

# The Influence Of Incentive And Organizational Climate On Employee's Performance With Employee Morale As Intervening Variable At PT Bank Sumut, Medan

A. Affandi Asyad Siregar, Prihatin Lumban Raja, Yeni Absah

**Abstract:** Maximal performance is supported by gaining incentive which is in accordance with employee's success in achieving a target, favorable organizational climate in completing certain work, and employee morale in completing their work. In achieving organizational vision and mission, PT Bank Sumut, Iskandar Muda Branch Office, Medan, has implemented its task and function, and its employees have worked maximally in fulfilling the company's needs. It can be seen from the target and the realization which have been achieved by PT Bank Sumut, Iskandar Muda Branch Office, Medan, in the last three years. The realization of various activities reaches 50%. The objective of the study was to find out and analyze the influence of incentive and organizational climate on employee's performance with employee morale as intervening variable at PT Bank Sumut, Iskandar Muda Branch Office, Medan. The population was 75 employees who worked for PT Bank Sumut, Iskandar Muda Branch Office, Medan, and all of them were used as the samples, taken by using census sampling technique. The data were gathered by using descriptive quantitative survey method by distributing questionnaires and analyzed by using path analysis with an SPSS software program. The result of the research showed that, simultaneously, there was positive and significant influence of incentive and organizational climate on employee's performance. Partially, incentive had positive and significant influence on employee's performance, and organizational climate had positive and significant influence on employee's performance. Simultaneously, incentive and organizational climate had positive and significant influence on employee morale. Partially, incentive had positive and significant influence on employee morale, and organizational climate had positive and significant influence on employee morale at PT Bank Sumut, Iskandar Muda Branch Office, Medan. Partially, employee morale had positive and significant influence on employee's performance at PT Bank Sumut, Iskandar Muda Branch Office, Medan. Indirectly, incentive had positive influence on employee's performance through employee morale, and organizational climate had positive influence on employee's performance through employee morale at PT Bank Sumut, Iskandar Muda Branch Office, Medan.

**Index Terms:** Incentive, Organizational Climate, Employee Morale, Employee's Performance

## 1 INTRODUCTION

The objective of establishing a banking company is to gain earning optimally, and it will be achieved when the banking company does not deviate from its initial plan. A plan which has been made maturely and by consensus can be implemented well; let alone if there is cooperation between the company and its employees. An employee is an important element in a company; therefore, his existence has to be the priority so that he will work maximally to develop his career and be able to develop the organization. The efficiency or the productive use of an employee in a banking company is not an easy or simple thing. It needs a serious consideration, especially for a banking company which employs many employees. Each banking company has to have behavioral standard which has to be carried out concerning the work, either in a written or unwritten form, and wants its employees to comply with it in order to increase their performance. An employee tends to think that the number of incentives he receives, either directly or indirectly, is an assessment toward his performance by the organization. One of the effective methods which can stimulate an employee's performance is by applying incentive system.

By receiving an incentive, an employee will feel that he is heeded and recognized on the performance he has achieved so that his loyalty and morale become better. An incentive has two types of interest: the company and the employee himself. For the company, incentive is implemented in order to maintain employees who have good performance. For employees, besides it encourages them to work harder, it is also intended to increase their welfare. When employee's welfare has been fulfilled, they will automatically work more seriously which will be expected to have an influence on their performance. The phenomenon concerning incentive is that it does not fulfill employee's necessities of life, it cannot motivate work morale, it is not in accordance with what has been done by them, it is not in line with their experience, and it is not given each year. These problems are probably the reasons why employee's performance becomes low. Each banking company basically wants to have human resources who are competent with their work. In reality, however, each employee has his own characteristics. Good organizational climate will be able to influence employee's attitude and mindset. It is influenced by almost anything which occurs in an organization which means that when an organization wants to be successful in realizing its goal completely and thoroughly, it needs reliable employees who will lead the organization and can increase their morale in an organization. The phenomenon concerning organizational climate is that employees do not play their role in a organization, the organization's policy is not accepted properly, they do not have any good responsibility, they usually ignore the organization, support from co-workers does not give any effect on their morale, and superiors' support is not sufficient in motivating them to work more seriously. Employee morale is one of the important things at PT Bank Sumut, Iskandar Muda Branch Office, Medan, especially which is related to

- A. Affandi Asyad Siregar, Alumni. Magister of Management Science SPS Universitas Sumatera Utara.
- Prihatin Lumban Raja, Lecturer of Magister of Management Science SPS Universitas Sumatera Utara.
- Yeni Absah, Lecturer of Magister of Management Science SPS Universitas Sumatera Utara.

