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HUMAN CAPITAL UNDER PSYCHOLOGICAL STRAIN: RETHINKING EMPLOYEE PERFORMANCE IN THE ERA OF QUIET QUITTING

By

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Abstract

This study examines employee performance in the context of increasing psychological strain characterized by quiet quitting, job insecurity, and workload. Drawing on the Job Demands–Resources (JD–R) theory and Social Exchange Theory, this research develops an integrated model that positions work engagement as a mediating variable and psychological safety as a moderating factor. A quantitative approach with a cross-sectional survey design was employed, involving 360 Generation Y and Z employees in Indonesia. Data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM). The results indicate that quiet quitting, job insecurity, and workload significantly influence both work engagement and employee performance. Work engagement emerges as the strongest predictor of employee performance and plays a significant mediating role in the relationship between job demands and performance outcomes. Meanwhile, psychological safety has a positive direct effect on performance and partially moderates the relationships between job insecurity, quiet quitting, and performance, although its moderating effect on workload is not significant. These findings highlight the critical role of psychological and relational factors in shaping employee performance in contemporary workplaces. This study contributes to the human capital literature by integrating emerging workplace phenomena into a comprehensive model and offers practical implications for developing sustainable, human-centered performance management strategies.

Keywords: *Quiet Quitting, Job Insecurity, Workload, Work Engagement, Psychological Safety, Employee Performance*

1. Introduction

The post-pandemic transformation of work has fundamentally altered the nature of human capital management across global organizations. Beyond technological acceleration and flexible work arrangements, contemporary workplaces are increasingly shaped by profound psychological and relational shifts, particularly as Millennials (Generation Y) and Generation Z emerge as the dominant segments of the labor force. Unlike previous generations, these cohorts prioritize psychological well-being, meaningful work, and work–life integration over traditional markers of organizational loyalty, challenging long-standing assumptions in performance management and human capital theory (Bhanumathi et al., 2024; Novel & Tresna, 2025; Salvadorinho et al., 2026).

One of the most salient manifestations of this shift is the emergence of quiet quitting, a form of psychological withdrawal in which employees formally comply with job requirements while deliberately disengaging from discretionary effort, innovation, and organizational citizenship behaviors. Although widely popularized in public discourse, quiet quitting reflects deeper dynamics of disengagement, psychological contract erosion, and resource depletion that have not yet been adequately theorized or empirically integrated within mainstream human capital models (Abdullah & Bangcola, 2024; Bazargan et al., 2025; de Jager et al., 2026; Singh et al., 2025)

Simultaneously, organizations are confronting heightened job insecurity driven by economic volatility, digital restructuring, and efficiency-driven workforce optimization, particularly in emerging economies. Rather than motivating higher performance, growing evidence suggests that persistent job insecurity undermines employees' sense of control, erodes trust in the organization, and accelerates withdrawal-oriented coping strategies (Nikmah et al., 2022; Stankevičiūtė, Sanchez-Hernandez, et al., 2021; Stankevičiūtė, Staniškienė, et al., 2021a, 2021b). These pressures are further intensified

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by escalating workload, as digitalization and always-on work cultures blur boundaries between professional and personal life, increasing cognitive and emotional exhaustion (Hynes & Koç, 2024; Mdhluli, 2025; Rahmi et al., 2025).

Despite extensive research on employee performance, existing studies tend to examine workload, job insecurity, or disengagement in isolation, offering fragmented explanations that fail to capture the complex psychological mechanisms underlying contemporary performance decline. In particular, no prior empirical research in Indonesia has simultaneously integrated quiet quitting, job insecurity, and workload within a single explanatory model to examine their combined effects on employee performance through psychological mechanisms. This gap is theoretically consequential, as it limits our understanding of how modern forms of withdrawal behavior interact with structural job demands in shaping human capital outcomes.

