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Testing the Mediating Role of Career Development in Affecting Intellectual Capital and Organizational Culture on Employee Performance: Evidence of Local Banks in Yogyakarta, Indonesia

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Abstract:

Research aims: This study aims to examine the role of career development in mediating the relationship between intellectual capital and organizational culture on employee performance.

Design/Methodology/Approach: This study used a proportional stratified random sampling method with 126 permanent employees of local banks in Yogyakarta, Indonesia, as research respondents. The respondents included Head Office, Main Branch Office, and Senopati Branch Office. The data were collected by distributing a questionnaire, and the secondary data were in the form of data or documents that supported and strengthened the primary information from books, magazines, journals, and other documents. Then, the analytical tool utilized in this study was SEM (Structural Equation Modeling) to test the research hypotheses.

Research findings: The results showed that intellectual capital and organizational culture had a positive and significant effect on career development and performance, but career development had no positive and significant effect on performance. Meanwhile, career development could not mediate the effect of intellectual capital and organizational culture on performance.

Theoretical contribution/Originality: The study results contribute to the literature (body of knowledge), especially as additional discussion toward theory and literature related to intellectual capital, organizational culture, career development, and performance in local banks, which is still very limited.

Keywords: Intellectual Capital; Organizational Culture; Career Development; Performance

Introduction

The banking industry has faced major challenges since the entry of the Industrial Revolution 4.0 era, where fintech companies began to threaten the sustainability of the banking industry (Marsudi & Widjaja, 2019). Thus, it is crucial to be concerned about improving employee performance because a company's success is determined by the strengths and weaknesses within the company's internal environment (Mulyono, 2013),

such as human resources. It, in turn, would influence in generating an economic benefit (Ulrich, 1998). Hence, in this context, the performance of employees would have a significant impact on the banking company's success.

One of the commercial banks is the Regional Development Bank (RDB). The Regional Development Bank (RDB) is established and partially or wholly owned by the Regional Government (Nufitasari & Dewantara, 2021). RDB operates like other commercial banks, which can provide services in payment traffic, but RDB has different characteristics from other commercial banks. The existence of RDB cannot be separated from the regional economy. In addition to carrying out commercial bank activities, the RDB also functions as a cashier for local governments. RDB works as regional economic development and drives regional economic development to improve the community's standard of living, as stated in Law No. 13 of 1962 concerning the principles of Regional Development Bank Provisions. In addition, local banks have a crucial role in supporting infrastructure development, MSMEs, agriculture, and economic activities in the context of regional development (Purwanto, 2019). Therefore, regional banks need to have good performance to achieve their goals.

Evaluating such conditions, Bank Indonesia later implemented an international standard risk management practice to create a comprehensive banking system. Bank Indonesia adopts five risk management principles, and one of them is to provide added value (Suripto & Gunawan, 2019). Providing added value for the company is one of the risk management principles, which can be achieved by having intellectual capital and organizational culture.

Adopting from research conducted by Ali et al. (2019), they recruited permanent banking employees working in commercial bank branches located in a large city in Pakistan. However, their research only focused on human capital characteristics; thus, this research develops it using three characteristics of intellectual capital: human capital, structural capital, and relational capital. Besides, the research of Siahaan et al. (2016) was conducted at PT. Bank Rakyat Indonesia Putri Hijau Medan Branch, while the research by Legina and Machasin (2017) was on the pawn service sector. Their research found that career development could mediate the relationship between intellectual capital and employee performance. Therefore, the current researchers adopt different sectors, namely local banks, since research is still rarely done.

Moreover, the performance of the employees by several researchers is determined by intellectual capital, organizational culture, and career development. Intellectual capital is intellectual material knowledge, information, intellectual property rights, and experience that can be used to create wealth (Bontis et al., 2000). In a company, the presence of intellectual capital affects the performance of its employees, so the better the company can manage the intellectual capital it has, the greater the productivity that the company will generate. In addition, research on the influence of intellectual capital on performance has been previously researched by Katili et al. (2016), Hidayat and Azzahra (2019), and Ismail (2005), which stated that intellectual capital had a positive influence on performance. However, it is different from the findings by Amrullah et al. (2019), which

revealed that intellectual capital did not influence the performance of manufacturing companies.

