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Procedural justice, perceived diversity, and job performance: The mediating roles of self-efficacy and work engagement

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Abstract: *The rapid digital transformation in the banking industry has increased work complexity and performance demands for employees. In response to these challenges, organizational factors, such as procedural justice and perceived diversity, have become increasingly important because they may influence employees' psychological conditions and ultimately affect their job performance. Therefore, the current study is an attempt to evaluate the influence of procedural justice and perceived diversity on job performance by means of self-efficacy and work engagement among employees working in banks in Indonesia. In the context of quantitative methodology, data was collected with the help of a questionnaire for 101 banking employees using purposive sampling technique. Data analyses were performed by utilizing partial least square-structural equation modeling (PLS-SEM) using SmartPLS. Findings of the empirical investigation show that procedural justice and perceived diversity have significant positive influences on both self-efficacy and work engagement. Moreover, self-efficacy and work engagement have a positive effect on job performance. But the mediational analysis shows that self-efficacy and work engagement do not have significant mediating effect on the indirect influence of procedural justice and perceived diversity on job performance. Overall, this study highlights the importance of fairness and inclusivity in strengthening employees' psychological resources and improving performance in the banking industry.*

Keywords: *job performance; perceived diversity; procedural justice; self-efficacy; work engagement*

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Keadilan prosedural, persepsi keberagaman, dan kinerja kerja: Peran mediasi efikasi diri dan keterikatan kerja

Abstrak: *Transformasi digital yang pesat di industri perbankan telah meningkatkan kompleksitas pekerjaan dan tuntutan kinerja karyawan. Sebagai respons terhadap tantangan tersebut, faktor-faktor organisasi, seperti keadilan prosedural dan persepsi keberagaman, menjadi semakin penting karena dapat memengaruhi kondisi psikologis karyawan dan pada akhirnya berdampak pada kinerja mereka. Jadi, penelitian saat ini bertujuan untuk mengeksplorasi dampak keadilan prosedural dan persepsi keberagaman terhadap kinerja karyawan melalui efikasi diri dan keterikatan pekerjaan karyawan yang bekerja di bank-bank di Indonesia. Dalam penelitian saat ini, sebuah metode kuantitatif yang diadopsi, yang mana data telah dikumpulkan melalui survei dari 101 orang karyawan bank, menggunakan teknik sampling yang bermaksud. Untuk analisis data partial least squares-structural equation modeling (PLS-SEM) telah diterapkan dengan menggunakan perangkat lunak SmartPLS. Hasil dari penelitian ini menunjukkan bahwa keadilan prosedural dan persepsi keberagaman secara positif memengaruhi efikasi diri dan keterikatan pekerjaan karyawan. Selain itu, efikasi diri dan keterikatan pekerjaan juga secara positif memengaruhi kinerja karyawan. Namun, hasil analisis mediasi menunjukkan bahwa efikasi diri dan keterikatan kerja tidak mampu memediasi secara signifikan hubungan antara keadilan prosedural, persepsi keberagaman, dan kinerja karyawan. Secara keseluruhan, penelitian ini menegaskan pentingnya penerapan prinsip keadilan dan pengelolaan keberagaman dalam memperkuat sumber daya psikologis karyawan serta meningkatkan kinerja di industri perbankan.*

Kata kunci: *efikasi diri; keadilan prosedural; keterikatan kerja; kinerja karyawan; persepsi keberagaman*

INTRODUCTION

Performance at the job level is a crucial outcome of any organisation because it determines the extent to which individuals are able to perform their assigned duties. Job performance has been studied as an outcome that is affected by individual and organisational factors, such as psychological traits and organisational environment in modern organisational behaviour literature (Hasinat et al., 2024; Hung et al., 2022). It is especially relevant for the banking industry, where there is a fast digital transformation of financial processes and operations. According to Bank Indonesia, in the fourth quarter of 2025, there were 14.26 billion transactions of digital payments which increased by 39.21% over one year (Department of Economic and Monetary Policy, 2026). Moreover, the Financial Services Authority has pointed out the application of artificial intelligence, big data analytics, blockchain, and cloud computing in the financial sphere (Indonesia Financial Services Authority, 2025). These changes require employees of the bank to adapt to new ways of working.

According to Social Cognitive Theory (SCT), employee behaviour and performance are the product of several reciprocal interactions between personal variables, behaviour, and environmental conditions (Bandura, 1999). Thus, the organisational conditions perceived by employees may influence the psychological states that then influence their job behaviour. Two organisational conditions that are especially relevant are procedural justice and perceived diversity. Procedural justice refers to employees' views on the fairness of organisational decision-making procedures (Lilly, 2022; Wan et al., 2023). Perceived diversity refers to employees' perceptions of differences among their work environment members (Shemla et al., 2024). Both constructs may give employees with crucial information about justice, inclusiveness, and social features of their workplace.

