

## Optimizing Employee Performance Through Work Climate

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### Abstract

Humans always live in organizations in their daily lives because humans are social creatures who were created to live in society. This is clearly visible in household life, social organizations, and even when someone starts working. There is a phenomenon of different leadership styles and organizational culture at BPJS employment in Kisaran and Padang Sidempuan, which makes researchers interested in discussing it. As discussed above, leadership style will influence everything in the organization. Organizational culture also influences the leadership style of an organization, so it also influences employee performance and work climate. The firm leadership style of the Padang Sidempuan branch of BPJS forms a strict organizational culture, while the Kisaran branch of BPJS has a softer leadership style, influencing the organizational culture to become more relaxed. But of course this is not the only reason why there are differences in the two branches between Padang Sidempuan and Kisaran. The results of this research are as follows: Organizational Culture has a positive and significant effect on Work Climate with an original sample value of 0.766 and a p value of  $0.000 < 0.05$ . Organizational culture has a positive and insignificant effect on employee performance with an original sample value of 0.082 and a p value of  $0.319 > 0.05$ . Leadership Style has a positive and significant effect on Work Climate with an original sample value of 0.168 and a p value of  $0.025 < 0.005$ . Leadership style has a positive and insignificant effect on employee performance with an original sample value of 0.139 and a p value of  $0.160 > 0.05$ . Work Climate has a positive and significant effect on Employee Performance with an original sample value of 0.649 and a p value of  $0.000 < 0.05$ . Organizational culture has a positive and significant indirect effect on employee performance through work climate with a value of 0.497 and a p value of 0.000. Leadership Style has a positive but not significant indirect effect on Employee Performance through Work Climate with an original sample value of 0.109 and a p value of 0.066.

**Keywords:** Leadership Style, Organizational Culture, Work Climate, Employee Performance

### INTRODUCTION

Employee performance in every organization, both government and private, is influenced by leadership style. An organization's leadership style is a measure of its progress or decline. When someone tries to influence others or their subordinates, they use their leadership style. A person uses a complex leadership style to encourage others to achieve goals and direct the organization in a more logical manner.

Employees' feelings of happiness or dissatisfaction depend on the pattern of superior-subordinate relationships. For this reason, human resource management is always planned to place the right people in the right positions in the organization. In the organizational management function, human resource management focuses on leadership issues. People who are elected as leaders and considered by members as people who are suitable to lead them carry out the functions of the organization.

In an organization, a leader must be able to create harmonious integration with his subordinates, including fostering cooperation, directing and encouraging employees' passion for work, so as to create positive motivation which will generate maximum intention and

effort and is also supported by organizational facilities to achieve organizational goals. A leader is a part of management that plays an important role in influencing and providing attitudes, behavior and groups, so that the leadership style that the leader applies.

Each member of the organization is responsible for achieving the stated goals. These goals are influenced by the attitudes and actions of organizational members. Employee performance influences the results that the organization will achieve. The culture of an organization greatly influences its structure and function, and is very important for its sustainability. As a result, employee performance will be affected if organizational culture is not properly considered. Organizational culture is not the same for every organization. Each has a philosophy, business principles, methods of problem solving and decision making, as well as beliefs, behaviors and patterns that exist in the organizational culture. These can come from influential individuals, work groups, or divisions.

A good organizational culture can have a positive impact on employee performance and productivity. A good culture will encourage maintaining, sustaining and developing this culture, and becomes a strong driving force for organizational progress. Therefore, increased job satisfaction leads to increased performance. However, employees will become dissatisfied and tend to behave in unpleasant ways such as demonstrations, strikes, and absenteeism if their work environment is bad.

The problem that occurs is the leadership style and organizational culture at BPJS employment Kisaran Branch and Padang Sidempuan Branch where the firm leadership style at BPJS Padang Sidempuan branch forms a strict organizational culture whereas for BPJS Kisaran branch which has a softer leadership style, it influences the organizational culture that become more relaxed. But of course this is not the only reason why there are differences in the two branches between the Padang Sidempuan Branch and the Kisaran Branch.

