The Influence of Career Development and Organizational Culture on Employee Performance

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Abstract:
The establishment of Bank Pembangunan Daerah is aimed to be the main contributor in the local people’s economic development. Therefore, it is very important to take heed of the company’s performance by evaluating its employees’ performance. Based on the result of interviews and observation, it was found that employee performance was influenced by some factors such as career development and organizational culture. The objective of this research was to examine the influence of career development and organizational culture on employee performance. The research used quantitative approach which involved 242 permanent employees of Bank Pembangunan Daerah. The result of statistic analysis showed that career development and organizational culture had positive and significant influence on employee performance. The implication of this research is expected to be able to help the company’s management increase their employees’ performance by carrying out objective, transparent, and fair career development program and strengthen organizational culture by socializing and monitoring the implementation of firm values.

Keywords: Career Development, Organizational Culture, Employee Performance

Introduction

Bank Pembangunan Daerah (BPD) is a government-owned company which is considered having significant potency to be the main contributor to the regional economic development. Therefore, its performance is very important to be heeded since its establishment is intended to encourage regional economic development, especially to support infrastructure development, UMKM (Micro, Small, and Medium Business), agriculture, and other economic activities (Kristanto, 2012). Besides that, according to OJK (Financing Service Authority, 2015), there are some BPD offices which do not have any satisfactory performance; it is seen from their low competitiveness due to lack of product and service compared with the other private and national banks.

The decrease in company’s performance generally cannot be separated from its employees’ performance (Karami et al., 2004) in which human resources in an organization constitutes the key success of a company in achieving its goal. The achievement of a company’s goal will come to reality due to the efforts of the members of the organization since there is close relationship between individual performance and organizational performance (Sutrisno, 2010). In other words, if employee performance is good, the performance of the company or organization will also be good. On the other hand, bad performance of the members of an organization will cause the company to fail in running its business which will eventually have the impact on its incapability of achieving its goal.

The result of the research done by Mishra and Sachan (2012) reveals that one of the factors which influences employee performance in a company is career development in the company. Career development will give a lot of advantages to the company because it can develop employee competence needed by the organization and increase their performance, bond, and retention. Dialoke and Nkechi (2017) in their research also point out that career development in a certain company will give positive effect such as the increase in employee performance because, through career development program provided by a company, it will give an opportunity to its employees to participate in...
training for skill and capability development in order to achieve the targeted position. Besides that, through career development, employees can also obtain suggestion and input from their superiors concerning self-development.

In reference to the above explanation, the result of the research done by Chen et al. (2003) also reveals that any person who joins an organization has different career plan. The organization which facilitates the success in career will influence its employees’ attitude toward their job. Productivity and satisfaction will increase while turnover level will decrease. Kakui (2016) explains in detail that training and superiors’ involvement in career monitoring provided by a company as part of career development activities will influence employee performance because career monitoring will help employees cope with the problems found in their work, while training will increase their motivation, capability, and competence in carrying out their work.

Another factor which also influences employee performance is organizational culture. Sutrisno (2010) points out that employees’ effective and efficient performance in organizational culture in an organization is the effect of the organizational culture itself. This is because organizational culture can become one of job descriptions which can become the reference for employees to have certain behavior according to what has been expected by the organization. Atosokhi (2005) explains that the stronger the organizational culture, the stronger its influence on employees’ behavior which can increase their performance. He further points out that a strong culture is identified by firm values which are more intensive and tenacious and widely followed and inherited.

A powerful organizational culture will motivate employees’ and company’s performance because it will provide control which is needed without being forced by formal and inflexible bureaucracy that hamper the growth of motivation and innovation (Chatman et al., 2014). Schermerhorn, Hunt, and Osborn (2005) point out that an organization with powerful culture can be identified by the existence of company’s rules and values which are obeyed by all employees during their work in that company. Firm values are not merely in the form of slogan but they also have to be understood, obeyed and become the guidelines for the members of an organization in their behavior.

Based on the explanation in the background above, the researcher was interested in conducting an analysis on the Influence of Career Development and Organizational Culture on Employee Performance. This research was expected to be used as an input for any management in managing career development and organizational culture in order to increase employee performance.