However, conditions in the organization may not necessarily affect performance among employees. The theory posits that factors within the environment contribute to the formation of personal states that shape the actions of the individual (Bandura, 1999). In this chain of events, the two major inner mechanisms that operate include self-efficacy and work engagement. Self-efficacy involves the belief of an employee about his/her ability to perform tasks effectively while work engagement refers to a positive and psychologically bound state that is accompanied by vigor, dedication, and absorption (Mer et al., 2023; Ochoa Pacheco et al., 2023). Empirical literature reveals that procedural justice

enhances self-efficacy and work engagement, leading to improved job performance (Chen & Lin, 2024; Hu et al., 2024).

The role of perceived diversity, however, is less uniform. Diversity provides access to new viewpoints and learning but can also create social categorisation, interpersonal conflict, and reduced cohesion when badly managed (Wallrich et al., 2024; Wang & Duan, 2025). Consequently, the psychological effects of perceived diversity may rely on the way individuals understand and experience diversity in their organisational setting. Chen & Lin (2024) observed a favourable effect of perceived diversity on job self-efficacy and work engagement, but Meyvanali et al. (2025) found no significant effects of perceived diversity on either outcome. These divergent findings show that the relationship between perceived diversity and employees' psychological states may be context dependent.

Evidence on the direct association between organisational conditions and job performance is likewise not complete. While previous studies have found positive associations between organisational justice and employee performance; Chen & Lin (2024) found that the direct effects of procedural justice and perceived diversity on job performance were not significant when self-efficacy and work engagement were included in the model. This may imply that psychological factors could be relevant to explaining how employees transfer their views of organisational conditions into performance. Instead of believing that procedural justice and perceived diversity have no direct impact to performance, the authors need to further examine whether their effects work mainly through employees' psychological states.

This issue is especially important in the Indonesian banking sector, where workers work within rigorous regulatory standards, standardised procedures, intensive client interaction, performance pressure, and rapid technology change (Badaruddin et al., 2025; Lee & Jo, 2023). These features make employees' views of procedural fairness and workplace diversity particularly relevant because they may affect employees' psychological readiness to respond to changing work demands. However, prior research has mostly focused on these associations within different organisational settings, such as high-tech companies (Chen & Lin, 2024) and manufacturing organizations (Meyvanali et al., 2025). It is not yet clear if the same psychological factors are at work among Indonesian banking personnel.

The current research paper attempts to fill the existing gaps in the modern literature in relation to three areas. First, it investigates the interaction of the following factors, such as procedural justice, perceived diversity, self-efficacy, work engagement, and job performance in the context of the Indonesian banking industry, which is both highly regulated and fast-developing sphere of services. Second, it aims to settle an issue of contradictory evidence in relation to the effect of the perceived diversity factor on the development of self-efficacy and work engagement of employees. Finally, it broadens the applicability of Social Cognitive Theory by investigating whether procedural justice and perceived diversity can be treated as environmental factors shaping job performance through the mechanisms of self-efficacy and work engagement. In particular, the present study aims at exploring how procedural justice and perceived diversity affect the job performance of the workers from Indonesian banks in the context of self-efficacy and work engagement mechanisms. The results of the study will not only allow to identify whether organizational perceptions correlate with the performance of employees but also to understand how organizational factors can result in certain psychological conditions and further work-related performance.

Social Cognitive Theory (SCT) describes human behaviour as a triadic reciprocal causation of personal characteristics, behaviour, and environmental variables (Bandura, 2012). People do not passively receive environmental influences, but actively evaluate environmental information, establish ideas about their capabilities, and manage their behaviour appropriately. In organizational settings, environmental factors may include organizational policies, decision-making procedures, workplace relationships, and social conditions, while personal factors include employees' cognitive and psychological characteristics. Behavior represents employees' actions and performance at work.

In this research, procedural justice and perceived diversity will be viewed as environmental factors, while job self-efficacy and work engagement will be considered as psychological factors with job performance as a main behavioral indicator. In turn, this conceptual framework is in perfect alignment with SCT, according to which the perceptions of organizational environment impact the internal psychological state, and as a result, affect professional behavior. Additionally, JD-R framework offers additional theoretical support to the concept of work engagement, illustrating that institutional

resources, such as fair procedures and positive organizational climate, motivate people to devote more effort and energy to their responsibilities (Galanakis & Tsitouri, 2022).

Procedural justice is a factor that shows how employees perceive fairness of decision-making process in organizations. When processes are equitable and predictable, personal agency and structural predictability of one's role in the organization take place. From the perspective of SCT, such environmental factors directly influence individuals' beliefs about their ability to manage workplace demands (Bandura, 1986). Therefore, employees who face fair administration become more confident in their abilities to perform tasks properly. Empirical support of such a relationship can be found in previous studies conducted by Chen & Lin (2024), Rahman (2024), and Yesberg et al. (2024).

H_1: Procedural justice positively affects job self-efficacy.

Procedural justice may also encourage employees to become more engaged in their work. Fair decision-making procedures can foster trust and perceptions of organizational support, encouraging employees to invest greater psychological resources in their work. This argument is consistent with the JD-R model, which identifies organizational resources as important motivational factors that promote work engagement (Galanakis & Tsitouri, 2022). Empirically, Chen & Lin (2024) discovered that procedural justice positively increases work engagement. Also, Hu et al. (2024) proved the role of organisational fairness in shaping employee engagement.