Drawing on Job Demands–Resources (JD–R) Theory, this study conceptualizes workload and job insecurity as critical job demands that deplete employees' psychological resources, while work engagement represents a central motivational mechanism through which these demands translate into performance outcomes (Bakker & Demerouti, 2017; Schaufeli, 2021). However, the relevance of work engagement as a mediating mechanism for Generation Y and Z who exhibit different stress thresholds and value orientations remains empirically underexplored, particularly in non-Western contexts.

Furthermore, this study introduces psychological safety as a strategic boundary condition that moderates the relationship between job demands, quiet quitting, and employee performance. Psychological safety defined as a shared belief that the workplace is safe for interpersonal risk-taking has been shown to foster learning, voice behavior, and sustained engagement (Ge, 2020; Mohan et al., 2026). Yet, its role as a buffer against withdrawal behaviors in high job insecurity environments remains insufficiently examined, especially in collectivist and high power-distance societies such as Indonesia, where hierarchical norms may suppress open expression and amplify disengagement risks (Ip et al., 2025; Mcclintock et al., 2022; Yasami et al., 2024).

Complementing JD–R Theory, Social Exchange Theory provides a relational lens to explain why employees respond to perceived organizational treatment with reciprocal attitudes and behaviors. In the Indonesian context; characterized by strong relational norms and expectations of mutual obligation, perceptions of unfair workload distribution, inadequate job security, and lack of psychological safety may prompt employees to recalibrate their contributions through subtle withdrawal rather than overt resistance (Harlianto et al., 2025; Oktrivina, 2023; Sembiring et al., 2023)

Accordingly, this study aims to develop and empirically test an integrated human capital model that explains employee performance through the simultaneous effects of quiet quitting, job insecurity, and workload, with work engagement as a mediating mechanism and psychological safety as a moderating resource. By focusing on Generation Y and Z employees in Indonesia, this research offers a theoretically meaningful context to reassess the applicability of dominant performance models under contemporary psychological and cultural conditions.

This study contributes to the literature in three important ways. First, it advances human capital and performance research by formally theorizing quiet quitting as a psychologically mediated withdrawal behavior within the JD–R framework. Second, it extends engagement research by testing its mediating relevance for younger generations facing intensified job demands. Third, it enriches psychological safety scholarship by positioning it as a critical protective resource that conditions the impact of job insecurity and disengagement on performance in emerging economy contexts. Practically, the findings offer evidence-based guidance for organizations seeking sustainable, human-centered performance strategies beyond traditional control- and incentive-based approaches.

2. Literature Review and Hypotheses Development

1. Quiet Quitting and Employee Performance

Quiet quitting reflects a form of psychological withdrawal in which employees comply with formal job requirements but deliberately reduce discretionary effort and organizational citizenship behaviors (Sitorus & Rachmawati, 2024). Withdrawal behaviors have consistently been associated with lower task and contextual performance because employees limit their cognitive and emotional investment in work (Sitorus & Rachmawati, 2024). Within the framework of Job Demands–Resources Theory, excessive job demands without sufficient resources trigger energy depletion, which ultimately reduces performance outcomes. Furthermore, disengagement has been empirically shown to negatively predict performance across industries and cultural contexts (Deci et al., 2017).

H1: Quiet quitting has a significant effect on employee performance.

2. Job Insecurity and Employee Performance

Job insecurity refers to the perceived threat of job loss or instability in employment continuity (Sverke et al., 2019). As conceptualized in JD–R theory, job insecurity represents a hindrance demand that consumes psychological resources and increases stress. A meta-analysis by Luthans, (2002). found a consistent negative relationship between job insecurity and job performance. Similarly, Luthans, (2002) demonstrated that job insecurity reduces productivity by increasing anxiety and diminishing motivational states.

H2: Job insecurity has a significant effect on employee performance.

3. Workload and Employee Performance

Excessive workload is widely recognized as a job demand that leads to burnout, strain, and reduced performance outcomes. Evidence from cross-sector research indicates that high workload negatively influences employee productivity, job satisfaction, and ability to sustain performance (Lu et al., 2023). Although not always labeled as "quiet quitting,"

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increased workload is a predictor of decreased discretionary effort and lower performance (Lu et al., 2023).