employee's performance. Principally, it is the realization of high morality. Some even freely identify or interpret that high work morality is identical with employee morale. By high employee morale, employee's performance will increase because they will do their work harder so that the expected result will be accelerated and better. On the other hand, when employee morale declines, the performance will also decline. In other words, employee morale will influence employee's performance. Employee morale is a mental attitude which is capable of giving support to employees to be able to work harder, quickly, and properly. Employee morale has the influence on increasing employee's performance. The bank gives supplementary pay in order to give morale to its employees to work. The phenomenon which often occurs to some employees is that they are not punctual, they lack of cooperation among co-workers, they are reluctant to work overtime, they are not proud of receiving rewards, and there is disharmony among employees. Incentive given by a company to its employees will motivate their morale. It is also intended to support their task implementation and to increase their welfare with the expectation that they can work sincerely and increase their performance. PT Bank Sumut, Iskandar Muda Branch Office, Medan, is the main branch office which is in charge of the whole Service Offices of PT Bank Sumut in Medan. In its operational activity, PT Bank Sumut, Iskandar Muda Branch Office, Medan, applies the incentive grant system to its employees who are considered having good performance in their work. It is a financial incentive. By giving incentive, it is expected that it can encourage employees to have employee morale which will eventually achieve the company's goal. The success of an organization is highly determined by its capacity to operate in a global business which rapidly changes and cannot be predicted by focusing on firm value. Firm value is determined by employee's performance and by company's financial performance. Employee's performance can be reflected from the financial statement of PT Bank Sumut as the reflection of the result of business operational activities. The maximal performance is supported by the existence of incentive which is in accordance with the employee's success in achieving the target, by favorable organizational climate in carrying out work, and by the morale given to employees in carrying out their work. In achieving organizational vision and mission, PT Bank Sumut, Iskandar Muda Branch Office, Medan, has implemented its tasks and function. The employees have worked maximally in fulfilling the company's needs. This can be seen from the target and the realization which have been achieved by PT Bank Sumut, Iskandar Muda Branch Office, Medan, in the last three years. Basically, performance is the stage in meeting the work requirements. When the work implementation has been in accordance with or even surpasses job description, it means that the work is done successfully, and vice versa. Based on the background of the study, the researcher was interested in conducting a research, entitled, "The Influence of Incentive and Organizational Climate on Employee's Performance with Employee Morale as Intervening Variable at PT Bank Sumut, Iskandar Muda Branch Office, Medan."

## Objective and Significance of the Research

### Objectives of the Research

1. To find out and analyze direct influence of Incentive on Employee's Performance at PT Bank Sumut, Iskandar Muda Branch Office, Medan;

2. To find out and analyze direct influence of Organizational Climate on Employee's Performance at PT Bank Sumut, Iskandar Muda Branch Office, Medan;
3. To find out and analyze direct influence of Incentive on Employee Morale at PT Bank Sumut, Iskandar Muda Branch Office, Medan;
4. To find out and analyze direct influence of Organizational Climate on Employee Morale at PT Bank Sumut, Iskandar Muda Branch Office, Medan;
5. To find out and analyze direct influence of Employee Morale on Employee's Performance at PT Bank Sumut, Iskandar Muda Branch Office, Medan;
6. To find out and analyze indirect influence of Incentive on Employee's Performance through Employee Morale at PT Bank Sumut, Iskandar Muda Branch Office, Medan;
7. To find out and analyze indirect influence of Organizational Climate on Employee's Performance through Employee Morale at PT Bank Sumut, Iskandar Muda Branch Office, Medan.

### Significance of the Research

- a. For the company, to be used as information and input for increasing employee's performance at PT Bank Sumut, Iskandar Muda Branch Office, Medan;
- b. For academicians: to increase their knowledge and their literature study on the influence of Incentive and Organizational Climate on Employee's Performance with Employee Morale as Intervening Variable at PT Bank Sumut, Iskandar Muda Branch Office, Medan.
- c. For researchers: to increase and broaden their knowledge in the management of human resources concerning the influence of Incentive and Organizational Climate on Employee's Performance with Employee Morale as Intervening Variable at PT Bank Sumut, Iskandar Muda Branch Office, Medan.
- d. For the next researchers: as a reference and comparison for the next researchers who are interested in developing the same topic in the future.