H_2: Procedural justice has a favourable impact on work engagement.

Perceived diversity is defined as employees' interpretations of disparities among members of their work environment. From the SCT approach, employees take information from their social surroundings to construct ideas about themselves and their skills (Bandura, 1986). When workplace diversity is perceived positively and encouraged by an inclusive atmosphere, employees may sense more recognition, social support, and opportunities for interpersonal development, which may enhance their confidence in managing job demands. Chen & Lin (2024) showed that perceived diversity favourably relates to job self-efficacy, while Adamovic et al. (2023) revealed that a stronger climate for inclusion was positively related to job self-efficacy. However, the study by Meyvanali et al. (2025) did not find any significant association between perceived diversity and job self-efficacy among individuals working in an Indonesian industrial sector. This contradiction indicates that the association might be contingent on organisational and contextual factors and deserves additional investigation in the banking industry.

H_3: Perceived diversity has a beneficial effect on job self-efficacy.

Perceived diversity might also impact work engagement through influencing employees' experiences of social interaction and organisational identity. Diversity may lead to more positive work experiences and increased involvement in work when employees regard workplace differences as chances for exchanging perspectives and engaging in meaningful interactions (Kadomura et al., 2025). This is consistent with SCT in that employees' perceptions of their social environment might influence their psychological states and subsequent behaviours (Bandura, 1999). However, diversity can also result in social categorisation and interpersonal stress when differences are not well managed (Wallrich et al., 2024; Wang & Duan, 2025). Empirical findings are consequently uneven; Chen & Lin (2024) identified a favourable association between perceived diversity and work engagement, while Meyvanali et al. (2025) found no significant effect. In view of the intensive human interaction and workforce variability in banking, this link needs further contextual analysis.

H_4: Perceived diversity has beneficial effect on work engagement.

Self-efficacy is a critical psychological driver of job performance, as employees who hold stronger efficacy beliefs tend to put more effort, endure in the face of challenges, and manage their behaviour toward goal achievement (Bandura, 1999). Empirical studies have shown a positive association between self-efficacy and employee performance consistently (Ochoa Pacheco et al., 2023; Sinniah et al., 2022). Chen & Lin (2024) have discovered that self-efficacy is an important psychological mechanism via which organisational factors influence work performance.

H_5: Self-efficacy has a beneficial effect on job performance.

Work engagement is a good work-related condition, which is characterised by vigour, dedication, and absorption (Mer et al., 2023). The likelihood that an engaged employee would devote physical, cognitive, and emotional resources in their activities increases, which in turn supports effective task accomplishment. Employees who are highly engaged are driven to put their resources toward accomplishing work goals, consistent with the JD-R model (Galanakis & Tsitouri, 2022). Previous study

has shown a beneficial association between work engagement and job performance (Chen & Lin, 2024; Vuong, 2026).

H_6: There is a favourable relationship between work engagement and job performance.

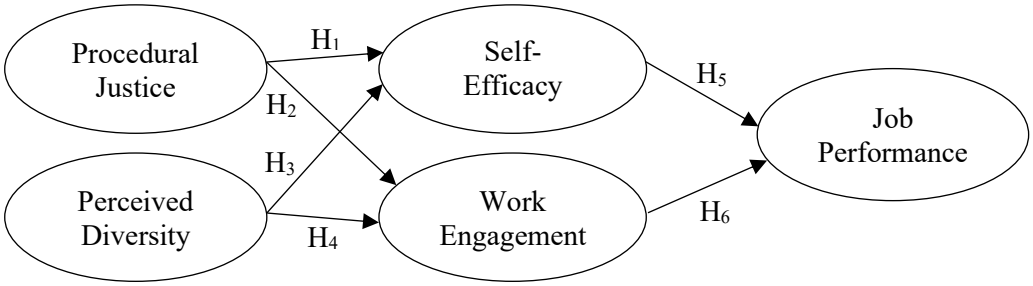


Figure 1. Research framework
Source: Authors literature review (2026)

METHOD

Data obtained from workers, who work in the banking sector in Indonesia, were used to analyse the hypotheses in this study. The banking sector was thought to be suitable as employees work in organisational contexts with formal processes, performance criteria, and different work groups. The population was the employees who worked in the banking sector in Indonesia. An anonymous online questionnaire, created via Google Forms, was used to collect data. A purposive sample strategy was used with the condition that the respondents had worked in the banking sector for at least a year and were willing to complete the questionnaire.

The factors in this study were measured using a five points Likert scale, from strongly disagree (1) to strongly agree (5). The measurement instruments were adjusted and modified from earlier validated research according to the characteristics of personnel in the Indonesian banking sector (Sugiyono, 2023). Job performance was measured in terms of task performance and contextual performance, which include the ability of employees to execute tasks, quality of work, timeliness, teamwork, good attitudes, and contribution to the work environment (Jahan & Mastan, 2024). Procedural fairness was assessed in terms of consistency, impartiality, information correctness, transparency, voice, and corrective methods. Perceived diversity was operationalised through perceived heterogeneity, functional diversity, and global perceived similarity, reflecting the employees' perceptions of differences in values, perspectives, skills, and work experiences within their teams (Jaiswal & Dyaram, 2019; Kadomura et al., 2025; Shemla et al., 2024).