H3: Workload has a significant effect on employee performance.

4. Quiet Quitting and Work Engagement

Quiet quitting is essentially a form of employee disengagement. Research on disengagement and work withdrawal suggests that behaviors reducing discretionary effort are associated with lower engagement (Sitorus & Rachmawati, 2024). Because work engagement is defined as vigor, dedication, and absorption in work, reduced engagement logically follows from quiet quitting behavior (Sitorus & Rachmawati, 2024).

H4: Quiet quitting has a significant effect on work engagement.

5. Job Insecurity and Work Engagement

Empirical research shows that job insecurity undermines employees' psychological resources, leading to lower work engagement. A recent study found that job insecurity significantly reduces work engagement through psychological strain mechanisms (Lu et al., 2023). This finding is consistent with resource depletion frameworks, where insecurity erodes self-efficacy and engagement (Lu et al., 2023).

H5: Job insecurity has a significant effect on work engagement.

6. Workload and Work Engagement

High workload increases emotional exhaustion, which is conceptually opposite of engagement. Research using JD–R principles shows that workload diminishes work engagement because employees' energy and focus are diverted toward coping with demands rather than investing in their tasks (Lu et al., 2023).

H6: Workload has a significant effect on work engagement.

7. Work Engagement and Employee Performance

Work engagement consistently predicts positive performance outcomes. Open-access research indicates that engaged employees are more motivated, productive, and committed to job tasks, leading to higher performance metrics (Mansor et al., 2025). Employee engagement is widely acknowledged as an antecedent of organizational performance because it fosters discretionary behaviors that go beyond baseline requirements (Mansor et al., 2025)..

H7: Work engagement has a significant effect on employee performance.

8. Psychological Safety and Employee Performance

Psychological safety refers to a work environment where employees feel safe to take interpersonal risks without fear of embarrassment or negative consequences (Albrecht et al., 2023). Research shows that psychological safety fosters open communication, trust, and collaborative behaviors, which are strongly linked to improved workplace performance (Albrecht et al., 2023). Employees in psychologically safe environments are more willing to speak up, innovate, and contribute, leading to performance gains (Albrecht et al., 2023).

H8: Psychological safety has a significant effect on employee performance.

9. Mediating Role of Work Engagement

Theoretical and empirical work on job demands and engagement suggests that engagement functions as a motivation mechanism through which job conditions influence performance outcomes. Specifically: Job insecurity reduces engagement, which in turn reduces performance (Mansor et al., 2025). Workload reduces engagement, indirectly lowering job outcomes (Lu et al., 2023). Quiet quitting reflects disengaged states, where lower engagement explains poorer performance (Sitorus & Rachmawati, 2024).

H9: Work engagement mediates the relationship between quiet quitting and employee performance.

H10: Work engagement mediates the relationship between job insecurity and employee performance.

H11: Work engagement mediates the relationship between workload and employee performance.

10. Psychological Safety as a Moderator

Psychological safety has been empirically shown to buffer negative effects and strengthen positive work relationships by providing supportive contexts where employees feel secure voicing opinions and taking initiative (Albrecht et al., 2023). When psychological safety is high, engaged employees are more likely to translate their engagement into performance outcomes because they are free from fear of negative judgment (Albrecht et al., 2023).

H12: Psychological safety moderates the relationship between work engagement and employee performance.

Based on the JD–R framework and social exchange theory, this study proposes a model in which quiet quitting, job insecurity, and workload affect employee performance directly and indirectly through work engagement, with psychological safety acting as a moderating factor. The proposed conceptual framework is presented in Figure 1.