In addition to intellectual capital, another factor that affects performance is organizational culture. It is a set of norms and values that a company develops and applies to influence the characteristics or behaviors of its employees to lead them to complete tasks on time and guide them to achieve organizational goals (Farida & Hartono, 2016). By taking organizational culture seriously and with a sense of responsibility, it is possible to improve company performance (Siahaan et al., 2016). The results of previous research conducted by Wambugu (2014), Laras and Susanti (2021), Wardani et al. (2016), Nurvitasari et al. (2020), Arianty (2014), and Muis et al. (2018) showed that organizational culture affected performance. Meanwhile, the findings obtained by Girsang (2019) and Windrawati et al. (2020) stated that organizational culture did not influence employee performance.

Lastly, career development carried out by the company is a process to change employees' status or position to provide opportunities for better development, and career development programs are one method of ensuring increased welfare for employees (Antoniou, 2010). Increasing employee welfare will, of course, motivate them to work more productively, creatively, and innovatively and remain loyal to the company. The research results from Charity (2015), Rahayu (2018), Nento and Abdullah (2021) uncovered that career development influenced positively and significantly in increasing employee performance. Meanwhile, research conducted by Wirotomo and Pasaribu (2015) and Kasegier et al. (2017) showed that career development did not affect performance.

Since there are inconsistent research results, the researchers added an intervening variable between the independent and dependent variables. Researchers chose career development as an intervening variable. According to Siagian (2015), career development is the personal changes that a person makes to achieve a career goal. Every employee desires career advancement because of the higher one's position, the more prosperous one's life. Employee career development can also be added to the value of the relationship between intellectual capital and organizational culture on performance (Ali et al., 2019). Research results have shown that career development mediated the relationship between organizational culture and employee performance. As satisfied employees will provide the best performance by the standard work procedures that have been targeted and will be constantly motivated to improve their performance, this is consistent with the findings of Legina and Machasin (2017), Putra (2016), and Siahaan et al. (2016), which found that career development could mediate the relationship between intellectual capital and performance.

Therefore, this study aims to examine the intervening role of career development in affecting intellectual capital and organizational culture on employee performance. The study results can contribute to the literature (body of knowledge), especially as additional discussion toward resource-based view theory and literature related to intellectual capital, organizational culture, career development, and performance in local banks, which is still very limited.

Literature Review and Hypotheses Development

Resource-Based View Theory

The resource-based theory has been prominent in the strategic management field since the early 1990s. According to Barney (1986), this theory is principally due to the prominence that prioritizes the role of internal resources that, when certain conditions are met, will bring the company a competitive advantage and even a sustainable competitive advantage, which will lead to superior performance. In addition, the success or failure of a company is largely determined by the strengths and weaknesses that exist within the company's internal, not its external environment (Mulyono, 2013).

Therefore, intellectual capital is an intangible asset that can improve competitiveness and company performance (Suripto & Gunawan, 2019). Sullivan and Sullivan (2000) also argued that one of the intangible assets is intellectual capital. It is in line with the resource-based view theory, which states that internal capability is vital to achieving competitive advantage despite tough competition in its surroundings. Other than intellectual capital, organization culture can be developed in an organization, so it is considered a positive value and act in performance (Purnama, 2013).

In terms of the resources owned by the company, resource-based theory believes that the company is a collection of capabilities in managing these resources (Suripto & Gunawan, 2019). Schuler and MacMillan (1984) stated that competitive advantage results from the company's ability to manage its resources well to create added value. Carolina et al. (2019) asserted that intellectual property is also an asset for the company. Competitive advantage will be created if intellectual capital as an integral asset can be managed properly to create value-added, which is useful for the company and will affect the company's performance. In addition to intellectual capital, companies must pay attention to organizational culture and company management, particularly human resources development, which fosters a positive organizational culture. It is reflected in companies with a positive organizational culture that improves employee performance and productivity across all lines and sectors (Osibanjo & Adeniji, 2013).

