The Influence of Organizational Culture and Human Capital on Employee Performance by Mediating Organizational Climate

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Abstract
This study was conducted to analyze the influence of organizational culture on employee performance and human capital on employee performance with organizational climate as mediation. Employees totaling 196 people were respondents in this study using saturated sample techniques. Data collection methods using questionnaires and analyzed using Warp PLS. The results of this study show that organizational culture does not have a significant effect on employee performance, while human capital has a significant effect on employee performance. Furthermore, organizational climate mediates the relationship of organizational culture to full employee performance and organizational climate mediates human capital to employee performance partially.

Keywords: Organizational Culture, Human Capital, Organizational Climate, Employee Performance.

INTRODUCTION
Economic activities in the banking sector are currently growing very rapidly, one of which is the financial institution of the Indonesian State-Owned Enterprise Bank BTN (Bank Tabungan Negara), which was established in 1897 is a company in the form of a limited liability company and engaged in banking financial services. This development causes competition seen from almost all sectors related to various financial activities, which always require banking services, both individuals and institutions, so it will cause competition between companies.

PT. Bank Tabungan Negara Denpasar Branch Office called Bank BTN Denpasar is one branch with a working area covering the city (Raharjo, 2022). Bank BTN Denpasar's office network includes 5 Sub-Branch Offices and 7 Cash Offices throughout Bali. As one of the largest banks in Indonesia, Bank BTN always provides good customer service (Oktaria et al., 2023). To become the best bank, employee performance needs to be considered so that the stability of the company's performance is maintained and can continue to be improved (Pawirosumarto et al., 2017). Bank Tabungan Negara's profit is increasing yearly, so performance is said to increase (Suprasiono & Damayanti, 2016).

Empowerment and optimisation of human resources need to be done (Aryani & Widodo, 2020) to improve employee performance (Sukoco et al., 2020). Organisational culture is one factor that affects employee performance (Hariyanti & Prabowo, 2023). Organisational culture is a shared value shared by members that distinguishes an organisation from others (Srikaningsih & Setyadi, 2015) (Robbins, 2017). Bank BTN develops by creating a new system from the motto of SOEs,
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nearly a new work culture called AKHLAK, including trust, competence, harmony, loyalty, adaptability, and collaboration. The organizational culture of Bank BTN Denpasar, from the standard operational rules, is felt to be almost the same as state-owned banks in general, including bank opening operating hours, employees' daily official clothes, rest hours, and leave applications. The differentiation of Bank BTN from other banks can be seen in the norms, values, and behaviours that are understood and accepted by employees; on the other hand, it can be seen from the vision and mission of Bank BTN, which experiences differences. The organizational culture implemented by Bank BTN Denpasar adjusted due to differences between organizational culture and strong local culture; local culture influences organizational performance (Wardana et al., 2023) (Buchari & Wulanyani, 2020).

Another factor that affects performance is human capital. Human Capital is everything about a company's workforce, including its intellectuals, knowledge, and experience(Kianto et al., 2017) (Hatch, 2018). Increasing human capital is expected to spur productivity, performance, and achievement of the company's strategic goals (Fahim, 2018; Saebah et al., 2023). Bank BTN's achievement related to human resource development from 2018 to 2019 is proof of Bank BTN's human capital success in developing its human resources. Several awards, such as Indonesia Best Companies in Creating Leaders from Within 2018, The Banking Service Excellence Awards in 2018, 2019, and 2020, and the HR Excellence Award 2019 (HR transformation category, recruitment strategy, compensation, and benefits) are proof of Bank BTN's success in managing its human resources(Edward, 2022).

Previous studies on organisational culture affecting employee performance conducted by Pawirosumarto et al. (2017), Widiyanti (2019), Shahzad (2014), Syarifah and Nabhan (2022), Arfandi and Kasran (2023) showed significant results. Other results related to the above study by Girsang (2017), Azmy, and Wiadi (2022) show that organisational culture does not significantly affect employee performance.