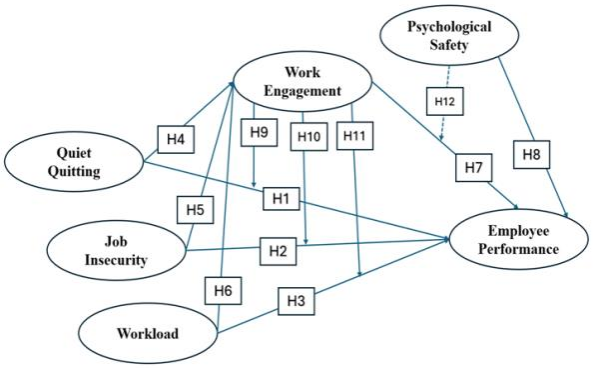

Figure 1. Research Framework

3. Research Method

This study adopts a quantitative approach using a cross-sectional survey design to examine the relationships among quiet quitting, job insecurity, workload, work engagement, psychological safety, and employee performance. A quantitative design is appropriate for testing causal

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relationships and validating theoretical models in organizational research, while the cross-sectional approach allows data collection at a single point in time to capture employees' current psychological and behavioral conditions (Faiz Rasool et al., 2024). The study is grounded in the Job Demands–Resources (JD–R) framework, which explains how job demands and resources influence work engagement and performance outcomes (Zhou & Wang, 2026).

The population consists of Generation Y (Millennials) and Generation Z employees in Indonesia, as these groups dominate the workforce and exhibit distinct psychological characteristics related to engagement and withdrawal behaviors such as quiet quitting. This study employs purposive sampling with criteria including actively employed individuals, belonging to Generation Y or Z, and having at least one year of work experience, ensuring relevance between respondents and research objectives (Sugiyono, 2022).

The sample size was determined using the 5–10 times indicator rule in PLS-SEM; with 30 indicators, the required sample ranges from 150 to 400 respondents, ensuring adequate statistical power and model robustness (J. F. Hair et al., 2021). Data were collected from employees across various industries in Indonesia to enhance generalizability.

Primary data were collected using a structured online questionnaire distributed via Google Forms, which is widely used due to its efficiency and broad accessibility (Faiz Rasool et al., 2024). (J. F. Hair et al., 2021). The questionnaire includes demographic information and measurement items assessed using a five-point Likert scale ranging from strongly disagree to strongly agree, which is suitable for measuring psychological constructs such as engagement and job insecurity (Koo & Yang, 2025).

All variables were measured using validated scales adapted from prior studies, including the Utrecht Work Engagement Scale (UWES) for work engagement (Faiz Rasool et al., 2024), while job demands (workload and job insecurity) were conceptualized based on the JD–R frameworks (Ye et al., 2024).

Quiet quitting was operationalized as psychological withdrawal behavior, psychological safety as a perception of interpersonal risk safety, and employee performance based on task and contextual performance indicators.

Data analysis was conducted using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS software, which is suitable for complex models involving mediation and moderation effects (J. Hair & Alamer, 2022).

The analysis includes evaluation of the measurement model (convergent validity, discriminant validity, and reliability) and the structural model (path coefficients, R^2, f^2, and Q^2). Hypothesis testing was performed using bootstrapping to assess the significance of direct, indirect, and moderating effects (J. Hair & Alamer, 2022).

4. Results and Discussions

4.1 Results

This section presents the demographic profile of respondents, providing a general overview of their characteristics in this study

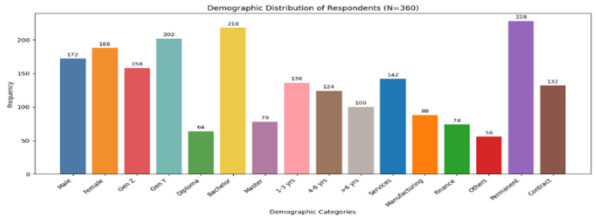

Figure 2. Demographic Profile Diagram

Table 1. Demographic Profile of Respondents (N = 360)

Category	Description	Frequency (n)	Percentage (%)
Gender	Male	172	47.8%
	Female	188	52.2%
Age (Generation)	Generation Z (18–26)	158	43.9%
	Generation Y (27–42)	202	56.1%
Education Level	Diploma	64	17.8%
	Bachelor's Degree	218	60.6%
	Master's Degree	78	21.6%
Work Experience	1–3 years	136	37.8%
	4–6 years	124	34.4%
	> 6 years	100	27.8%
Industry Sector	Services	142	39.4%
	Manufacturing	88	24.4%
	Finance & Banking	74	20.6%
	Others	56	15.6%
Employment Status	Permanent Employee	228	63.3%
	Contract Employee	132	36.7%

Source: Own processing (2026)

The demographic profile shows that the sample is relatively balanced in terms of gender, with a slightly higher proportion of female respondents (52.2%). In terms of age, Generation Y

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dominates the sample (56.1%), followed by Generation Z (43.9%), indicating that the study effectively captures the perspectives of the primary workforce segments relevant to contemporary workplace dynamics.