## **METHOD**

### **Types of research**

This research uses a quantitative approach to test theories, build facts, show relationships between variables, provide statistical descriptions, estimate and apply the results because the data is in the form of numbers and analyzed using statistics. The type of research carried out is causal associative research with quantitative techniques. Causal research focuses on the cause-and-effect relationship between the independent variable and the dependent variable (Sugiyono, 2018). According to Russiandi, et al (2016), associative/quantitative research is research that aims to determine the relationship between two or more variables.

### **Research Population**

Population is the subject of research. If someone wants to research all the elements in the research area, then the research is population research. Population is also a generalization area consisting of objects/subjects that have certain qualities and characteristics determined by researchers to be studied and then conclusions drawn according to Sugiono (2018). In

this study, the research population was 76 employees at BPJS Employment Kisaran Branch with 38 employees and Padang Sidempuan Branch with 38 employees.

### **Research Sample**

The sample is part of the number and characteristics of the population Sugiono (2018). In this research at BPJS Employment Kisaran Branch Office and Padang Sidempuan Branch, researchers followed Sugiyono's (2018) guidelines, which state that the saturated sample method, also known as the total sample method, is used to take samples from each member of the population. This research took samples from all employees of the BPJS Employment Kisaran Branch Office and Padang Sidempuan Branch, totaling 76 people, which took all population subjects if the number of subjects was less than 100. Therefore, the population survey method was used for this research.

### **Research place and research time**

This research was conducted at BPJS Employment Kisaran Branch Office Jl. Sisingamaraja No. 460, Kisaran, Sendang Sari, Asahan, Asahan Regency, North Sumatra 21211 and Padang Sidempuan Branch Office: Jl. Raja Inal Siregar No.20b, Batunadua Jae, Kec. Padangsidempuan Batunadua, Padang Sidempuan City, North Sumatra 22733. The research period was carried out for three months from January to June 2024.

### **Method of collecting data**

This research uses a Likert model scale in conducting research as a measuring tool for research variables. Each scale for each variable will consist of four categories of agreement, namely agree (S), strongly agree (SS), quite agree (CS), disagree (TS), and strongly disagree (STS). Researchers eliminated the neutral or middle option based on the opinion of Nussbeck (in Azwar, 2014) who expressed conflicting opinions regarding whether or not to provide a middle choice, triggered by the concerns of some people who thought that if the middle or neutral choice was provided, most subjects would tend to place their choice in the middle category. This means that data regarding differences between respondents becomes less informative. In other words, it is feared that the responses obtained will not be varied enough.

### **Data analysis technique**

In this study, researchers used quantitative analysis method using Partial Least Square (PLS). PLS is an effective analysis method because it is not based on many assumptions. According to Abdullah (2015), the advantages of the PLS technique are that the data does not need to have a multivariate normal distribution, the sample size does not need to be large, and PLS can not only be used to confirm theory but can also explain whether or not there is a relationship between latent variables. In accordance with the hypothesis that has been made, this research analyzes inferential statistical data. Inferential statistics, also known as probability statistics or inductive statistics, is used to analyze sample data and apply these findings to populations. Next, measurements were carried out using SmartPLS (Partial Least Square) software.

## Testing Research Instruments

According to Sugiyono (2019), research results are valid if there are similarities between the data collected and the data that actually occurs on the object being studied. A valid instrument means that the measuring instrument used to obtain the data is valid. Valid means that the instrument can be used to measure what it is supposed to measure. Valid shows the degree of accuracy between the data that actually occurs on the object and the data that can be collected by researchers. Structural model testing in PLS is carried out with the help of SmartPLS software. The steps that must be taken in Partial Least Square (PLS) include:

### Outer Model

The outer model is a measurement that shows how the manifest variable or observed variable represents the latent variable to be measured (Ghozali & Latan, 2015). The series of tests in the measurement model or outer model are validity tests and reliability tests. To measure validity, you must test the relationship between variables, including: The factor loading value for each construct indicator can be used to assess validity with the SmartPLS 3.0 program. The factor loading value must be more than 0.70, which is the general standard for assessing validity (Andreas Wijaya, 2019). In addition, discriminant validity is related to the principle that measures (manifest variables) of different constructs should not be highly correlated. To test discriminant validity with reflexive indicators, the cross loading value for each variable must be greater than 0.70 and must be greater than the other variables (Ghozali & Latan, 2015).