Theoretical Review

Career Development

According to Werther and Davis (1996), career development constitutes the increase in one’s personality to achieve an intended career. According to Dubrin (2002), career development is employees’ activity which help them plan their future career in a certain company so that both the employees and the company can develop maximally. Rivai (2004) points out that career development is a process in an organization to increase individual capability of attaining the expected career.

A person who accepts an offer for a job for the first time will have different knowledge of the job, compared with a person who has worked for a long time. Those who have worked for long time will have wide and meaningful insight. Their perception on the job will change along with the passing time. The job is considered not only as the source of earnings but also something which makes someone satisfied with other demands such as appreciation from other people, competition with authority and higher position, and so on (Ivancevich, 2001)

Organizational Culture

Miller (1987) briefly points out that organizational culture is a group of values practiced by company management in managing and organizing their companies in order to achieve their goals. According to Kinicki and Kreitner (2003), organizational culture is a group of confidence and implicit assumption which is widespread, accepted, and used as references by all members of an organization in having certain behavior. In reference to this definition, Pearce and Robinson (2006) point out that organizational culture is a group of important assumptions (usually not expressed clearly) which is mutually followed by the members of an organization. Organizational culture resembles a person’s personality, a non-concrete theme but extinct and present; it provides meaning, basis, and action. The same with personality, it influences a person’s behavior; mutual assumption (confidence and values) owned by employees of a certain company can influence their point of view and action in the company.

Schermerhorn et al. (2005) have nearly the same definition which states that organizational culture is a system of spreading confidence and
values developed in a certain organization as the guidelines for its members. Robbins and Jugde (2016) point out that organizational culture is referred to a meaning shared system made by the members of an organization which will distinguish the organization from the other organizations.

**Employee Performance**

According to Dessler (2003), performance constitutes the comparison between employee performance and basic standard. Almost the same as this definition, Rivai (2004) defines employee performance as a person’s real behavior in his work performance according to his role in a company. In reference to the two researchers above, Byars and Rue (2008) point out that employee performance is referred to what extent an employee in a certain organization carries out his tasks as his responsibility according to what has been expected by the company. Bernardin and Russell (1993) define performance as an outcome record yielded by a certain work or an activity within a certain period.

Mangkunegara (2009) defines employee performance as a qualified and quantified performance of an employee in doing his job according to his responsibility as an employee. Quantity is the outcome which can be measured how far a person can be successful in achieving his goal, while quality is how a person makes many mistakes, disciplined, and punctual. Working time is referred to the amount of a person’s attendance, his lateness, and his length of service in the previous year.

**The Influence of Career Development on Employee Performance**

Employee performance is very important for a company because the success of an organization is an output of its employees’ performance. Robbins (2002) points out that a person’s performance is not only influenced by his own internal factors such as motivation and capability but also by his opportunity to develop his career provided by the organization for him because career development will trigger him to improve his capability which will eventually have an effect on his performance in working (Amstrong, 2001).

The same thing also occurs in the result of the research done by Gachunga and Wamoto (2012) which also reveals that the activity of developing a career in a certain company will have the influence on employee performance. Guidance and direction from superiors – monitoring and coaching – for career development will provide employees with the clarity of direction and lane of career and will meet their expectation and aspiration which will become an effective means of motivating them to show their best performance.

The result of the research by Dewi and Utama (2016) supports the statement which states that career development has positive and significant influence on performance. It means that, good career development system will increase employee performance. Patrick and Kumar (2011) also point out that career development will influence organizational performance which will eventually have an effect on the effectiveness of the organization itself.

Charity (2015) points out that career development has significant influence on employee performance. In this research, the researcher pointed out that it was important for a company or an institution which operates in banking to be focused on the improvement of career development in the company so that its employees’ performance could increase and could curb the level of turnover.

The research done by Akmal (2015) also supports Charity’s research (2015). It proves that career development has significant influence on the increase in employee performance because career development which is managed well by a company will provide good spirit for its employees to achieve their expected careers by increasing their motivation. In other words, the better the career development in a certain company, the better the employee performance in the company. Based on the above explanation, this research proposed a hypothesis as follows:

$H_1$: There was the influence of career development on employee performance. It indicated that career development contributed to the increase in employee performance.

**The Influence of Organizational Culture on Employee Performance**

Alvesson (2002) points out that employees’ high performance is the effect of organizational strong culture. Atosokhi (2005) supports this point of view. The result of his research proves that the stronger the organizational culture, the stronger its influence on employees’ behavior which will eventually increase their performance. He further points out that strong culture is indentified by firm values which are held more intensively and tenaciously and which are widely followed and inherited.