Moreover, self-efficacy was assessed by means of task efficacy, coping efficacy, persistence efficacy, and goal attainment efficacy, which refers to employees' confidence in performing tasks, handling work pressures and obstacles, sustaining effort, and achieving work targets (Fida et al., 2025; Meyvanali et al., 2025; Yagil et al., 2023). Work engagement was measured with three elements of the Utrecht Work Engagement Scale (UWES), namely vigour, devotion, and absorption (Yao et al., 2022). The three dimensions have been found to be robustly valid and reliable across a range of organisational and cultural settings and remain the primary dimensions for evaluating work engagement (Coetzee et al., 2025).

The data was analysed using the partial least squares-structural equation modelling (PLS-SEM) technique with SmartPLS 3 software in this study. The data analysis was carried out in different stages. Descriptive statistics were first produced to offer an overview of respondents' characteristics and response patterns for each research variable. The descriptive analysis involved calculation of frequencies, percentages, averages, standard deviations, minimum and maximum values (Bougie & Sekaran, 2019).

Secondly, the study used a sequential analysis method whereby the measurement model was evaluated first and then the structural model (Hair et al., 2021). Measurement model evaluation ensured validity and reliability of constructs by employing outer loadings, average variance extracted (AVE), composite reliability, and Cronbach's alpha. Evaluation standards were set at 0.70 for outer loadings,

0.50 for AVE measures, and 0.70 for composite reliability and Cronbach's alpha (Fornell & Larcker, 1981; Hair et al., 2021). Moreover, the Fornell-Larcker test assured discriminant validity, thus clearly distinguishing all latent constructs empirically.

Structural model evaluation, on the other hand, involved examining the relationships between variables through path coefficients (β), t-statistics, *p*-values, and coefficient of determination (R^2). Hypotheses testing in the study was done using bootstrapping at the 5% significance level. The proposed paths were found to be statistically significant where test statistics exceeded 1.96 and *p*-values were below 0.05 (Hair et al., 2021).

RESULTS AND DISCUSSION

Results

Table 1. Respondent characteristics

Information		Frequency	Percentage
Gender	Male	43	42.6%
	Female	58	57.4%
Age	20-25 years old	36	35.6%
	26-30 years old	49	48.6%
	>30 years old	16	15.8%
Working hours per day	7-8 hours	72	71.3%
	9-10 hours	29	28.7%

Source: Data processing results (2026)

A total of 101 respondent data that were suitable for use were successfully collected and analyzed in this study. The respondent profile revealed that most respondents were female at 57.4%, while male respondents were 42.6%. Based on the age distribution, the largest proportion of respondents fell within the 26-30 years old at 48.6%, followed by those aged 20-25 years old at 35.6%, and respondents aged over 30 years old at 15.8%. In addition, most respondents had working hours of 7-8 hours per day at 71.3%, while respondents with working hours of 9-10 hours per day were 28.7%. These findings indicate that the majority of respondents were relatively young employees with standard working hours in the banking sector. The sample demographic mix offers a suitable setting to explore employees' perceptions of procedural justice and perceived diversity, and their link with self-efficacy, work engagement, and job performance.

Table 2. Descriptive statistics of research variables

Variable	Mean	SD	Minimum	Maximum
Procedural justice	3.914	1.031	1.333	4.833
Perceived diversity	3.881	1.073	1.333	5.000
Self-efficacy	3.907	1.047	1.500	4.750
Work engagement	3.873	1.081	1.333	4.833
Job performance	3.836	1.108	1.286	4.714

Source: Data processing results (2026)

Descriptive statistics were first conducted prior to the analysis of the main statistical procedures to determine the nature of evaluation patterns exhibited by respondents in relation to the constructs. According to Table 2 above, all the latent variables had average values of above 3.80 on the five-point Likert scale, implying generally positive perceptions by the respondents. Procedural justice had the highest mean value (M = 3.914, SD = 1.031), followed by self-efficacy (M = 3.907, SD = 1.047), perceived diversity (M = 3.881, SD = 1.073), work engagement (M = 3.873, SD = 1.081), and job performance (M = 3.836, SD = 1.108). This indicates that employees generally viewed their work environment as being fair and inclusive as well as possessing high levels of self-efficacy, engagement, and job performance. In addition, the standard deviations varied moderately from 1.031 to 1.108,

showing consistent variance in the data. Thus, it can be concluded that the initial descriptive data analysis supports the distribution of data for further PLS-SEM analysis.