Most respondents hold a bachelor's degree (60.6%) and have 1–6 years of work experience, suggesting that the sample largely consists of early- to mid-career employees who are more likely to experience work pressure, job insecurity, and evolving work expectations. This is particularly relevant for examining phenomena such as quiet quitting and work engagement.

In addition, the distribution across multiple industry sectors, with the largest proportion in the service sector (39.4%), supports the generalizability of the findings across organizational contexts. The presence of both permanent (63.3%) and contract employees (36.7%) further strengthens the study, as differences in employment status are closely related to perceptions of job insecurity and may influence employee performance and engagement.

Overall, the demographic characteristics of the respondents align well with the objectives of this study, providing a relevant and diverse sample to examine the effects of psychological strain, job demands, and engagement on employee performance.

4.1.1Measurement Model Evaluation

This section presents the outer loading values to assess the validity of the measurement indicators (see table.1)

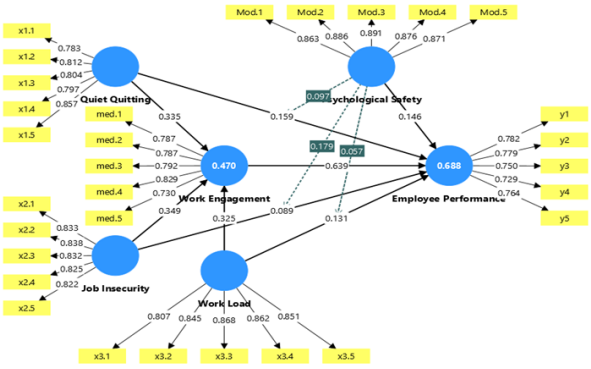

Figure 3 Outer Loading Diagram

Source: Own processing (2026)

The outer loading results show all indicators meet convergent validity in PLS-SEM, with values exceeding 0.70 across all constructs in this study in the model. This confirms all indicators are valid and suitable for the measurement model, therefore none are eliminated in this study. At construct level, Quiet Quitting, Job Insecurity, Work Load, Psychological Safety, Work Engagement, and Employee Performance show overall strong validity in this research model. Psychological Safety and Work Load are the highest, while Employee Performance is relatively lower but still acceptable among constructs. Overall, the measurement model demonstrates satisfactory convergent validity for further structural model analysis in this study. (see table.2).

Table 2. construct reliability and validity

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
Employee Performance	0.818	0.819	0.873	0.579
Job Insecurity	0.887	0.889	0.917	0.689
Psychological Safety	0.925	0.931	0.944	0.770
Quiet Quitting	0.870	0.880	0.906	0.658
Work Engagement	0.845	0.848	0.890	0.617
Work Load	0.901	0.904	0.927	0.717

Source: Own processing (2026)

The measurement model meets the criteria for reliability and convergent validity. Cronbach's alpha (0.818–0.925) and composite reliability values exceed 0.70, indicating strong internal consistency. AVE values (0.579–0.770) are above 0.50, confirming adequate convergent validity. Overall, the model is reliable and suitable for structural analysisDiscriminant validity is presented to evaluate whether each construct is empirically distinct from others (see table.3)

Table 3. Discriminant validity

	Employee Performance	Job Insecurity	Psychological Safety	Quiet Quitting	Work Engagement	Work Load	Psychological Safety x Work Load	Psychological Safety x Quiet Quitting	Psychological Safety x Job Insecurity
Employee Performance									