Lunenburg (2011) also points out that every organization which has significantly strong culture will have the influence on the attitude and behavior
of the members of a certain organization which will eventually has the effect on the increase in the performance. He further explains that the value which is understood and stated in the form of behavior will consistently lead to employees who have one perception on achieving organizational success through their work performance.

Weikel and Cameron (2015) explain that an organization with strong culture will have competitive advantage for a company. Strong culture will become the most effective media in directing and organizing employees in a company. For example, when a company has a goal to be the one which has good services through the main values which can be accepted by all members of the organization, it can automatically encourage its employees to have that kind of behavior.

The result of the research done by Awadh and Saad (2013) also supports the above statement. It states that the stronger the organizational culture, the higher the employees’ motivation to be successful along with the company. A strong culture means that all employees have one perception in achieving a company’s goal. The unity in perception is based on believing in a similar value, paying homage to norms, and complying with behavioral pattern. Lok et al. (2005) point out that employees who comply with values will make them work with comfort and have mutual commitment and loyalty which cause them to work harder and increase their satisfaction and performance.

The research done by Byarwati (2007) also proves that organizational culture has the influence on increasing employee performance. A company which has good work culture will enable its management to direct the employees to work as what has been expected by the company. A strong culture will motivate employees to have a certain behavior according to an organization’s goal so that it will support individual performance. Based on the above explanation, this research proposed the hypothesis as follows:

\[ H_2 : \text{There was the influence of organizational culture on employee performance. It indicated that organizational culture contributed to the increase in employee performance.} \]

Research Method

Research Population and Samples

The population in the research was 250 permanent employees in one of the main offices of Bank Pembangunan Daerah. Actually, there were 300 employees in the Bank, but 50 of them had the positions as Intern Controllers who worked at the branch offices. In this research, the researcher would use all permanent employees in one of the main offices of BPD as the research subjects since 242 of them could be reached by the researcher.

Operationalization and Variable Measurement

Career Development

Career development is an employee’s perception on a sustainable process which is aimed to increase individual capability in order to achieve an intended career according to the procedures in an organization. It will be measured by using a scale which is organized based on 5 aspects of career development proposed by Werther and Davis (1996). The five aspects are fair, immediate superiors’ care, information about various promotion opportunities, interest in being promoted, and satisfaction with career.

Organizational Culture

Organizational culture is employees’ evaluation on the characteristics or identities of a certain organization which make it different from the other organizations; it contains values, norms, and confidence which lead the opinion and action of all members of an organization to motivate organization to achieve its goal. Organizational culture will be measured by using a scale which is organized based on 8 principles as stated by Miller (1987): the principle of purpose, the principle of consensus, the principle of superiority, the principle of achievement, empirical principle, the principle of solidarity, and the principle of integrity.

Employee Performance

Employee performance in an assessment on an employee toward his behavior and performance based on punctuality in carrying out his work, occupational quality, capability of maximizing the use of company’s resources, capability of carrying out his tasks without his superior’s guidance, and capability of working together with his co-workers. Employee performance is measured by using a scale proposed by Bernardin & Russell (1993): quantity of work, quality of work, timeliness, cost effectiveness, need for supervision, and interpersonal impact.

Data Gathering Technique

The data were gathered by using survey method, providing questionnaires on scale for all permanent employees who worked at one of the main offices of Bank Pembangunan Daerah. The researcher requested permission from the Division of Human Resources of the Bank to do the research.
After that, she began to distribute the questionnaires by entrusting them to an employee in each division who was responsible for distributing the questionnaires.

**Hypothetical Testing Technique**

The analysis of the main result of the research which would be used was statistical analysis. The reason for using this type of analysis was that statistics could indicate the research conclusion (generalization). Besides that, statistics used figures objectively so that the result could be accounted for (Sugiyono, 2011).

The testing of hypothesis 1 and hypothesis 2 in this research would use simple regression method in order to find out the linear correlation between one independent variable (X) and dependent variable (Y) (Sugiyono, 2011). The influence of independent variables on dependent variable would be tested at the confidence level of 95% or $\alpha = 5\%$. Assumption test which consisted of normality, linearity, and heteroscedasticity was done before doing simple regression analysis.

