not merely a moderator) between work engagement, job satisfaction, and job performance in a non-Western, micro-financial banking setting. Second, by establishing partial complementary mediation, it shows that the SET-based reciprocity pathway operates in addition to the direct motivational pathways emphasised by engagement and satisfaction theories – implying a multi-pathway model of performance formation that future studies can extend. Third, the relatively stronger work engagement to POS effect underscores the salience of affectively energised engagement in shaping employees' perceptions of organisational care, contributing to the dialogue between engagement theory (Schaufeli et al., 2019) and POS theory (Eisenberger et al., 2020). Taken together, the findings reinforce the value of context-sensitive theorising in human resource management, particularly within emerging markets and culturally collectivist settings.

Practical Implications

For executives of Indonesian rural banks and similar micro-financial institutions, the findings translate into three actionable priorities. First, sustained investment in engagement-enhancing practices – meaningful task design, role clarity, autonomy, feedback, and recognition – directly benefits performance and indirectly strengthens POS. Second, given the dominant direct effect of job satisfaction, attention should be paid to satisfaction's key drivers, including equitable compensation, comfortable working conditions, and collegial relationships, especially since respondents earning under IDR 5 million still represent 28 percent of the sample. Third, because POS partially channels these effects, executives should explicitly cultivate visible organisational support: accessible managerial assistance, fair handling of honest mistakes, sincere recognition of achievement, attention to employee welfare, and transparent communication. Table 6 outlines a set of targeted, evidence-based interventions that align with each mechanism identified in the model. For Indonesia's Financial Services Authority (OJK) and the Indonesian Rural Banks Association (Perbarindo), the findings reinforce the case for embedding human resource quality and POS-oriented governance practices into supervisory expectations for the BPR sector.

LIMITATIONS AND FUTURE RESEARCH

Several limitations qualify the interpretation of these findings. First, the cross-sectional design precludes definitive causal inference; while bootstrapped mediation tests support the theorised direction of effects, longitudinal designs would more robustly capture the temporal unfolding of reciprocity. Second, all variables were assessed via self-report, which introduces the possibility of common-method and social-desirability bias. Although full-collinearity VIFs were below the 3.3 threshold, future research could combine employee self-reports with supervisor performance ratings or archival performance indicators to mitigate this concern.

Third, the study focuses on a single rural bank in Central Java, limiting generalisability to other regional or institutional contexts; comparative studies across multiple BPR institutions or with conventional commercial banks would test the boundary conditions of the present results. Fourth, the model captures three psychological antecedents of performance but does not include potentially relevant variables such as organisational culture, leadership styles (e.g., transformational, servant), psychological capital, regulatory pressures, or technological adoption. Future research could extend the model in these directions, and could also explore moderating variables (e.g., tenure, age cohort, employment status) that may shape the strength of the engagement–satisfaction–POS–performance pathways.

Finally, while the saturated sampling strategy maximises representativeness within the focal organisation, future studies could employ multilevel designs to capture both individual-level psychological mechanisms and bank-level structural conditions.

CONCLUSION

This study tested a theoretically grounded model of how work engagement and job satisfaction shape job performance, both directly and through perceived organizational support, among 132 employees of an Indonesian rural bank. The results affirm robust direct effects of engagement ($\beta = 0.262$) and satisfaction ($\beta = 0.435$) on performance, and demonstrate that POS partially mediates both relationships. Collectively, the findings reinforce Social Exchange Theory in a culturally distinctive micro-financial setting and offer a multi-pathway view of performance formation: employees who feel engaged and satisfied in their work are more likely to perceive the organisation as supportive, and this perception itself contributes incremental performance value. For rural banking executives and Indonesian financial-services regulators, the implication is clear: building a high-performance BPR workforce requires integrated investment in engagement-fostering work design, satisfaction-enhancing rewards and conditions, and visible, sustained organisational support. By treating these three priorities as complementary rather than competing, rural banks can convert psychological resources into sustainable performance and, ultimately, more resilient service to the communities they serve.

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