Reliability tests are carried out to prove the accuracy, consistency and precision of the instrument in measuring the construct. To measure construct reliability with reflexive indicators in PLS-SEM with the SmartPLS 3.0 program, composite reliability values can be calculated. The composite reliability value must be greater than 0.7 for confirmatory research and between 0.6 and 0.7 for exploratory research (Ghozali & Latan, 2015). Because each latent variable indicator is considered independent or uncorrelated, reliability tests cannot be carried out on the formative model.

### Inner Model

The inner model shows the strength of estimates between latent variables or constructs (Ghozali & Latan, 2015). The inner model aims to test the relationship between the indicators that make up the variables. The series of tests in the structural model or inner model is to calculate the R-Squares value. The R-Squares value for each endogenous latent variable is used as the predictive power of the structural model when assessing the structural model with PLS. Changes in the R-Squares value can be used to determine whether the influence of certain exogenous latent variables on endogenous latent variables is truly significant (Ghozali & Latan, 2015). R-Square values of 0.67, 0.33, and 0.19 indicate strong, moderate, and weak models, respectively. The R-Square value is the coefficient of determination of an endogenous construct (Hair et al., in Andreas Wijaya, 2019).

## Hypothesis testing

Hypothesis testing in research will prove a temporary answer to the influence of two independent variables on one dependent variable. Hypothesis testing can be done by looking at the probability values and t-statistic values. For hypothesis testing with statistical values, the t-statistic value used is 1.96% for an alpha of 5%, so that the acceptance criteria for rejecting the hypothesis are  $H_a$  accepted and  $H_0$  rejected when the t-statistic value is  $> 1.96$ . For hypothesis testing with probability values,  $H_a$  is accepted if the p value is  $< 0.05$ .

## RESULTS AND DISCUSSION

### Outer Model Analysis

In testing the outer model, the aim is to see the validity and reliability of a model. This test analysis will look at the influence of Loading factors, Average Variance Extracted (AVE), and Discriminant Validity, as well as composite reliability.

### Loading factor

Factor loading is the initial stage in testing the validity of a model, the condition for factor loading is that it must be  $> 0.6$ , so that the indicator is said to be valid. If it is not valid then it must be removed from the model (Husein. 2015). To find out the outer model analysis for this research, you can see the following figure