Hypotheses Development

Intellectual competence affects the smoothness of one's career and performance that the more educated a person will have good work performance. In other words, the more highly educated someone will have better thinking too. Although, in reality, it is sometimes found the opposite that there are definitely mistakes/errors in the learning process, assessment, etc. Then, to achieve the company's goals more effectively and efficiently, the company offers career development opportunities to employees who have higher levels of intellectual competence and work performance than other employees (Mwaka et al., 2013).

Intellectual capital positively affected career development (Onuoha et al., 2019; Savitri & Saifudin, 2018). However, Enyinna et al. (2019) found that intellectual capital negatively

influenced career development. In this case, companies should implement gender diversity programs to educate employees about the dangers of workplace discrimination and the importance of accommodating people from diverse backgrounds (gender and race).

H₁: Intellectual capital has a positive impact on career development.

Employee career planning and development are inextricably linked to the company's organizational culture. Companies with a stable organizational culture deeply ingrained in their employees will find it easier to encourage employees to advance their careers, both individually and organizationally. If the employee has a strong understanding of the company's culture and good ideas for personal and organizational career development, he will decide to stay and further his career at the company. Several studies, including those conducted (Amlaiya, 2018; Dewi, 2018; Elvitigalage Dona et al., 2006; Nurjaman, 2007), have found that organizational culture could improve career development.

H₂: The organizational culture has a positive impact on career development.

Intellectual capital derived from employee competence, organizational structure, and performance and owned by the company enables companies to perform work efficiently, improving company performance. It is expected that by making good and proper use of intellectual capital resources, the company's performance will improve. The company's performance will improve as a result of its competitive advantage. As a result, intellectual capital can be defined as an intangible asset that significantly impacts performance and overall business success. In previous research, intellectual capital had a positive and significant effect on performance (Katili et al., 2016). Intellectual capital also had a positive effect on employee performance, according to Kasmawati (2017). Amrullah et al. (2019) also found that intellectual capital positively and significantly affected performance.

H₃: The performance of employees is influenced positively by intellectual capital.

Organizational culture is one of the strategies for motivating employees to achieve maximum performance. A good organizational culture will provide conditions for employee behavior at work if it is very suitable and supports employees in developing their abilities and sustaining their welfare. Organizational culture, on the other hand, is a critical factor in improving performance. Organizational culture influenced employee performance, uncovered in previous research (Arianty, 2014; Muis et al., 2018; Nurvitasari et al., 2020; Wambugu 2014; Wardani et al., 2016).

H₄: The organizational culture has a positive impact on performance.

Clear career planning and development within the organization can improve employee performance in carrying out their work, creating a sense of satisfaction in doing their work. Through career development programs, the company will improve employee performance and productivity, reduce turnover, and expand employee promotion opportunities. Career development was found to have a positive and significant effect on improving employee performance (Charity, 2015; Nento & Abdullah, 2021; Rahayu, 2018; Ramli & Yudhistira, 2018).

H₅: Career development improves the performance of employees.

The company's performance will improve as a result of its competitive advantage. As a result, intellectual capital can be defined as an intangible asset that significantly impacts performance and overall business success. To achieve company goals effectively and efficiently, the company offers opportunities for career development to employees with intellectual competence and work performance. Previous research (Legina & Machasin, 2017; Putra, 2018; Waiyaki, 2017) uncovered that career development could mediate the relationship between intellectual capital and performance.

H₆: Career development has the potential to mitigate the impact of intellectual capital on employees' performance.

Companies with a stable organizational culture firmly embedded in their employees will find it easier to encourage employees to advance their careers both individually and organizationally, and organizational culture is one of the strategies to motivate employees to achieve maximum performance. Previous research (Ali et al., 2019) has found that organizational culture positively affected performance mediated by career development. Based on the theoretical foundation, previous research, and field observations, it was determined that career development could be a mediating variable between the influences of organizational culture on performance.

H₇: The impact of organizational culture on the performance of employees can be mitigated by career development.

Based on the hypotheses developed, this study formulated a research model, as shown in Figure 1.