**Analysis And Discussion**

**Description of the Research Subject**

The research data were obtained from the questionnaires on scale distributed to the research subjects. Of the 250 distributed questionnaires, 242 of them were returned and feasible to be tested. Meanwhile, there were 8 questionnaires which were infeasible since they were not filled out completely. Based on the result of the questionnaires distributed to one of the offices of Bank Pembangunan Daerah, the following subject profile would be presented according to sex, age, and the length of service. Based on sex, it was found that 201 respondents (83.5%) were males and 41 respondents (16.95%) were females. Based on age, it was found that 184 respondents (76.04%) were between 21 years old and 40 years old and 58 respondents (23.96%) were between 41 years old and 60 years old. The length of service was divided into 3 categories: less than 2 years, from 2 years until 10 years, and more than 10 years. It was found that 130 respondents (53.71%) had worked from 2 years until 10 years, 106 respondents (43.81%) had worked for more than 10 years, and 6 respondents (2.48%) had worked less than 2 years. Table 1 below described the profile of this research subject by sex, age and duration of employment.

**Table 1: Subject Profile**

<table>
<thead>
<tr>
<th>Subject Profile</th>
<th>Category</th>
<th>Amount (person)</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sex</td>
<td>Male</td>
<td>201</td>
<td>83.05</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>41</td>
<td>16.95</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>242</td>
<td>100</td>
</tr>
<tr>
<td>Age</td>
<td>21 to 40</td>
<td>184</td>
<td>76.04</td>
</tr>
<tr>
<td></td>
<td>41 to 60</td>
<td>58</td>
<td>23.96</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>242</td>
<td>100</td>
</tr>
<tr>
<td>Duration of employment</td>
<td>≤ 2 years</td>
<td>6</td>
<td>2.48</td>
</tr>
<tr>
<td></td>
<td>&gt; 2 – 10 years</td>
<td>130</td>
<td>53.71</td>
</tr>
<tr>
<td></td>
<td>&gt; 10 years</td>
<td>106</td>
<td>43.81</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>242</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: research result data (processed)

**The Result of hypothetical Testing**

In this research, the hypothesis was tested by using simple regression statistical method with an SPSS software program. The result of the hypothetical test could be seen in Table 2 and 3 which would be presented in the next section.

**The Influence of Career Development of Employee Performance**

In this research, Simple linear regression analysis was used to find out the influence of career development on employee performance. The testing of hypothesis 1 could be proved by seeing its significant values. If sig. < 0.05, $H_0$ was rejected and $H_a$ was accepted. Table 2 below described the result of simple linear regression of hypothesis 1

**Table 2: Simple Regression Equation of the Career Development and Employee Performance**

<table>
<thead>
<tr>
<th>Non-Std. Coefficients</th>
<th>Std. Coefficient</th>
<th>B</th>
<th>Std. Error</th>
<th>Beta</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>59.09</td>
<td>2.450</td>
<td>24.118</td>
<td>0.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Career Development</td>
<td>0.108</td>
<td>0.046</td>
<td>0.151</td>
<td>2.362</td>
<td>0.019</td>
<td></td>
</tr>
</tbody>
</table>

Source: research result data (processed)

The result of data analysis, using an SPSS software program, showed that the significance value was 0.019 (sig. < 0.05) and the value of regression coefficient was positive so that $H_0$ was rejected and $H_a$ was accepted which indicated that
there was the influence of career development on employee performance. The result of this research supported various other research results which proved that there was the influence of career development on employee performance. The research done by Obwaya (2012) indicates that career development program will influence employee performance. Saleem and Amin (2013) also point out that employee performance increases along with better quality of career development which one of the forms of organizational support.

There are some reasons why career development can influence employee performance; one of them is the fact that career development program, facilitated effectively by a company, will cause employees’ perception on their purpose of working and why they work hard. Creed and Hood (2009) point out that employees will feel that they are helped by clear and realistic purpose which has the effect on their motivation to develop their skill and capability of certain positions as their target, and it will eventually have the impact on their own achievement.