## B. REVIEW OF LITERATURE

### Incentive

According to Nawawi (2003), incentive is a reward given to employees to motivate them so that their work productivity increases. Hasibuan (2003) points out that incentive is a supplementary remuneration given to certain employees whose performance is above the performance standard. Concerning the aim of giving incentive, according to Mangkunegara (2002), incentive is given to increase employee's motivation to achieve organizational goals.

### Organizational Climate

Organizational climate as an environmental collection and pattern determines the appearance of motivation which focuses on reasonable perception which can be valued so that it has direct influence on the performance of the organization members (Wirawan, 2007). Tugiuri and Litwin (in Wirawan, 2007) point out that organizational climate which is the quality of an organization's internal environment which relatively goes on continuously is experienced by the members of an organization which influences their behavior and can be described in a set of characteristics of an organization.

### Employee Morale

Hasibuan (2010) points out that employee morale is a person's desire and seriousness to do his work well and disciplinably in order to attain maximal performance. This employee morale will stimulate a person to work and to create something in his work. Moekijat (2010) points out that employee morale reflects the whole atmosphere which is felt obscure by a group of people, a community, or an association. When they feel good, happy, and optimistic, it indicates that they have high morale. On the other hand, when they like to argue, to hurt other people, to look queer, to feel that they are in difficulty, and to feel worried, they are described as having low morale.

### Employee's Performance

Employee's performance is an important aspect in the management of human resources. Some concepts which can be explained are as follows: according to Handoko (2001), performance appraisal is a process through which an organization evaluates or assesses employee's performance and gives feedback to its employees on their work implementation. According to Gomes (2000), performance is an outcome from the function of a certain work or activity in a certain period of time.

### Conceptual Framework

Financial incentive and non-financial incentive are closely related to motivation. This statement can be proved by the research conducted by Sinara (2009) which states that incentive, which consists of material incentive and non-material incentive, has positive influence of employee's performance. The more increasing the material incentive and non-material incentive are, the more increasing the employee's performance. Based on this research, it can be formulated as follows Figure 1:

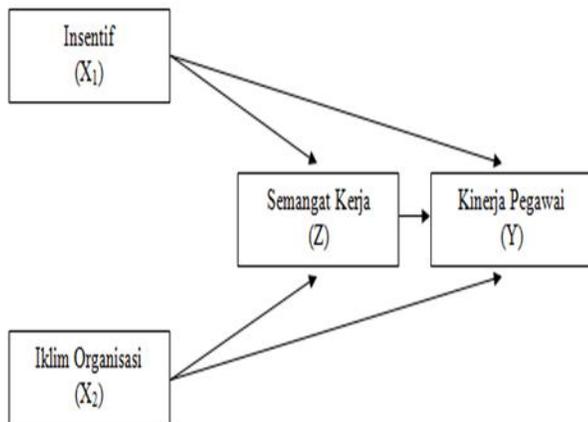


Figure 1. Conceptual Framework

### Research Hypotheses

1. Incentive has direct influence on employee's performance at PT Bank Sumut, Iskandar Muda Branch Office, Medan;
2. Organization Climate has direct influence on employee's performance at PT Bank Sumut, Iskandar Muda Branch Office, Medan;
3. Incentive has direct influence on employee morale at PT Bank Sumut, Iskandar Muda Branch Office, Medan;
4. Organizational climate has direct influence on employee morale at PT Bank Sumut, Iskandar Muda Branch Office, Medan;

5. Employee Morale has direct influence on employee's performance at PT Bank Sumut, Iskandar Muda Branch Office, Medan;
6. Incentive and organizational climate have indirect influence on employee's performance at PT Bank Sumut, Iskandar Muda Branch Office, Medan;
7. Organizational climate has indirect influence on employee's performance through employee morale at PT Bank Sumut, Iskandar Muda Branch Office, Medan.

### C. RESEARCH METHOD

#### Population and Samples

The research population was 75 employees at PT Bank Sumut, Iskandar Muda Branch Office, Medan, until 2016. The samples were part of the amount and the characteristics of the population (Sugiyono, 2008). In order that the research could give generalization with the smallest level of error and considering that the amount of population was small (only 75 employees), the research used census sampling technique in which the whole population was used as the samples. Therefore, the samples were 75 respondents.

#### Definition of Operational

In this research, there were two variables: independent variables which consisted of incentive and organizational climate and 1 (one) dependent variable (employee's performance).