Organizational climate in this study is used as a mediating variable in accordance with previous research. Aryanto et al. (2019) and Fatimattuzzahr (2019) showed that organizational culture significantly influences organizational climate. Research by Kaluza and Bojnc (2016), Mehta and Ali (2020), and Silva et al. (2021) found that human capital has a significant effect on employee performance. Furthermore, research conducted by Uraon and Gupta (2020), Widayati and Gunarto (2017), Purnama (2017), and Susanti (2018) shows that organizational climate has a significant effect on employee performance. This is the basis for making organizational climate a mediation variable, as a mediation of organizational culture and human capital on employee performance at Bank BTN Denpasar.

Referring to the description of the background and phenomena and research gaps found, the reasons for the author's interest in doing research topics and the selection of BTN Denpasar bank employees as research subjects include first, Bank BTN Denpasar employees are an industry that has long been established and is ready to face development. Second, Bank BTN Denpasar is the right object because of the cultural differences applied by the organization with a strong local culture (Lee et al., 2023; Nguyen et al., 2023). Third, employees are the spearheads who deal directly with service to customers. The fourth is related to organisational culture, human capital, and organisational climate is interesting to study because not much research has been done in the banking sector (Lui et al., 2023; Ninh et al., Do, & Pervan, 2024). These five studies contribute to examining several factors that affect employee performance and determining the organizational
culture, human capital, and organizational climate employees feel.

Departing from the above phenomenon, it is important to conduct research studies that can produce findings (finding research) on the influence of organizational culture and human capital on employee performance by mediating the organizational climate at Bank BTN Denpasar. Furthermore, this research is expected to explain the influence of organizational culture and human capital on employee performance through the role of organizational climate, so the research findings are expected to be considered in improving performance and policymaking.

METHOD

This research is explanatory research. According to Robson (2002), explanatory research seeks to explore situations, find out what happened, look for new insights, ask questions, and assess new phenomena through hypotheses. Thus, this type of research aims to discover new problems or knowledge that is not yet known and can be started by exploring a wide area, concepts, and ideas before focusing and narrowing it to more specific ones. Meanwhile, according to Sudaryono (2016), in his book, explanatory research is intended to explain the relationship between phenomena or variables.

Saunders et al. (2016) explained that the method used in this study is a survey method because the information collected comes from respondents using questionnaires, and the data is obtained from a sample of the population. According to Creswell (2014), quantitative research is an approach to test objective theories by testing relationships between variables (Habib, 2021). This variable, in turn, can be measured using instruments, so that sum data can be analyzed using statistical procedures (Little & Rubin, 2019).

RESULTS AND DISCUSSION

Early-Stage SEM Test Results

The second part of SEM analysis is the interpretation of the structural model. The structural model presents the relationship between research variables (Rita, Randa Payangan, Rante, Tuhumena, & Erari, 2018). The structural model coefficient states the magnitude of the relationship between one variable and another. A significant influence exists between one variable and another variable if the P-value < 0.05.