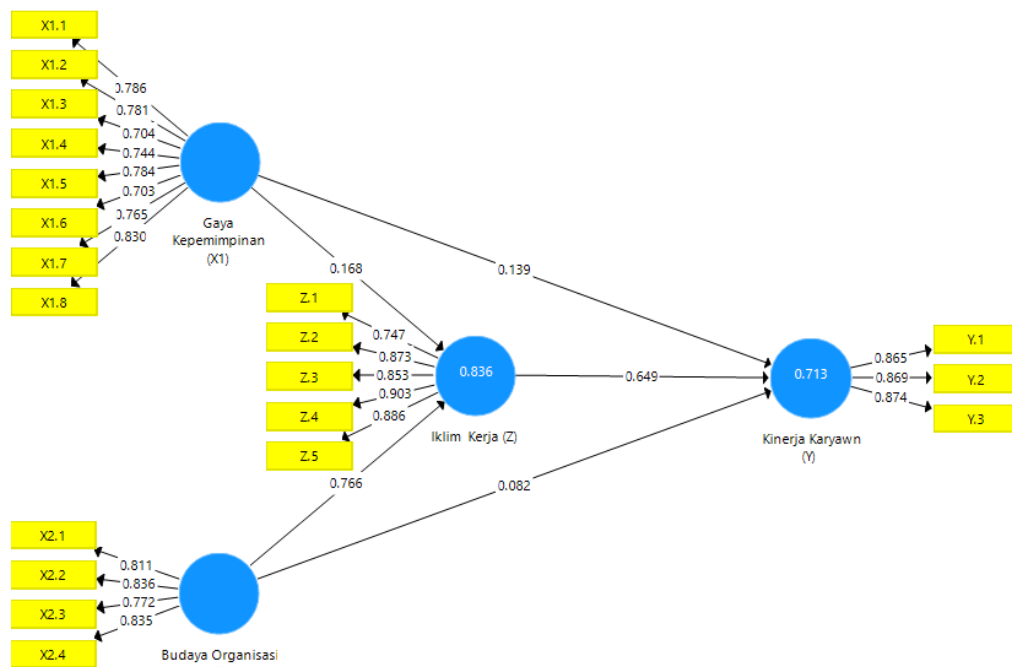


Figure 1. Outer Model  
Source: Smart PLS 3.3.3

If you look at the figure above, it can be seen that in the latent variable for each variable, the loading factor value for each manifest variable is greater with a value of 0.7, which means

that all indicators and loading factors have valid distributions. The regression equation from this research is as follows:

Substructure 1

$$Z = b_1X_1 + b_2X_2 + e_1$$

$$Z = 0.168 X_1 + 0.766X_2 + e_1$$

Substructure 2

$$Y = b_3X_1 + b_4X_2 + b_5Z + e_2$$

$$Y = 0.139X_1 + 0.082X_2 + 0.649 Z + e_2$$

**Table 1: Cross Loading**

	Organizational Culture (X2)	Leadership Style (X1)	Work Climate (Z)	Employee Performance (Y)
X1.1		0.786		
X1.2		0.781		
X1.3		0.704		
X1.4		0.744		
X1.5		0.784		
X1.6		0.703		
X1.7		0.765		
X1.8		0.830		
X2.1	0.811			
X2.2	0.836			
X2.3	0.772			
X2.4	0.835			
Y.1				0.865
Y.2				0.869
Y.3				0.874
Z.1			0.747	

Z.2			0.873	
Z.3			0.853	
Z.4			0.903	
Z.5			0.886	

Source: Smart PLS 3.3.3

**Average Variance Extracted (AVE)**

Average Variance Extracted (AVE) is the value used in convergent validity testing because the value is obtained from the results of convergent validity. In this study, the expected AVE value is > 0.5, and so if we look at the latent variable constructs, all constructs have values above 0.5 (or greater than 0.5). For more details, the AVE results can be seen in table 2 below this :

**Table 2. AVE value**

	Average Variance Extracted (AVE)
Organizational Culture (X2)	0.662
Leadership Style (X1)	0.582
Work Climate (Z)	0.730
Employee Performance (Y)	0.756

Source: Smart PLS 3.3.3

Because there are no problems with convergent validity, the next thing to be tested are problems related to discriminant validity.

**Discriminant Validity**

Discriminant validity can be tested by looking at the cross loading table. This output is used to test discriminant validity at the indicator level with the condition that the correlation between the indicator and the late variable is > compared to the correlation between the indicator and other latent variables (outside the block).

**Table 3: Discriminant Validity**

	Organizational Culture (X2)	Leadership Style (X1)	Work Climate (Z)	Employee Performance (Y)
X1.1	0.649	0.786	0.612	0.567
X1.2	0.648	0.781	0.625	0.571
X1.3	0.558	0.704	0.501	0.466
X1.4	0.621	0.744	0.582	0.491

X1.5	0.563	0.784	0.589	0.563
X1.6	0.646	0.703	0.680	0.521
X1.7	0.740	0.765	0.701	0.650
X1.8	0.761	<b>0.830</b>	0.701	0.673
X2.1	0.811	0.773	0.727	0.618
X2.2	<b>0.836</b>	0.807	0.794	0.790
X2.3	0.772	0.544	0.679	0.565
X2.4	0.835	0.637	0.754	0.580
Y.1	0.833	0.737	0.850	0.865
Y.2	0.590	0.591	0.671	0.869
Y.3	0.597	0.585	0.627	<b>0.874</b>
Z.1	0.700	0.643	0.747	0.557
Z.2	0.802	0.724	0.873	0.732
Z.3	0.803	0.636	0.853	0.787
Z.4	0.792	0.751	<b>0.903</b>	0.753
Z.5	0.785	0.765	0.886	0.732