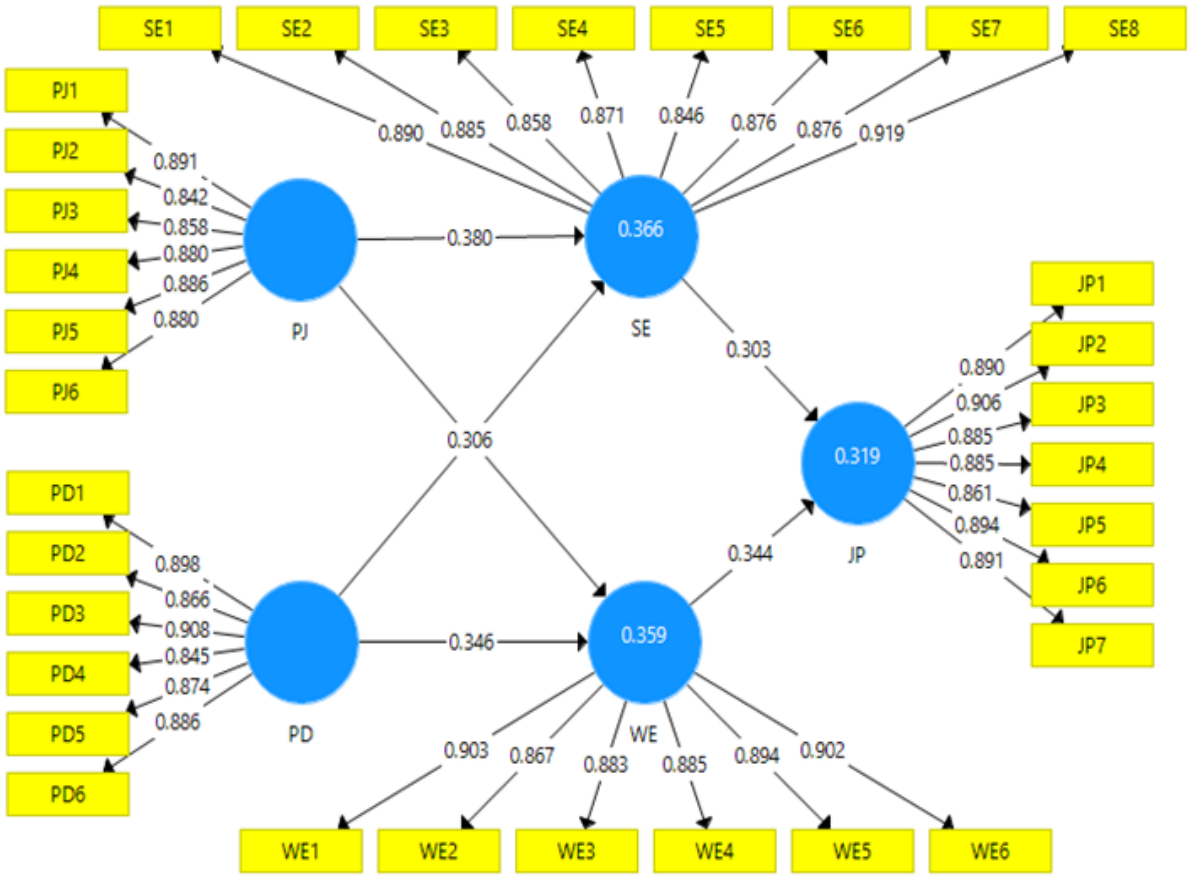


Figure 2. Outer model results
Sumber: SEM processing results (2026)

Evaluations of the measurement models were done to make sure that all indicators measured the latent variables reliably and effectively. Outer loadings showed that all indicators had surpassed the minimum threshold of 0.70, ranging from 0.842 to 0.919, thus, ensuring effective measurement of the constructs. The specific outer loadings for job performance are in the range of 0.861 to 0.906, and perceived diversity loadings are in the range of 0.845 to 0.908. On the other hand, procedural justice is in the range of 0.842 to 0.891, self-efficacy is in the range of 0.846 to 0.919, and work engagement loadings range from 0.867 to 0.903.

Based on Table 3, the results indicate that all research constructs possess excellent reliability. The highest composite reliability value is found in the self-efficacy variable at 0.964, while the lowest value is found in procedural justice at 0.951. Nevertheless, all of these values remain far above the minimum threshold, so the research instrument is considered consistent in measuring the investigated variables.

In relation to discriminant validity (table 4), it met the stipulated requirements based on Fornell-Larcker method since the square root of the AVE of each variable was greater than the correlations between the variables themselves. Particularly, the square root of the AVE attained 0.887 for job performance, 0.880 for perceived diversity, 0.873 for procedural justice, 0.878 for self-efficacy, and 0.889 for work engagement, establishing clear empirical distinction between all the model variables. Further structural model analysis was done in order to identify the proportion of variance in the dependent constructs explained by the predictor variables.

An R square coefficient for job performance equaled 0.319 (table 5), which means that self-efficacy and work engagement together explain 31.9% of its variance, while the rest 68.1% are due to factors that fall out of the scope of the study. Moreover, the self-efficacy variable attained R square value of 0.366, meaning that procedural justice and perceived diversity explain 36.6% of its variance.

Also, the R square value for work engagement was 0.359, which implies that 35.9% of its variance is explained by procedural justice and perceived diversity. The R square value shows that the model has sufficient explanatory ability. This means that procedural justice and perceived diversity have a role in shaping self-efficacy and work engagement, while self-efficacy and work engagement play a significant contribution to improve employee job performance.