Goodness of Fit Model

<table>
<thead>
<tr>
<th>No.</th>
<th>Model fit and quality indices</th>
<th>Kriterian fit</th>
<th>Test Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Average Path coefficient (APC)</td>
<td>p-value &lt; 0.05</td>
<td>0.279</td>
</tr>
<tr>
<td></td>
<td></td>
<td>p-value &lt; 0.001</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Average R-squared (ARS)</td>
<td>p-value &lt; 0.05</td>
<td>0.330</td>
</tr>
<tr>
<td></td>
<td></td>
<td>p-value &lt; 0.001</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Average adjusted R-squared</td>
<td>p-value &lt; 0.05</td>
<td>0.319</td>
</tr>
<tr>
<td></td>
<td></td>
<td>p-value &lt; 0.001</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Average block VIF (AVIF)</td>
<td>Accepted if ≤ 5</td>
<td>1,181</td>
</tr>
<tr>
<td>5</td>
<td>Average full collinearity VIF</td>
<td>Accepted if</td>
<td>1,346</td>
</tr>
</tbody>
</table>
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<table>
<thead>
<tr>
<th>No.</th>
<th>Variable</th>
<th>Criteria</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>Tenanhaus GoF (GoF)</td>
<td>Small ≥ 0.1</td>
<td>0.431</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Average ≥ 0.25</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Large ≥ 0.36</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Symphson’s paradox ratio</td>
<td>Accepted if ≥ 0.7</td>
<td>1,000</td>
</tr>
<tr>
<td>8</td>
<td>R-squared contribution ratio</td>
<td>Accepted if ≥ 0.9</td>
<td>1,000</td>
</tr>
<tr>
<td>9</td>
<td>Statistical suppression ratio</td>
<td>Accepted if ≥ 0.7</td>
<td>1,000</td>
</tr>
<tr>
<td>10</td>
<td>Nonlinear bivariate causality direction ratio (NLBCDR)</td>
<td>Accepted if ≥ 0.7</td>
<td>1,000</td>
</tr>
</tbody>
</table>

Source: primary data processed, 2022

Goodness of Fit criteria: if one or two indicators of the fit and quality indices model are met, the model can still be used (Husain, 2019). Based on the table, the criteria for fit and quality indices models in the two groups that have been met are APC, ARS, AARS, AFCVIF, GoF, Symphson’s paradox ratio, R-squared contribution ratio, Statistical suppression ratio and NLBCDR. This shows that the model used is a good model.

\[ Q_2 = 1 - (1 - R_{12}) (1 - R_{22}) \]
\[ Q_2 = 1 - (1 - 0.322) (1 - 0.338) \]
\[ Q_2 = 0.551 = 55.1\% \]

The calculation results show a predictive-relevance value of 0.551 or 55.1%. The predictive relevance value of 55.1% also indicates that the diversity of data that the model can explain is 55.1%, or in other words, the information contained in the 55.1% data can be explained by the model. While the remaining 44.9% is explained by other variables (which are not yet contained in the model) and errors thus the structural model that has been formed has been appropriate.

Figure 1. Factor measurement and model test results
Hypothesis Test Results

<table>
<thead>
<tr>
<th>Relationship</th>
<th>Coefficient</th>
<th>P-Value</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>X1 to Y</td>
<td>0.065</td>
<td>0.210</td>
<td>Insignificant</td>
</tr>
<tr>
<td>X2 to Y</td>
<td>0.307</td>
<td>&lt;0.001</td>
<td>Significant</td>
</tr>
<tr>
<td>X1 to Z</td>
<td>0.179</td>
<td>0.012</td>
<td>Significant</td>
</tr>
<tr>
<td>X2 to Z</td>
<td>0.504</td>
<td>&lt;0.001</td>
<td>Significant</td>
</tr>
<tr>
<td>Z to Y</td>
<td>0.342</td>
<td>&lt;0.001</td>
<td>Significant</td>
</tr>
</tbody>
</table>

Source: primary data processed, 2022

1. The influence of organizational culture (x1) on employee performance (y), obtained a structural coefficient of 0.065 and a p-value of 0.210. Since the p-value >0.05, this indicates that there is an insignificant influence between organizational culture (x1) and employee performance (y); thus, hypothesis 1 of this study is rejected.

2. The effect of human capital (x2) on employee performance (y) obtained a structural coefficient of 0.307 and a p-value of <0.001. Since the p-value <0.05, this indicates that there is a significant influence between human capital (x2) and employee performance (y); thus, hypothesis 2 of this study is accepted.

3. The influence of organizational culture (x1) on organizational climate (z), obtained a structural coefficient of 0.179 and a p-value of 0.012. Since the p-value <0.05, this indicates that there is a significant influence between organizational culture (x1) and organizational climate (z) thus, hypothesis 3 of this study is accepted.