Source:Smart PLS 3.3.3

It can be seen in table 3 above that the cross loading value of Organizational Culture is greater than the cross loading value of other variables, for the cross loading value of the Leadership Style variable is greater than the cross loading value of other variables, for the cross loading value of the Work Climate variable it is greater than the cross loading other variables for the cross loading value of the Employee Performance variable is greater than the cross loading value of the other variables so that the above research discriminantly has an overall valid value.

### Composite reliability

To ensure that there are no problems related to measurement, the final step in evaluating the outer model is to test the unidimensionality of the model. This unidimensionality test was carried out using composite reliability and Cronbach's alpha. For both indicators the cut off value is 0.7.



**Table 4: Composite Reliability**

	Composite Reliability
Organizational Culture (X2)	0.887
Leadership Style (X1)	0.918
Work Climate (Z)	0.931
Employee Performance (Y)	0.903

Source:Smart PLS 3.3.3

Table 4 above shows that all constructs have composite reliability values above 0.7. Therefore, no unidimensionality problems were found for each variable.

### Inner model testing

#### a) Coefficient of Determination R<sup>2</sup> (R-Square)

The goodness of fit in PLS can be determined by the Q<sup>2</sup> value. The Q<sup>2</sup> value has the same meaning as the coefficient of determination (R-Square) in regression analysis.

**Table 5: R Square Value**

	R Square	Adjusted R Square
Work Climate (Z)	0.836	0.831
Employee Performance (Y)	0.713	0.701

Source:Smart PLS 3.3.3

Based on table 5 above, there is an R square value for the Work Climate variable of 0.836 with a percentage of 83.6%, so it can be explained that the Leadership Style and Organizational Culture variables on Work Climate are 83.6% and the rest is in other variables. The R square value for the employee performance variable is 0.713 and the percentage is 71.3%, which means that the influence of the Leadership Style, Organizational Culture and Work Climate variables on employee performance is 71.3% and the rest is in other variables.

### Goodness of Fit (GoF) Assessment

This research looks at where the NFI value is greater than the predetermined value, namely 0.697, then the research is considered fit, which can be seen in the table below:

**Table 6: Model Fit**

	Saturated Model	Estimation Model
SRMR	0.085	0.085
d_ULS	1,525	1,525
d_G	1,139	1,139

<b>Chi-Square</b>	403,996	403,996
<b>NFI</b>	0.707	0.707

Source: Smart PLS 3.3.3

In table 6 above there is an NFI value of 0.707 so it can be explained that the Goodness of Fit (GoF) value is higher than the value of 0.697 and is considered fit so that this research can carry out further hypothesis testing.

**Hypothesis test**

After assessing the inner model, the next thing is to evaluate the relationship between latent constructs as hypothesized in this research. Hypothesis testing in this research was carried out by looking at T-Statistics and P-Values. The hypothesis is declared accepted if the T-Statistics value is > 1.96 and P-Values < 0.05. The following are the results of Path Coefficients of direct influence:

**Table 7: Path Coefficients (Direct Influence)**

	<b>Original Sample (O)</b>	<b>T Statistics (  O/STDEV  )</b>	<b>P Values</b>	<b>Results</b>
<b>Organizational Culture (X2) -&gt; Work Climate (Z)</b>	0.766	9,398	<b>0,000</b>	<b>Accepted</b>
<b>Organizational Culture (X2) -&gt; Employee Performance (Y)</b>	0.082	0.470	<b>0.319</b>	<b>Rejected</b>
<b>Leadership Style (X1) -&gt; Work Climate (Z)</b>	0.168	1,957	<b>0.025</b>	<b>Accepted</b>
<b>Leadership Style (X1) -&gt; Employee Performance (Y)</b>	0.139	0.997	<b>0.160</b>	<b>Rejected</b>
<b>Work Climate (Z) -&gt; Employee Performance (Y)</b>	0.649	3,943	<b>0,000</b>	<b>Accepted</b>

Source: Smart PLS 3.3.3

Based on the results of the direct influence hypothesis in table 7 above, the explanation is as follows:

1. Organizational culture has a positive and significant effect on work climate with an original sample value of 0.766 and a p value of 0.000 < 0.05. This means that if organizational culture increases, the work climate will also increase and conversely, if organizational culture decreases, the work climate will also decrease.