Table 3. Outer model

Variable	Indicator	Loading	Cronbach's alpha	CR	AVE
Job performance	JP1	0.890	0.955	0.963	0.788
	JP2	0.906			
	JP3	0.885			
	JP4	0.885			
	JP5	0.861			
	JP6	0.894			
	JP7	0.891			
Procedural justice	PJ1	0.891	0.938	0.951	0.762
	PJ2	0.842			
	PJ3	0.858			
	PJ4	0.880			
	PJ5	0.886			
	PJ6	0.880			
Perceived diversity	PD1	0.898	0.942	0.954	0.774
	PD2	0.866			
	PD3	0.908			
	PD4	0.845			
	PD5	0.874			
	PD6	0.886			
Self-efficacy	SE1	0.890	0.957	0.964	0.770
	SE2	0.885			
	SE3	0.858			
	SE4	0.871			
	SE5	0.846			
	SE6	0.876			
	SE7	0.876			
	SE8	0.919			
Work engagement	WE1	0.903	0.947	0.958	0.790
	WE2	0.867			
	WE3	0.883			
	WE4	0.885			
	WE5	0.894			
	WE6	0.902			

Source: SEM processing results (2026)

Table 4. Discriminant validity

Variable	JP	PD	PJ	SE	WE
JP	0.887				
PD	0.479	0.880			
PJ	0.504	0.545	0.873		
SE	0.483	0.514	0.547	0.878	
WE	0.502	0.529	0.524	0.522	0.889

Source: SEM processing results (2026)

Table 5. R square value

Endogen variable	R square	Adjusted R square
JP	0.319	0.305
SE	0.366	0.353
WE	0.359	0.346

Source: SEM processing results (2026)

The results of the path coefficient test show that all direct relationships in the model have *p* values below 0.05. Thus, all direct effects are declared significant.

Table 6. Hypothesis testing

Relationship	Original sample	T statistics	*P* values	Result
Perceived diversity → Self-efficacy	0.306	2.377	0.018	Significant
Perceived diversity → Work engagement	0.346	2.706	0.007	Significant
Procedural justice → Self-efficacy	0.380	3.028	0.003	Significant
Procedural justice → Work engagement	0.336	2.581	0.010	Significant
Self-efficacy → Job performance	0.303	2.311	0.021	Significant
Work engagement → Job performance	0.344	2.643	0.008	Significant

Source: SEM processing results (2026)

Perceived diversity was found to positively and significantly influence self-efficacy, as indicated by a β of 0.306 and a *p* of 0.018. This outcome suggests that employees who perceive diversity positively within the workplace tend to possess stronger confidence in their capacity to perform work-related tasks. Additionally, perceived diversity also demonstrated a significant positive influence on work engagement, with a β of 0.346 and a *p* of 0.007. This means that a diverse work environment can lead to increased employee engagement.

Procedural justice also had a significantly favourable impact on self-efficacy (β = 0.380, *p* = 0.003). The findings show that fair organisational practices might boost employees' confidence in job-related talents. Furthermore, procedural justice positively and significantly affected work engagement, as indicated by β of 0.336 and *p* of 0.010. Therefore, the application of fair procedures in the business can increase employees' motivation, engagement, and dedication to work.

The results showed that self-efficacy had a positive and substantial effect on job performance (β = 0.303, *p* = 0.021). The result demonstrates that employees who possess greater self-confidence usually perform better in their jobs. Likewise, work engagement also exerted a significantly positive influence on job performance, with a β of 0.344 and a *p* of 0.008. This finding indicates that employees who show a high degree of work involvement in their work are more likely to demonstrate superior performance outcomes.

Mediation analysis was performed to examine whether self-efficacy and work engagement could mediate the influence of procedural justice and perceived diversity on job performance. Mediation testing was seen through the results of the specific indirect effects output.

Table 7. Indirect effects

Indirect relationship	Original sample	T statistics	*P* values	Result
Perceived diversity → Self-efficacy → Job performance	0.093	1.394	0.164	Not significant
Procedural justice → Self-efficacy → Job performance	0.115	1.574	0.116	Not significant
Perceived diversity → Work engagement → Job performance	0.119	1.616	0.107	Not significant
Procedural justice → Work engagement → Job performance	0.116	1.453	0.147	Not significant

Source: SEM processing results (2026)

According to the specific indirect effects results, all indirect relationships produced *p-values* greater than 0.05. These results suggest that self-efficacy and work engagement do not significantly serve as an intervening factor in the effects of procedural justice and perceived diversity on job performance. Perceived diversity was not found to significantly influence job performance through self-efficacy, as reflected by a *p* of 0.164. This highlights that although positive perceptions of diversity may strengthen employees' self-efficacy, the effect is not sufficient to significantly enhance job performance through this mediating mechanism.