#### Analytical Method of Data

Analytical method of data used in this research was path analysis. Path analysis is a technique of development from multiple linear regression analysis. This technique is used to test the amount of contribution indicated by path coefficient in each path diagram of causal correlation of the variables of  $X_1$  and  $X_2$  with  $Y$  and its effect on  $Z$ . Path analysis is a technique used to analyze the causal correlation in multiple regression analysis if its independent variables influence dependent variable directly or indirectly. The data analysis model used in this research was regression analysis in order to find out the Influence of Incentive and Organizational Climate on Employee's Performance with Employee Morale as Intervening Variable PT Bank Sumut, Iskandar Muda Branch Office, Medan. Linear regression was formulated as follows:

$$Y = a + b_1X_1 + b_2X_2 + e$$

$$Z = a + b_1X_1 + b_2X_2 + e$$

Hypothesis test:

- a. Simultaneous test (F-test)
- b. Partial test (t-test)
- c. Determination Coefficient ( $R^2$ )

### D. ANALYSIS AND DISCUSSION

#### Multiple Linear Regression Equation Analysis

Good regression equation is the one which meets the requirements of classic assumption – when all data had normal distribution multiple regression equation in this research was as follows:

$$Y = 7,146 + 0,813X_1 + 0,598X_2$$

**a. Determination Coefficient ( $R^2$ )**

To find out the amount of influence of independent variables is by using determination coefficient test ( $R^2$ ) as follow into Table 1s:

**Table 1. Result of Determination****Coefficient Test**

Model	R	R Square	Adjusted Square	RStd. Error of the Estimate
1	.837 <sup>a</sup>	.701	.693	4.02028

**Source:** Research Result, 2017 (processed data)

In Table 1, Adjusted R Square value was 0.693 which indicated that incentive and organizational climate could explain the variation of employee's performance of 69.3%, and the remaining 30.7% of the variation of employee's performance was influenced by other variables excluded from the research variables.

**a. F-Test (Simultaneous)**

In Table 2, the result of  $F_{count}$  was 84.498, while  $F_{table}$  in  $\alpha = 0.05$  with numerator degree of 2 and denominator degree of 72 so that  $F_{table}$  was 3.15 which indicated that  $F_{count} > F_{table}$  and the significance was 0.000 of  $< \alpha = 0.05$  so that the position of test point of the significance was in the area of  $H_0$  rejection. Therefore, it could be concluded that  $H_1$  was accepted which indicated that incentive and organizational climate simultaneously had positive and significant influence on employee's performance.

**Table 2. Result of Simultaneous F-Test**

Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression 2731.433	2	1365.717	84.498	.000 <sup>a</sup>
	Residual 1163.713	72	16.163		
	Total 3895.147	74			

**Source:** Research Result, 2017 (processed data)

**b. T-Test (Partial)**

The result of the hypothetical test partially could be seen in Table 3.

**Table 3. Result of t-Test Partially**

Model	Standardized Coefficients Beta	T	Sig.
1	(Constant)	2.833	.006
	Incentive	4.914	.000
	Organizational Climate	5.953	.000

a. Dependent Variable: Employee's Performance

**Source:** Research Result, 2017 (processed data)

1. The value of  $t_{count}$  for incentive (4.914) was bigger than the value of  $t_{table}$  (1.67), or sig t value for incentive (0.000) was less than alpha (0.05). Based on this result, it was found that  $H_0$  was rejected and  $H_1$  was accepted for incentive. Therefore, partially, incentive had positive and significant influence on employee's performance. The direction was toward positive influence which indicated that the higher

the incentive received by employees was, the higher their performance.

2. The value of  $t_{count}$  for organizational climate (5.953) was bigger than the value of  $t_{table}$  (1.66) or sig t value for organizational climate (0.000) was less than alpha (0.05). Based on this result, it was found that  $H_0$  was rejected and  $H_1$  was accepted. Therefore, partially, organizational climate had positive and significant influence on employee's performance which indicated that organizational climate created for employees would give significant effect on increasing employee's performance. This result indicated that organizational climate had more dominant influence on employee's performance than that of incentive.

The total amount of the influence of incentive and organizational climate on employee's performance through employee morale as intervening variable at PT Bank Sumut, Iskandar Muda Branch Office, Medan, was as follows:

1. Direc influence of incentive and organizational climate on employee's performance was  $0,416X_1 + 0,505X_2 = 0,921$ ;
2. Direct influence of incentive and organizational climate on employee morale was  $0,215 X_1 + 0,759X_2 = 0,974$ ;
3. Direct influence of employee morale on employee's performance was 719.
4. Indirect Influence:

The influence of incentive on employee's performance through employee morale as intervening variable at PT Bank Sumut, Iskandar Muda Branch Office, Medan was  $0,974 \times 0,719 = 0,700$ . Therefore, the result of the research showed that there was the influence of incentive and organizational climate on employee's performance through employee morale as intervening variable.