According to Beardwell et al. (2004), career development can influence employee performance because through career development program employees’ weaknesses will be found out in order to achieve the targeted goal or position. Therefore, they recognize their weaknesses and how to minimize them with the supervision from their superiors. Pareek and Rao (2010) also point out that career development program in a certain company can monitor and supervise employees’ performance, skill, and capability which need to be developed by every employee to achieve the targeted position so that an employee who has low performance will be motivated to increase it for achieving the target.

Based on Table 2 above, the equation could be made as follows: \( Y = 59.096 + 0.108X \); the constant of 59.096 in the equation showed that when the variable of career development (X) was 0, employees’ performance (Y) would be 59.096.

**The Influence of Organizational Culture on Employee Performance**

The influence of organizational culture on employee performance was tested by using simple linear regression equation. The testing of hypothesis 2 could be proved by looking at the significance value. If sig. < 0.05, \( H_0 \) was rejected and \( H_a \) was accepted. On the other hand, if sig. > 0.05, \( H_0 \) was accepted and \( H_a \) was rejected. Table 3 below would describe the result of simple linear regression of hypothesis 2.

<table>
<thead>
<tr>
<th>Coefficients</th>
<th>Std. Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>40.839</td>
<td>13.0</td>
<td>0.000</td>
</tr>
<tr>
<td>Organizational Culture</td>
<td>0.284</td>
<td>0.44</td>
<td>7.68</td>
</tr>
</tbody>
</table>

Source: research result data (processed)

The result of data analysis, using an SPSS software program, indicated that the significance value was 0.000 (sig. < 0.05) and regression coefficient value was positive so that \( H_0 \) was rejected and \( H_a \) was accepted which indicated that there was the influence of organizational culture on employee performance. It also indicated that organizational culture contributed to the increase in employee performance.

The result of this research was in accordance with the result of the research done by Widagdo (2005) which showed that organizational culture had positive and significant influence on employee performance which indicated that the stronger the organizational culture, the better the employee performance; on the other hand, the weaker the organizational culture, the worse the employee performance.

Scientific explanation which explains how organizational culture can influence employee performance is found in some statements from several figures, and two of them are Peters and Waterman (1982, in Rampersad, 2005) who explains that when employees understand organizational culture in a company where they are working at, they will know what is expected from them by the company. In this case, the main values are functioned as the basic supports and guide employees’ behavior relating to their tasks. Employees who have understood organizational culture in the company where they are working at should carry out the culture in the form of behavior.

In accordance with the explanation above, according to Miller (1987), organizational culture is basic values and spirit in managing and organizing a company for achieving its goal. The values are then socialized to all employees. It is expected to be the reference for them to have certain behavior in doing...
their activities during their work in the company. The values will become the basis for individuals in an organization to respond to challenges from their environment and competitors. Therefore, culture plays an important role so that the stronger the values instilled in employees as the motor of a company, the better their work quality; on the other hand, the weaker the organizational culture, the worse the employee performance.

Ndraha (2005) points out that organizational culture is usually called work culture which cannot be separated from the performance of human resources in a certain organization. This is because organizational culture which is strongly rooted will encourage its employees to have behavior according to the organizational culture in the company where they are working at which will eventually brings about the expected performance if the behavior is consistently carried out.

Based on Table 3 above, the equation could be made as follows: \( Y = 40.839 + 0.284X \); the constant of 40.839 in the equation showed that when the variable of organizational culture (\( X \)) was 0, employees’ performance (\( Y \)) would be 40.839.

**Conclusion And Suggestions**

Based on the result of the research and the discussion above, it could be concluded that, first, career development had positive influence on employee performance which indicated that it contributed to the increase in employee performance; and secondly, organizational culture had positive influence on employee performance which indicated that it contributed to the increase in employee performance.

Based on the result of the research explained above, the suggestion in this research was divided into two parts – methodological suggestion and practical suggestion. Methodological suggestion was that the next researches should develop the other variables of predictor such as capability and skill, personality, motivation, and leadership because, based on the researcher’s observation on some results of the research, these variables had the influence on employee performance.

Practical suggestion was intended for companies. First, a company’s management should be able to carry out career development program objectively, transparently, and righteously toward all employees and increase care and direct involvement of superiors in employees’ career guidance. Secondly, concerning managing organizational culture, it was recommended that a company increase socialization and monitoring of the implementation of its values by employees during their work at the company. This was aimed to keep and maintain the internalized values in most of the employees and strengthen the internalization of its values for some of the other employees which had not been maximal yet.

**References**