Similarly, procedural justice was not found to significantly influence on job performance through self-efficacy, with a *p* of 0.116. This result suggests that fair organisational procedures can enhance employees' self-efficacy, although the mediating role of self-efficacy in organisational procedures and performance has not been statistically supported. Moreover, the mediating effect of work engagement between perceived diversity and job performance was not statistically significant (*p* value = 0.107). This shows that work engagement did not significantly mediate the relationship between diversity perceptions and employee performance. Procedural justice, likewise, had no significant mediation effect on job performance through work engagement (*p* = 0.147). Thus, work engagement cannot be a substantial statistical mediator of procedural justice to job performance.

The research shows that direct relationships between the variables in the proposed model are substantial in general, but the mediating effects of self-efficacy and work engagement are not statistically supported. Therefore, there are other variables that are not included in the research model that might also affect job performance among banking personnel. Those variables are organisational culture, leadership practices, reward systems, workload, employee competencies, and managerial assistance.

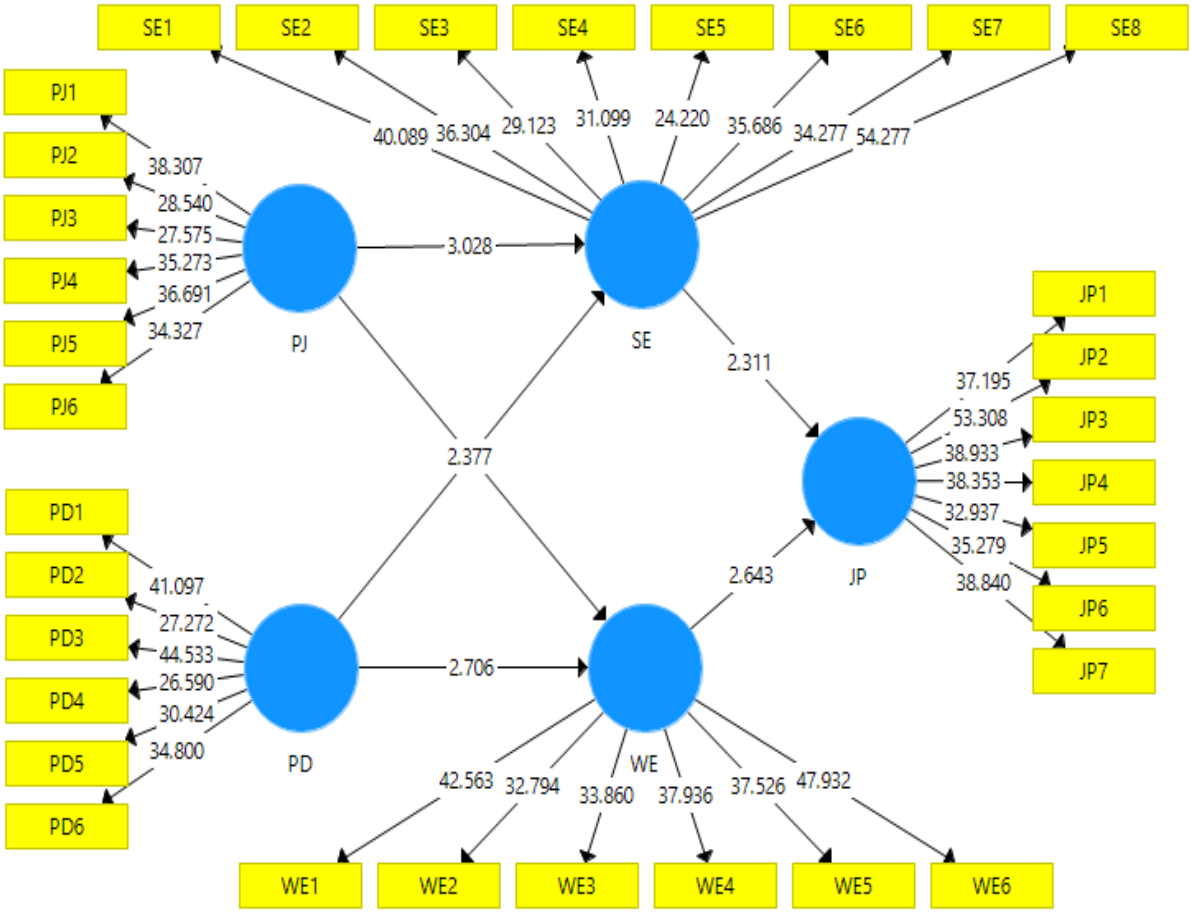


Figure 3. Bootstrapping results
Source: SEM processing results (2026)

Discussion

The results show that procedural justice positively affects self-efficacy and work engagement of the employees in the banking sector of Indonesia. The findings corroborate the essential premises of Social Cognitive Theory (SCT) that contextual influences affect the cognitive processes of individuals and therefore affect their attitudes and behaviours. Procedural justice is an organisational aspect affecting employees' psychological states by fostering perceptions of fairness, transparency, and consistency in organisational decision-making (Colquitt, 2001). Employees who think that the organization's procedures are implemented fairly tend to acquire confidence in their talents and become more active in their work. The results are in line with the earlier work of Chen & Lin (2024), Rahman (2024), Meyvanali et al. (2025), and Hu et al. (2024), who identified procedural justice as a key antecedent of self-efficacy and work engagement. In the banking business, personnel work in a highly regulated environment and are required to follow standardised procedures. In such context, views of fairness may become more salient. Clear procedures can eliminate ambiguity, increase employees' faith in the company and stimulate employees to become more involved in attaining the business's goals.