**Discussion****The Influence of Incentive and Organizational Climate on Employee's Performance at PT Bank Sumut, Iskandar Muda Branch Office, Medan**

The result of the hypothetical test showed that, simultaneously, incentive and organizational climate had positive and significant influence on employee's performance. Partially, incentive had positive and significant influence on employee's performance and organizational climate at PT Bank Sumut, Iskandar Muda Branch Office, Medan, which indicated that incentive and organizational climate could strongly explain the variation of employee's performance. The total number of data from incentive was 75 with its minimum value of 10 and its maximum value of 25. Its mean value was 18.29 and its standard deviation was 3.71. This result indicated that incentive was highly fluctuating because the disparity between its maximum value and its minimum value was big, while its standard deviation was normally distributed. The total number of data from organizational climate was 75 with its minimum value of 16 and its maximum value of 40. Its mean value was 28.78 and its standard deviation was 6.12. This result indicated that organizational climate was highly fluctuating because the disparity between its maximum value and its minimum value was big. The value of its standard deviation was less than its mean value which indicated that the variable of organizational climate was normally distributed. Incentive as a stimulation is given to employees in the form of money to

motivate their morale so that they will work harder and more productive and the organizational goal will be achieved. Financial and non-financial incentive has close relationship with motivation. It can be proved by the previous research conducted by Sinara (2009) which states that incentive which consists of material and non-material incentive has positive influence on employee's performance. The higher the material and non-material incentive given to employees is, the higher the employee's motivation. Based on the previous researches, it can be concluded that financial and non-financial incentive is closely related to and has the influence on the motivation of employee's performance. Therefore, the company can use the incentive grant, either financially or non-financially, to increase its employee's performance. For a company, an employee is one of the human resources which is highly needed to achieve its goal. On the other hand, employees also have various kinds of need, and they expect that the company become the workplace where they can get their satisfaction. Incentive is given by a company to its employees as a reward on their services in doing their job and fulfilling their obligation and responsibility imposed on them in order to achieve a company's goal. Organizational climate is the quality of internal environment which goes on continuously and experienced by the members of an organization so that it can influence their behavior and mindset. It also needs special attention from the management since this factor also influences the mindset and disposition of the members of an organization. In the organizational climate, employees will be involved in their development, make acquaintance with their co-workers positively, create the changing situation and condition, develop an organization sustainably, and encourage management to develop. Organizational climate can have positive and negative influence on employee's behavior; for examples, unfavorable work rooms, unhealthy relationship between superiors and subordinates, management's lack of supervision, and no good support from superiors.

#### **The Influence of Incentive and Organizational Climate on Employee Morale at PT Bank Sumut, Iskandar Muda Branch Office, Medan**

The result of the hypothetical test showed that, simultaneously, incentive and organizational climate had positive and significant influence on employee morale. Partially, incentive had positive and significant influence on employee morale at PT Bank Sumut, Iskandar Muda Branch Office, Medan, which indicated that incentive and organizational climate could strongly explain the variation of employee morale. The majority of the respondents agreed and extremely agreed on incentive, it had met their necessities of life, it could motivate their morale, it was in accordance with what they had done to the company, it had met justice and was in accordance with their experience, and it was increasingly given to the respondents each year. The total number of data from employee's performance was 75 with its minimum number of 22 and its maximum number of 50. The mean value of employee's performance was 39.22 and its standard deviation was 7.25. This indicated that employee's performance was very fluctuating because the disparity between the maximum and the minimum values of employee's performance was big. The value of standard deviation of employee's performance was less than its mean value which indicated that the variable of employee's performance was normally distributed. Employee's performance is a qualified and quantified work achievement

gained by employees in accomplishing their task as their responsibility. It will be achieved when it is supported by the factors which influence the performance. Employee's performance at PT Bank Sumut, Iskandar Muda Branch Office, Medan, was influenced by various factors, either they are related to the work force or by the other related factors. Financial and non-financial incentive is closely related to motivation. It can be proved by the research conducted by Sinara (2009) which states that incentive consists of material and non-material incentives which have positive influence on employee's performance. The higher the incentive given to employees is, the higher the employee's work motivation. Based on the previous research, it could be concluded that financial incentive and non-financial incentive were correlated of and had influence on employee's work motivation. By this correlation or influence, a company can use the incentive, either financial or non-financial, to increase its employee's performance. The result of respondents' response showed that the majority of the respondents agreed and extremely agreed on organizational climate which played a clear role in the organization, organizational policy could be accepted well, having care for the organization, support from co-workers in providing morale at work, superiors' support in motivating them to work hard, knowing the organization's goal, and feeling proud to be the members of the organization.