2. Organizational culture has a positive and insignificant effect on employee performance with an original sample value of 0.082 and a p value of  $0.319 > 0.05$ . This means that an increasing organizational culture does not necessarily mean that employee performance will increase. Conversely, if there is a decline in organizational culture, it does not necessarily mean that employee performance will also decrease.
3. Leadership style has a positive and significant effect on work climate with an original sample value of 0.168 and a p value of  $0.025 < 0.005$ . This means that if the leadership style increases, the work climate will also increase and if the leadership style decreases, the work climate will also decrease.
4. Leadership style has a positive and insignificant effect on employee performance with an original sample value of 0.139 and a p value of  $0.160 > 0.05$ . This means that leadership style does have a good effect, but not everyone adheres to the leadership style that is implemented. If the leadership style improves, it does not necessarily mean that employee performance will improve.
5. Work climate has a positive and significant effect on employee performance with an original sample value of 0.649 and a p value of  $0.000 < 0.05$ . This means that if the work climate improves well then employee performance will improve well and conversely if it decreases then employee performance will decrease.

**Table 8: Path Coefficients (Indirect Influence)**

	Original Sample (O)	T Statistics (  O/STDEV  )	P Values	Results
<b>Organizational Culture (X2) -&gt; Work Climate (Z) -&gt; Employee Performance (Y)</b>	0.497	3,849	<b>0,000</b>	<b>Accepted</b>
<b>Leadership Style (X1) -&gt; Work Climate (Z) -&gt; Employee Performance (Y)</b>	0.109	1,512	<b>0.066</b>	<b>Rejected</b>

Source: Smart PLS 3.3.3

The results of the indirect influence hypothesis in table 8 above will be explained as follows:

1. Organizational culture has a positive and significant indirect effect on employee performance through work climate with a value of 0.497 and a p value of 0.000. This means that work climate is an intervening variable because of the indirect influence of organizational culture on employee performance.
2. Leadership Style has a positive but not significant indirect effect on Employee Performance through Work Climate with an original sample value of 0.109 and a p value

of 0.066. This means that work climate is not an intervening variable because it is unable to influence leadership style on employee performance indirectly.

## **CLOSING**

### **Conclusion**

The conclusions of this research are as follows:

1. Organizational culture has a positive and significant effect on work climate with an original sample value of 0.766 and a p value of  $0.000 < 0.05$ .
2. Organizational culture has a positive and insignificant effect on employee performance with an original sample value of 0.082 and a p value of  $0.319 > 0.05$ .
3. Leadership Style has a positive and significant effect on Work Climate with an original sample value of 0.168 and a p value of  $0.025 < 0.005$ .
4. Leadership style has a positive and insignificant effect on employee performance with an original sample value of 0.139 and a p value of  $0.160 > 0.05$ .
5. Work climate has a positive and significant effect on employee performance with an original sample value of 0.649 and a p value of  $0.000 < 0.05$ .
6. Organizational Culture has a positive and significant indirect effect on Employee Performance through Work Climate with a value of 0.497 and a p value of 0.000.
7. Leadership style has a positive but not significant indirect effect on employee performance through work climate with an original sample value of 0.109 and a p value of 0.066.

### **Suggestion**

Suggestions from this research are as follows:

1. This research is useful for organizations as input so that the problems in this research can be corrected and evaluated for the organization's future progress.
2. This research is useful for further research as a reference for creating new research with a similar title or adding other variables with other research models.
3. This research is useful for researchers as learning and self-development material to find out more about research with the title of this research.

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