The results also show that perceived diversity is favourably related to self-efficacy and work engagement. These findings show that workers who view workplace diversity positively are more likely to believe in themselves and to be more engaged. According to SCT, individuals are always interpreting their social surroundings and using the experience to develop cognitive assessments and behavioural responses. Thus, a culturally diverse setting might inspire individuals to communicate, cooperate, and share information with their colleagues from varied backgrounds. These encounters may help to boost employees' confidence and at the same time, develop their emotional attachment to their work The findings are consistent with the findings by Chen & Lin (2024) and Adamovic et al. (2023), which showed that diversity can positively impact the psychological outcomes of employees. However, the findings are inconsistent with those of Meyvanali et al. (2025), who showed that perceived diversity had no significant effect on self-efficacy and job engagement. This inconsistency in findings can be explained by the different organisational settings. Banks, unlike industrial companies, are far more dependent on relationships between people, teamwork, relationships with customers, and collaboration among individuals with different educational and professional backgrounds. Diversity may be an important organisational resource that facilitates knowledge exchange, social support, and reciprocal learning, and so reinforces self-efficacy and work engagement.

The empirical findings further demonstrate that self-efficacy exerts a positive impact on job performance. This outcome corroborates Social Cognitive Theory (SCT), which asserts that self-efficacy governs individual effort, persistence, resilience, and behavioral choices. Personnel who possess conviction in their capabilities approach obstacles with confidence, sustain motivation amid adversity, and consistently pursue their operational objectives. Consequently, self-efficacy functions as a vital psychological resource that directly drives employee success. These results mirror previous empirical research by Ochoa Pacheco et al. (2023), Sinniah et al. (2022), and Chen & Lin (2024), which identified self-efficacy as a robust determinant of individual performance. Within the banking sector, workforce expectations center on meeting productivity targets, delivering service excellence, adapting to rapid technological advancements, and adhering to strict regulatory protocols. In this environment, individuals with elevated self-efficacy demonstrate greater adaptability and heightened problem-solving capacity, ultimately driving superior performance outcomes.

Lastly, the analysis revealed a positive association between work engagement and job performance. This outcome aligns with the Job Demands-Resources (JD-R) model, which posits that highly engaged employees actively invest their physical, emotional, and cognitive energy into their professional responsibilities. Characterized by vigor, dedication, and absorption, work engagement fosters heightened productivity and performance standards. Staff members who feel enthusiastic and emotionally invested in their work display stronger commitment and yield superior outputs. These findings are consistent with earlier investigations by Chen & Lin (2024) and Vuong (2026), which similarly documented a positive link between engagement and performance metrics. In the context of Indonesian banking, employee engagement plays a critical role due to the dynamic and intensely competitive operational landscape. Banking personnel must address client requirements swiftly while upholding service quality and efficiency. Organizational leadership should therefore foster engagement

by establishing equitable workplace policies and cultivating an inclusive environment that supports psychological well-being.

CONCLUSION AND SUGGESTIONS

This research investigates the effects of procedural justice, perceived diversity, self-efficacy, and work engagement on job performance in Indonesia's banking sector via the PLS-SEM approach. The results indicate that procedural justice and perceived diversity have a significant effect on self-efficacy and work engagement. Moreover, self-efficacy and work engagement show a considerable effect on job performance. Empirically, it supports Social Cognitive Theory and Job Demands-Resources Model, and it is clear that institutional and psychological factors both act as major determinants of employee performance improvement.

From a managerial vantage point, the findings lay out a bountiful array of practical implications for those wrangling with decisions in the banking frontier. First off, organisations ought to lay their cards on the table and establish clear and steady procedures to bolster their folks' sense of fairness. Bringing the folks into the fold when it comes to making choices, setting down the rules of the land in clear terms, and putting in place just performance reviews can sure bolster their spirits and keep them tied to the way things are. It is all about laying your cards out in the open and ensuring that every soul feels like they are part of the posse. Next up, it is high time for their organisations to lay out the welcome mat for diversity management strategies that cultivate inclusion, teamwork, and a fair shake for all employees, no matter where they come from. Third, it is high time for their managers to get their hands dirty and set up some programs that will rustle up the folks' confidence and keep their spirits high on the job. These can be accomplished through a good dose of training, a bit of mentoring, some professional development, and a touch of supportive leadership practices to keep things moving along. By creating a fair and open range for all, banking outfits can lift their folks' spirits, and in turn, set off with a mighty fine stride toward better performance.

Well now, this study rustles up a few aces, but it is not without its share of bumps in the trail. This study is depending on a cross-sectional design and pulling from a rather limited bunch in the banking sector. As a result, the trail ahead for future research should widen its scope, gathering a bigger posse of samples, traversing different industrial terrains, and keeping an eye on the long horizon to capture a more complete portrait of the ties that bind these variables.

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