#### **The Influence of Employee Morale on Employee's Performance at PT Bank Sumut, Iskandar Muda Branch Office, Medan**

The result of the hypothetical test showed that employee morale had positive and significant influence on employee's performance. It was employees' willingness and seriousness in doing their work well and disciplinably in order to achieve maximal performance. The number of data from employee morale was 75 with its minimum value of 10 and its maximum value of 25. The mean value of employee morale was 18.70 and its standard deviation was 3.76. This indicated that employee morale was very fluctuating because the disparity between the maximum value of employee morale and the minimum value of employee morale was big which indicated that the variable of employee morale was normally distributed. Hasibuan (2006) points out that employee morale is a person's willingness and the seriousness in doing his work well and disciplinably in order to achieve maximal performance. This employee morale will stimulate him to work and have creativity in his work. Employee morale is used to describe the entire situation felt by employees at their workplace. When they feel enthusiastic, happy, and optimistic, it indicates that they have high morale. On the other hand, when they like to argue, hurt other people, and look uneasy, they have low morale. The result of respondents' response showed that the majority of respondents agreed and extremely agreed on employee morale such as they are punctual, they can cooperate with the other co-workers well, they are willing to work overtime, they always appreciate the rewards they have received, and they can work harmoniously with the other co-workers in the workplace. There was the influence of incentive on employee's performance at PT Bank Sumut, Iskandar Muda Branch Office, Medan. The result of the hypothetical test showed that incentive had positive and significant influence on employee's performance through employee morale which indicated that incentive could strongly explain the influence and the variation on employee's performance. Rivai (2005) emphasizes on the

importance of considering employees as an asset. By treating employees as an asset, there will be automatically the increase in Individual Capacity and Organizational Competitiveness. Besides that, the increase in performance and Employee Engagement will surely be obtained. Employee's performance plays an important role in increasing their productivity. To increase employee's productivity, a company has to know some factors which can influence performance. The performance itself is a good, qualified and quantified work achievement which will be achieved by employees in carrying out their tasks according to their responsibility. Employee's willingness and skill will not be adequate without understanding clearly what and how they will do.

#### **The Influence of Organizational Climate on Employee's Performance through Employee Morale at PT Bank Sumut, Iskandar Muda Branch Office, Medan**

The result of the hypothetical test showed that organizational climate had positive and significant influence on employee's performance through employee morale which indicated that work environment and the influence could strongly explain employee's performance. Performance is the level of achievement on the implementation of a certain task which includes individual performance, group performance, and performance which is influenced by internal and external factors. Basri in Sinambela (2012) points out that performance is an employee's willingness to do a certain job and to complete it according to his responsibility for any expected achievement. If it is related to performance as a noun in which one of its entries is the result of certain work, the term performance is the work achievement which can be achieved by the employees of a company according to the authority and responsibility of each individual to achieve the company's goal legally and is not contrary to moral and ethics.

#### **The Influence of Incentive on Employee's Performance through Employee Morale as Intervening Variable at PT Bank Sumut, Iskandar Muda Branch Office, Medan**

The result of the research showed that incentive had positive influence on employee's performance through employee morale as intervening variable at PT Bank Sumut, Iskandar Muda Branch Office, Medan. It indicated that employee morale could mediate the correlation between incentive and performance. When employee morale is positive, the increase in incentive will have the impact on the increase in performance. On the other hand, when employee morale is negative, the increase in incentive will not always be able to increase performance. Therefore, the result of this research suggested employees that their morale or enthusiasm at work be motivated by incentive so that employee's performance can increase. The result of respondents' response showed that the majority of the respondents agreed and extremely agreed on employee morale by showing that they came punctually, they could cooperate with the other co-workers, they were willing to work overtime, they appreciated the rewards they received, and they could work harmoniously with their co-workers during their work in the company.