4. The influence of human capital (x2) on the organizational climate (z), obtained a structural coefficient of 0.504 and a p-value of <0.001. Since the p-value <0.05, this indicates that there is a significant influence between human capital (x2) and organizational climate (z) thus, hypothesis 4 of this study is accepted.

5. The effect of organizational climate (z) on employee performance (y), obtained a structural coefficient of 0.342 and a p-value of <0.001. Since the p-value <0.05, this indicates that there is a significant influence between organizational climate (z) and employee performance (y) thus, hypothesis 5 of this study is accepted.

From Figure 1, it is known that organizational culture (x1) has a significant effect on organizational climate (z), and organizational climate (z) is known to have a significant effect on employee performance (y). Based on the description above, it is known that the organizational climate can mediate the relationship of organizational culture to employee performance in full (full mediation).

Thus, hypothesis 6 of this study is accepted.

From Figure 1, it is known that human capital (x2) has a significant effect on organizational climate (z), organizational climate (z) is known to have a significant effect on employee performance (y), and human capital (x2) has a significant effect on employee performance (y). It is also known that the value of the human capital coefficient (x2) on employee performance is smaller than the value of the organizational climate coefficient (z) on employee performance (y) (0.31<0.34). Based on the description above, it is known that the organizational climate can mediate the relationship of human capital (x2) to employee performance partially (partial mediation). Thus, hypothesis 7 of this study is accepted.

Discussion
The Influence of Organizational Culture on Employee Performance

The results of testing between organizational culture and performance in this study did not show any relationship. Directly, this study shows that organizational culture does not have a significant effect on employee performance. That is, employees feel that the better the implementation of organizational culture is considered unable to improve their performance.

Judging from the variable frequency distribution of organizational culture represented by stability indicators that have the highest value have not been able to improve employee performance, the item of the stability indicator is "The work I do results are always good and the work I do is completed on time" according to employees has not been able to improve their performance, because good results and timeliness of work are obligations that must be fulfilled.

The results of this study showed that respondents assessed the implementation of organizational culture as good but did not impact their performance. Schneider (1987) states that when employees can adjust to organizational culture, it creates alignment that helps individuals improve performance. This study found different results where companies did not use organizational culture variables as a benchmark to improve employee performance because the organizational culture applied was standardized. Empirically, Azmy and Wiadi (2022) stated that organizational culture does not have a significant effect on employee performance, according to him, this finding must be evaluated by organizations, where evaluation of organizational culture can have an impact on employee work patterns and activities.

The Influence of Human Capital on Employee Performance

The results show that human capital has a significant effect on employee performance. Based on these results, it can be concluded that the high and low human capital that employees must meet impacts the performance to be given, where the better the application of human capital to employees, the higher the level of performance of Bank BTN Denpasar employees.

Judging from the frequency distribution of human capital variables represented by work group effectiveness indicators that have the highest value able to improve employee performance, the item of the work group effectiveness indicator is "I and teammates respect and respect each other" according to employees can improve their performance, because when employees have mutual respect and respect will be able to increase cooperation in their work groups, So that it will also increase their performance.

Respondents in this study assessed that human capital improved employee performance. Becker in Affandi, et al. (2021) states that individuals perceive increased education, training, and work experience as an investment in themselves. Employees can increase their human capital, job opportunities, career mobility, and performance. Empirically, Frimayasa and Lawu (2017) said human capital investment will improve performance. Human capital is seen as a strategic element of the company because the management and performance of human resources contribute greatly to creating competitive advantages (Pedraza-Rodriguez, Ruiz-Vélez, Sánchez-Rodríguez, & Fernández-Esquinias, 2023).

The Influence of Organizational Culture on Organizational Climate

The results of the research conducted show that organizational culture directly has a significant influence on organizational climate. That is, the better the existing organizational culture, the better the organizational climate in the company. This can be interpreted that the organizational culture at Bank BTN Denpasar is felt to have an influence to work better.