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	Employee Performance	Job Insecurity	Psychological Safety	Quiet Quitting	Work Engagement	Work Load	Psychological Safety x Work Load	Psychological Safety x Quiet Quitting	Psychological Safety x Job Insecurity
Job Insecurity	0.425								
Psychological Safety	0.508	0.224							
Quiet Quitting	0.570	0.245	0.310						
Work Engagement	0.868	0.521	0.552	0.576					
Work Load	0.465	0.100	0.224	0.300	0.508				
Psychological Safety x Work Load	0.104	0.206	0.274	0.209	0.456	0.280			
Psychological Safety x Quiet Quitting	0.049	0.203	0.196	0.211	0.392	0.211	0.656		
Psychological Safety x Job Insecurity	0.044	0.229	0.252	0.201	0.391	0.205	0.552	0.609	

Source: Own processing (2026)

The discriminant validity results indicate that all constructs are empirically distinct, with correlation values below the threshold of 0.90, confirming the absence of multicollinearity. Work engagement shows a strong yet acceptable correlation with employee performance (0.868), supporting its role as a key predictor while remaining distinguishable. Other constructs demonstrate moderate relationships without redundancy, and the interaction variables show low correlations, indicating proper model specification. Overall, the model satisfies discriminant validity requirements, confirming that each construct represents a unique concept.

4.1.2Structural Model Evaluation

The f-square (f^2) results are presented to evaluate the magnitude of the effect of predictor variables within the structural model (see Table.4).

Table 4. f-square (f^2)

	Employee Performance	Job Insecurity	Psychological Safety	Quiet Quitting	Work Engagement	Work Load	Psychological Safety x Work Load	Psychological Safety x Quiet Quitting	Psychological Safety x Job Insecurity
Employee Performance									
Job Insecurity	0.020				0.219				

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Psychological Safety	0.051								
Quiet Quitting	0.060				0.188				
Work Engagement	0.553								
Work Load	0.042				0.185				
Psychological Safety x Work Load	0.010								
Psychological Safety x Quiet Quitting	0.025								
Psychological Safety x Job Insecurity	0.107								

Source: Own processing (2026)

The multicollinearity assessment shows no issues, with VIF values ranging from 0.010 to 0.553, well below the threshold of 5.00. Although work engagement has the highest VIF, it remains within acceptable limits. The interaction variables also exhibit low VIF values, indicating no collinearity concerns. Overall, the model is statistically stable and suitable for hypothesis testingThis section presents the R-square (R^2) values to evaluate the explanatory power of the endogenous constructs in the model (see Table.5)

Table 5. R-square (R^2)

	R-square	R-square adjusted
Employee Performance	0.688	0.681
Work Engagement	0.470	0.466

Source: Own processing (2026)

The coefficient of determination (R^2) results indicate that the structural model has substantial explanatory power. Employee performance has an R^2 value of 0.688 (adjusted R^2 = 0.681), meaning that 68.8% of the variance in employee performance is explained by quiet quitting, job insecurity, workload, work engagement, and psychological safety. This suggests a strong model in explaining performance outcomes. Meanwhile, work engagement has an R^2 value of 0.470 (adjusted R^2 = 0.466), indicating that 47.0% of its variance is explained by job demand variables (quiet quitting, job insecurity, and workload). This reflects a moderate level of explanatory power. Overall, these results confirm that the model has good predictive relevance, particularly in explaining employee performance, with work engagement playing a central role.

The direct effect results are presented to evaluate the significance of the relationships among the variables (see Table 6 and Diagram 4).