#### **The Influence of Organizational Climate on Employee's Performance through Employee Morale as Intervening Variable at PT Bank Sumut, Iskandar Muda Branch Office, Medan**

The result of the research showed that organizational climate had positive influence on employee's performance through employee morale as intervening variable at PT Bank Sumut, Iskandar Muda Branch Office, Medan. It indicated that employee morale could mediate the correlation between organizational climate and employee's performance. When employee morale is positive, organizational climate will be favorable and will have the impact on the increase in employee's performance. On the other hand, when employee morale is negative, the favorable organizational climate will not always be able to increase performance. Therefore, the result of his research suggested that employees have morale or enthusiasm in their work and be supported by favorable organizational climate so that employee's performance can increase. Hasibuan (2006) points out that employee morale is a person's willingness and seriousness in doing his job well and disciplinably in order to achieve maximal work performance. This employee morale will motivate him to work and create something in his work. Employee morale is used to describe the whole situation felt by employees at their workplace. When they feel enthusiastic, happy, and optimistic, it indicates that they have high morale. On the other hand, when they like to argue, hurt other people, and feel uneasy, it indicates that they have low morale. The result of respondents' response showed that the majority of the respondents agreed and extremely agreed on organizational climate by showing that they played clear role in the organization, they could accept the organization's policy well, they had full responsibility, they cared about the organization, support from co-workers gave them employee morale, superiors' support motivated them to work, they knew the organization's goal, and they felt proud to be the members of an organization. The result of respondents' response showed that the majority of the respondents agreed and extremely agreed on employee morale by showing that they were punctual, they could cooperate with their co-workers, they were ready to work overtime, they felt appreciated the rewards they had received, and they could make acquaintance with their co-workers harmoniously at the workplace.

#### **E. CONCLUSION**

1. The Result of the research showed that, simultaneously, incentive and organizational climate had positive and significant influence on employee's performance at PT Bank Sumut, Iskandar Muda Branch Office, Medan;
2. Partially, incentive had positive and significant influence on employee's performance, and organizational climate had positive and significant influence on employee's performance at PT Bank Sumut, Iskandar Muda Branch Office, Medan;
3. Simultaneously, incentive and organizational climate had had positive and significant influence on employee morale at work at PT Bank Sumut, Iskandar Muda Branch Office, Medan;
4. Partially, incentive had positive and significant influence on employee morale, and organizational climate had positive and significant influence on employee morale at PT Bank Sumut, Iskandar Muda Branch Office, Medan;
5. Partially, employee morale had positive and significant

- influence on employee's performance at PT Bank Sumut, Iskandar Muda Branch Office, Medan;
6. Indirectly, incentive had positive influence on employee's performance through employee morale at PT Bank Sumut, Iskandar Muda Branch Office, Medan;
  7. Indirectly, organizational climate had positive influence on employee's performance through employee morale at PT Bank Sumut, Iskandar Muda Branch Office, Medan.