Judging from the frequency distribution where stability that has the highest value can
improve employee performance, the item of the stability indicator is "The work I do results are always good and the work I do is completed on time" according to employees achieving targets and completing tasks on time will create a conducive work atmosphere. When employees are in a comfortable and appropriate place and team, the company's targets will also be achieved well. Each employee will become more focused so that performance continues to improve.

Schneider (1987) states that when organizational culture is aligned with individual values, it creates a good organizational climate. Empirically, Fatimatuzzahro (2019) said that organizational culture that is applied by carrying out positive habits will impact the organizational climate. This factor occurs because employees' perception of everything that happens in the organisation's internal environment will impact their attitudes and behaviour. Therefore, if the organizational culture is in good condition, then the maintained organisational climate will be good too.

**The Influence of Human Capital on the Organizational Climate**

The results of the research show that human capital directly has a significant influence on the organizational climate. This means that the better the application of human capital, the better the organizational climate in the company. This can be interpreted that human capital at Bank BTN Denpasar can affect the Organizational Climate.

Judging from the frequency distribution of human capital represented by work group effectiveness indicators that have the highest value to improve employee performance, the work group effectiveness indicator item is "I and my teammates respect and respect each other." Respondents consider this attitude to be able to create a good working atmosphere. This means that this attitude allows teammates to adjust to each other for a common goal to achieve a good organizational climate with good human capital.

Pfeffer (1994) states that organizations building and utilising human capital effectively will create a competitive advantage through a positive and productive organizational climate. This statement supports the findings of this study. Empirically, Empirically Kaluza and Bojnec (2016) stated that human capital is very important for companies in creating a good organizational climate.

**The Effect of Organizational Climate on Employee Performance**

Tests that have been conducted on the direct relationship between organizational climate variables and employee performance show a relationship between these variables. The results show that organizational climate variables have a significant relationship with employee performance. That is, the better the organizational climate in the company, it will improve employee performance. Respondents in the study assessed that if the organizational climate at Bank BTN Denpasar is good, it will improve their performance.

Judging from the frequency distribution, it was found that the support indicator got the highest average value where the item of the support indicator was "If there is a teammate's work supporting each other" according to employees, the response indicates that employees feel support from colleagues is very helpful in improving employee performance at Bank BTN Denpasar.

Stinger (2002) said organizational climate is a collection and environmental pattern that determines the emergence of motivation and focuses on reasonable perceptions or can be assessed so that it directly influences the performance of organizational members. This research also supports previous research from Setiawan (2015), which argues that a good organizational climate can help individual employees improve performance; this happens because employees who work in an organizational environment with a supportive climate tend to be encouraged to work better.

**The Influence of Organizational Culture on Employee Performance by Mediating**
The Influence of Organizational Culture and Human Capital on Employee Performance by Mediating Organizational Climate

Organizational Climate

In previous empirical studies on the influence of organizational culture on employee performance, there are inconsistencies in results. Therefore this study adds a mediating role in it, where it is found that the results of organizational culture have a significant effect on organizational climate, the organizational climate has a significant influence on employee performance, and organizational culture has a significant effect on performance. Based on this, it can be found that organizational climate can mediate organizational culture to performance (Hair, 2010), so that organizational climate can mediate organizational culture to performance in full (Full mediation).

Respondents of this study felt that the implementation of organizational culture in the Bank BTN Denpasar company had gone well, but with the influence of the organizational climate in it would further improve employee performance. Employees assess their good and timely work results inseparable from the support of fellow colleagues so that their performance also increases.

The Effect of Human Capital on Employee Performance by Mediating the Organizational Climate

In this study, the role of mediation is added, where the results of human capital have a significant effect on organizational climate, the organizational climate has a significant effect on employee performance, and human capital has a significant effect on performance. Based on this, it can be found that the organizational climate can mediate human capital on performance (Hair, 2010) so the organizational climate can mediate human capital on performance partially (Partial mediation).

Respondents of this study felt that the application of human capital in the Bank BTN Denpasar company had run well and was able to improve employee performance. Still, the influence of the organizational climate in it would further improve employee performance. Employees assess that with mutual respect and respect between colleagues, fellow employees will support each other to achieve targets to improve employee performance.