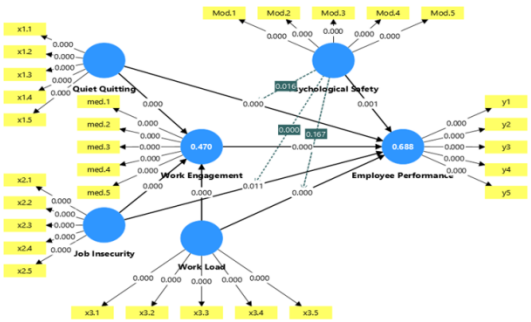

Figure 4. Path Coefficients Diagram

Source: Own processing (2026)

Table 6. Direct Effect

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values
Job Insecurity -> Employee Performa	0.089	0.091	0.035	2.552	0.011

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	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values
nce					
Job Insecurity -> Work Engagement	0.349	0.347	0.034	10.188	0.000
Psychological Safety -> Employee Performance	0.146	0.150	0.044	3.339	0.001
Psychological Safety x Job Insecurity -> Employee Performance	0.179	0.169	0.048	3.765	0.000
Psychological Safety x Quiet Quitting -> Employee Performance	0.097	0.089	0.040	2.408	0.016
Psychological Safety x Work Load -> Employee Performance	0.057	0.049	0.042	1.382	0.167
Quiet Quitting -> Employee Performa	0.159	0.159	0.031	5.146	0.000
nce					
Quiet Quitting -> Work Engagement	0.335	0.334	0.035	9.646	0.000
Work Engagement -> Employee Performance	0.639	0.635	0.064	10.044	0.000
Work Load -> Employee Performance	0.131	0.132	0.033	3.926	0.000
Work Load -> Work Engagement	0.325	0.324	0.038	8.586	0.000

Source: Own processing (2026)

The hypothesis testing results indicate that most of the proposed relationships are statistically significant. Job insecurity has a positive and significant effect on employee performance ($\beta = 0.089$, $p = 0.011$) and work engagement ($\beta = 0.349$, $p < 0.001$), suggesting that employees respond to perceived insecurity by maintaining or even increasing their engagement and performance levels.

Psychological safety also shows a significant positive effect on employee performance ($\beta = 0.146$, $p = 0.001$), indicating its important role as a supportive work resource. In terms of moderation effects, psychological safety significantly moderates the relationship between job insecurity and employee performance ($\beta = 0.179$, $p < 0.001$), as well as between quiet quitting and performance ($\beta = 0.097$, $p = 0.016$). However, its moderating effect on the relationship between workload and performance is not significant ($\beta = 0.057$, $p = 0.167$).

Furthermore, quiet quitting has a significant positive effect on employee performance ($\beta = 0.159$, $p < 0.001$) and work engagement ($\beta = 0.335$, $p < 0.001$), while workload also significantly influences both employee performance ($\beta =$

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0.131, $p < 0.001$) and work engagement ($\beta = 0.325$, $p < 0.001$).

Importantly, work engagement has the strongest effect on employee performance ($\beta = 0.639$, $p < 0.001$), confirming its central role as a key driver of performance outcomes.

Overall, these findings support the majority of the hypotheses and highlight the critical role of work engagement as a mediating mechanism, while psychological safety functions as a partial moderator in the model.

The indirect effect results are presented to evaluate the significance of mediation effects between variables (see Table.7)

Table 7. Indirect Effect

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values
Work Load -> Work Engagement -> Employee Performance	0.208	0.206	0.036	5.777	0.000
Job Insecurity -> Work Engagement -> Employee Performance	0.223	0.221	0.034	6.569	0.000
Quiet Quitting -> Work Engagement -> Employee Performance	0.214	0.212	0.033	6.451	0.000

Source: Own processing (2026)

The mediation analysis results indicate that work engagement plays a significant mediating role in the relationship between job demands and employee performance. Specifically, workload has a significant indirect effect on employee performance through work engagement ($\beta = 0.208$, $p < 0.001$), suggesting that the impact of workload on performance is partially transmitted through employees' level of engagement.

Similarly, job insecurity shows a significant indirect effect on employee performance via work engagement ($\beta = 0.223$, $p < 0.001$), indicating that engagement serves as an important psychological mechanism linking perceived insecurity to performance outcomes.

Quiet quitting also has a significant indirect effect on employee performance through work engagement ($\beta = 0.214$, $p < 0.001$), reinforcing the idea that disengagement-related behaviors influence performance primarily through their effect on employees' motivational states.