## REFERENCES

- [1]. Achmad Kuncoro, Engkos dan Riduwan. 2011. Cara Menggunakan dan Memaknai Path Analysis (Analisis Jalur). Alfabeta. Bandung.
- [2]. Davis, Keith dan Newstrom, Jhon W. 2000. Perilaku Dalam Organisasi. Erlangga. Jakarta.
- [3]. Furtwengler, Dale. 2002. Penilaian Kinerja. Yogyakarta: Andi Offset.
- [4]. Ghozali, Imam. 2008. Aplikasi Analisis Multivariate dengan Program SPSS. Semarang : BP Universitas Diponegoro.
- [5]. Gomes, Faustino dan Cardoso. 2000. Manajemen Sumber Daya Manusia. Edisi Pertama. Cetakan Kedua. Yogyakarta: Andi Offset.
- [6]. Handoko, T, Hani. 2001. Manajemen Personalialia dan Sumber Daya Manusia. Edisi Kedua. Yogyakarta : BPFU UGM.
- [7]. Harlie. M. 2004. Pengaruh Disiplin kerja, Motivasi dan Pengembangan Karier terhadap Kinerja pegawai Negeri Sipil Pada Pemerintah Kabupaten Tabalong Di Tanjung Kalimantan Selatan. Jurnal Manajemen dan Akuntansi. 11(2): 38-45.
- [8]. Hasibuan, Melayu S.P. 2010. Organisasi dan Motivasi. Bumi Aksara. Jakarta.
- [9]. Leonardo, Agusta dan Eddy Madiono. 2013. Pengaruh Pelatihan Dan Motivasi Kerja Terhadap Kinerja Karyawan CV Haragon Surabaya. Jurnal AGORA 1(3): 15-19.
- [10]. Lubis, K.A. 2008. Pengaruh Pelatihan Dan Motivasi Kerja Terhadap Kinerja Karyawan Pada PT.Perkebunan Nusantara IV (PERSERO) Medan. Tesis, Universitas Sumatra Utara.
- [11]. Luthans, Fred. 2006. Perilaku Organisasi. Diterjemahkan oleh Vivin Andika Yuwono dkk. Edisi Pertama, Penerbit Andi, Yogyakarta.
- [12]. Mangkunegara, Anwar. Prabu. 2006. Manajemen Sumber Daya Manusia Perusahaan. Bandung: Remaja Rosdakarya.
- [13]. Mangkunegara, Anwar. Prabu. 2010. Manajemen Sumber Daya Manusia Perusahaan. Bandung: Remaja Rosdakarya.
- [14]. Mangkuprawira, Tb. Sjafrli. 2004. Manajemen Sumber Daya Manusia Strategik. Cetakan Pertama. Jakarta: Ghalia Indonesia.
- [15]. Marlingga, Lina. 2009. Pengaruh Motivasi dan Disiplin Kerja Terhadap Kinerja Karyawan di PT. Garuda Indonesia Branch Office Semarang. Tesis. Semarang: Universitas Diponegoro.
- [16]. Mathis, L, Robert dan Jackson. H, John, 2000. Manajemen Sumber Daya Manusia. Edisi Pertama. Buku I. Jakarta: Salemba Empat.
- [17]. Mondy, R. Wayne. 2008. Manajemen Sumber Daya Manusia. Jakarta: Penerbit Erlangga.
- [18]. Moekijat. 2010. Manajemen Sumber Daya Manusia. CV Mandar Maju. Bandung.
- [19]. Nawawi, Hadari. 2003. Manajemen Strategik Organisasi Non Profit Bidang Pemerintahan. Gajah Mada University Press. Yogyakarta.
- [20]. Raymond A. 2010. Manajemen Sumber Daya Manusia Mencapai Keunggulan Bersaing. Jakarta: Salemba Empat.
- [21]. Rivai, Veithzal. 2006. Manajemen Sumber Daya Manusia untuk Perusahaan, dari Teori ke Praktek. Edisi Pertama. Cetakan Ketiga. Jakarta: Raja Grafindo Persada.
- [22]. Robbins, Stephen. P. 2002. Perilaku Organisasi (Organizational Behavior). Salemba Empat. Jakarta.
- [23]. Sayuti, 2006. Motivasi dan Faktor-faktor yang Mempengaruhinya. Jakarta: Ghalia Indonesia.
- [24]. Siagian, Sondang, P. 2008. Manajemen Sumber Daya Manusia, Edisi Kedua. Cetakan Kesepuluh. Jakarta: Bumi Aksara.
- [25]. Simamora, Henry. 2004. Manajemen Sumber Daya Manusia. Yogyakarta: STIE-YKPN.
- [26]. Steers, Richard. 2005. Manajemen Sumber Daya Manusia. Cetakan Kelima. Jakarta: Bumi Aksara
- [27]. Sugiyono. 2008. Metode Penelitian Bisnis. Cetakan Keenam. Bandung: Alfabeta.
- [28]. Sunyoto, D. 2012. Teori, Kuisisioner Dan Analisis Data Sumber Daya Manusia. Yogyakarta: CAPS.
- [29]. Trisninawati, 2008. Pengaruh Iklim Organisasi dan Kepemimpinan Terhadap Kinerja Pegawai Pada Dinas Pendidikan Nasional Provinsi Sumatera Selatan. Tesis. Program Pasca Sarjana Bina Darma. Palembang.
- [30]. Yerri, Suryoadi dan Intan. 2012. Pengaruh Pelatihan dan Kepuasan Kompensasi terhadap kinerja karyawan pada PT. Bank Muamalat Indonesia

Cabang Semarang. Jurnal Fakultas Ekonomi Universitas Diponegoro. Vol. 6, No.5.

- [31]. Yulius, Edi. 2008. Analisis Pengaruh Diklat, Kemampuan, Motivasi Kerja dan Budaya Organisasi Terhadap Kinerja Aparatur Industri di Daerah Yogyakarta. Tesis Universitas Gajah Mada.
- [32]. Wirawan, 2007. Kapita Selekta Teori Kepemimpinan Jilid I dan II. Yayasan Bangun Indonesia dan Uhamka Press. Jakarta.
- [33]. Wiyono. 2010. Pengaruh Motivasi Dan Disiplin Kerja Terhadap Kinerja Pegawai CPP Network Di Magelang. Jurnal. Universitas Diponegoro 3 (11) September. 2010.