Research Implications

Theoretical Implications

Theoretical implications relate to developing research results for future research related to organizational culture, human capital, organizational climate, and employee performance. From the results of the research that has been described, several theoretical implications are considered relevant to the research as follows:

1. The findings of this study show that organizational culture explained through creativity, aggressiveness, and stability cannot improve employee performance. The results of this study are not in line with previous research, namely according to Pawirosumarto et al. (2017), Widiyanti (2019), Shahzad (2014), Syarifah and Nabhan (2022), Arfandi and Kasran (2023) who said that organizational culture has a significant effect on employee performance and is in line with previous research conducted by Girsang (2017), Azmy and Wiadi (2022) who said that organizational culture does not have a significant influence on employee performance.

2. The findings of this study show that Human capital explained by individual ability, individual motivation, leadership, and work group effectiveness in this study has a significant influence in improving employee performance directly or by mediating organizational climate, this is in line with the results of supporting research, namely Frimayasa and Lawu (2017), Oktaviani, et al. (2019), Retnowulan (2020), Nkundabanyanga, et al. (2014), and Wei (2015), Moses, et
al. (2023), Citra and Dirbawanto (2022) who said that human capital has a significant effect on employee performance.

**Practical Implications**

The practical implications of making managerial contributions for employees involved in the application of Organizational Culture and Human capital in influencing employee Performance with the mediating role of Organizational Climate. The results of this research can provide practical contributions for developers and employees of Bank BTN Denpasar related to the following:

1. The results of this study show that organizational culture has no effect on employee performance. Employees assess the implementation of organizational culture seen from the highest indicator, namely stability is still unable to improve employee performance at Bank BTN Denpasar, meaning that Bank BTN Denpasar employees feel that when every job given can be on target from the company has not been able to improve employee performance, because employees feel that completing work according to the target is a responsibility that must be completed.

2. This research found that human capital has a role in improving employee performance. Employees assess that the better the application of human capital by the company will help them improve performance. This factor occurs because employees value their coworkers and respect each other, so they feel they can work collaboratively to achieve company targets. That way it can be concluded that human capital at Bank BTN Denpasar that is implemented properly can help improve the performance of their employees.

3. This study found that organizational climate can mediate the influence of organizational culture and human capital on employee performance. Employees assess that the better implementation of the organizational climate in the company will affect organizational culture and human capital to improve existing performance. This happens because of the mutual support between colleagues, which positively impacts employee performance.

**Research Limitations**

Based on the results of this study, several limitations were found, including: This research is inseparable from the limitations that cause the results presented to be less than perfect. The limitation faced in this study is that the research sample is limited to one type of research object, namely Bank BTN Denpasar, so the study results cannot be generalized to other industries or companies.

The rate of return of questionnaires in this study was not as expected. The sample set in this study amounted to 196 respondents or all permanent employees of Bank BTN Denpasar, but respondents who were willing to fill out the questionnaire amounted to 150 respondents. This is due to the limitations set by the company.

**CONCLUSION**

This study investigated the influence of organizational culture and human capital on employee performance, with organizational climate playing a mediating role. The findings revealed that organizational culture alone did not significantly enhance the performance of Bank BTN Denpasar employees, as they identified additional factors influencing their performance. However, human capital positively contributed to improved employee performance, indicating that effective implementation positively impacted performance. Moreover, a favourable organizational climate was associated with enhanced employee performance. Additionally, organizational culture positively...
influenced the organizational climate at Bank BTN Denpasar, demonstrating a direct impact. Similarly, human capital contributed to an improved organizational climate. The study also found that organizational climate fully mediated the relationship between organizational culture and employee performance, emphasizing the importance of a positive organizational climate in enhancing performance. Furthermore, organizational climate partially mediated the relationship between human capital and employee performance, underscoring the role of organizational climate in translating human capital effectiveness into improved performance.

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