Overall, these findings confirm that work engagement functions as a key mediating variable in the model, supporting the theoretical framework that positions engagement as the central mechanism through which job demands influence employee performance.

Discussion

The findings of this study provide strong empirical support for the proposed model grounded in the Job Demands–Resources (JD–R) theory and Social Exchange Theory. The results confirm that quiet quitting, job insecurity, and workload significantly influence employee performance both directly and indirectly through work engagement, addressing the research gap regarding the fragmented understanding of psychological strain in contemporary workplaces.

Consistent with the JD–R framework, job demands such as job insecurity and workload significantly affect work engagement, which in turn strongly predicts employee performance. The results show that work engagement has the highest effect on performance ($\beta = 0.639$), reinforcing its central role as a motivational mechanism. This finding aligns with prior studies (Mansor et al., 2025; Schaufeli, 2021), which emphasize that engaged employees demonstrate higher productivity, commitment, and discretionary effort. The significant mediating role of work engagement further confirms that the impact of job demands on performance is not merely direct but operates through employees' psychological states, supporting previous research (Lu et al., 2023; Sitorus & Rachmawati, 2024).

Interestingly, the results indicate that job insecurity and quiet quitting have positive and significant effects on performance. This finding can be explained through Social Exchange Theory, where employees respond to perceived threats or organizational conditions by maintaining or even increasing their performance as a form of reciprocal behavior or self-preservation. In the Indonesian context, where relational norms and job retention are highly valued, employees may choose adaptive coping strategies rather than overt withdrawal. This finding extends prior literature (Sverke et al., 2019; Nikmah et al., 2022) by suggesting that the impact of job insecurity is context-dependent and may not always lead to performance decline.

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Furthermore, workload also shows a significant effect on both work engagement and performance, supporting the JD–R assumption that excessive demands influence both motivational and performance outcomes. However, the relatively smaller effect size compared to work engagement suggests that workload primarily operates through indirect mechanisms rather than as a dominant direct predictor.

The moderating role of psychological safety is partially supported. Psychological safety significantly strengthens the relationship between job insecurity and performance, as well as between quiet quitting and performance, but not between workload and performance. This finding suggests that a supportive work environment enhances employees' ability to transform psychological pressure into productive outcomes, consistent with prior research (Albrecht et al., 2023). However, its limited effect on workload may indicate that excessive task demands are more structural in nature and less influenced by interpersonal climate.

Overall, these findings confirm that employee performance in the contemporary workplace is shaped by a complex interaction between job demands, psychological mechanisms, and contextual resources. The integration of quiet quitting into the JD–R framework provides a novel contribution by conceptualizing it as a form of psychologically mediated withdrawal behavior rather than purely negative disengagement.

These results have important implications for both theory and practice. Theoretically, this study advances human capital research by integrating emerging workplace phenomena into a comprehensive model that captures the dynamic interplay between demands, engagement, and performance. Practically, organizations should prioritize strategies that enhance work engagement and psychological safety, rather than relying solely on performance pressure or control mechanisms. Failure to address these psychological dynamics may lead to hidden disengagement and reduced long-term performance sustainability.

Conclusion

This study concludes that employee performance in the contemporary workplace is significantly shaped by the interaction between job demands, psychological mechanisms, and contextual resources. Quiet quitting, job insecurity, and workload are proven to influence employee performance both directly and indirectly through work engagement, which emerges as the most dominant predictor. These findings confirm the central role of work engagement as a key mediating mechanism within the Job Demands–Resources (JD–R) framework.

Furthermore, psychological safety plays a meaningful, albeit partial, moderating role by strengthening the relationship between certain job demands and employee performance. This indicates that a supportive and trust-based work environment enables employees to better cope with psychological strain and maintain performance levels.

Overall, this study highlights that employee performance is not solely determined by structural job conditions, but also by how individuals psychologically interpret and respond to those conditions. Therefore, organizations need to move beyond traditional performance management approaches and adopt more human-centered strategies that foster engagement and psychological safety. Such efforts are essential to sustain employee performance in an era increasingly characterized by psychological strain and evolving workforce expectations.

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