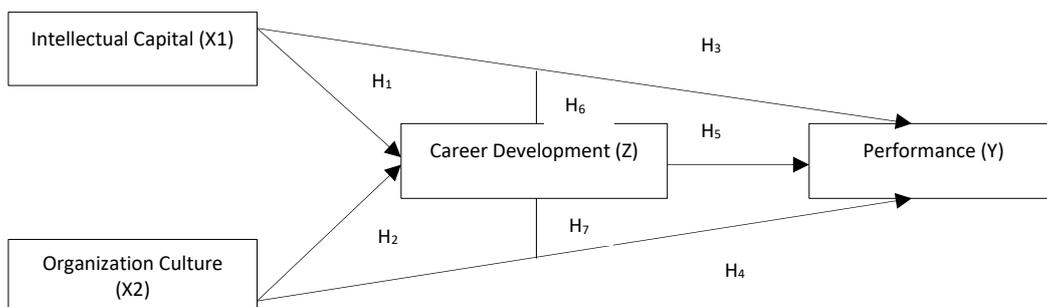


Figure 1 Research Model

Research Method

This research was conducted at PT. Bank BPD DIY Yogyakarta City by using quantitative methods with hypotheses testing. The total population in this study was 281 permanent employees from the Head Office, Main Branch, and Senopati Branch. The sample is a subset of the subjects in the population studied, which is capable of representing the population representatively (Rutoto, 2007). In this study, the sample size was calculated referring to Hair et al. (2010), in which the sample was determined using the "10 times rule". The minimum sample should be 100 (10 x 10). Since the collected sample size for this study was 126, this requirement was met.

The data used in the study consisted of primary data obtained directly from the source using instruments or questionnaires with measurement instruments employing 5 points Likert scale. All items were converted to a series of statements to allow responses. The measurement of all questions had 1 = "Strongly disagree" to 5 = "Strongly agree". Then, data analysis utilized in this study was SEM (Structural Equation Modeling) with the AMOS 22 software.

Moreover, in this study, performance results from an employee's work, both in terms of quality and quantity, in carrying out tasks by the responsibilities assigned to him (Mangkunegara, 2011). The research instrument was adapted from Robbins (2008) to measure performance: quality, quantity, timeliness, effectiveness, independence, and commitment to performance. Meanwhile, intellectual capital is defined as intellectual material knowledge, information, intellectual property rights, and experience that can be used to create wealth. The indicator of intellectual capital refers to Ulum (2013), who classified it into three: human capital, structural capital, and relational capital. On the other hand, Farida and Hartono (2016) explained that organizational culture is a norm and values formed and applied by the company to influence the characteristics or behaviors in leading its employees to do tasks on time and guide employees in achieving organizational goals. In this research, organizational culture was measured using norms, dominant values, rules, and organizational climate. Further, career development was measured by fair treatment in a career, concern for direct superiors, information about various promotion opportunities, interest in being promoted, and level of satisfaction (Siagian, 2015).

Result and Discussion

Instrument and Data Quality Test

The AMOS version 22 application was utilized to test the quality of the instrument based on a 47-questions list to determine whether the research instrument met the valid and reliable criteria. Data are said to be valid if the factor loading value is greater than 0.5 (see Table 1).

Table 1 Construct Validity and Reliability

Variable	Indicator	Code	Factor Loading	Construct Reliability
Intellectual Capital	Knowledge	IC1	0.634	0.809
	Skill	IC2	0.525	
	Innovation	IC3	0.644	
	Infrastructure	IC4	0.724	
	Information system	IC5	0.506	
	Routine	IC6	0.528	
	Physical capital management	IC7	0.552	
	Harmonious relationship with the partner	IC8	0.584	
Organization Culture	Motivation	OC1	0.556	0.803
	Commitment	OC2	0.511	
	Performance improvement	OC3	0.520	
	Main value as organizational personality	OC4	0.541	
	Consistent behavior to various situation	OC5	0.592	
	Agreed policy procedures	OC6	0.599	
	Obeying the rules	OC7	0.511	
	Openness in the work environment	OC8	0.501	
	Evaluating existing problems	OC9	0.501	
	The character of employees to dare to express opinions	OC10	0.550	
Career Development	Objective	CD1	0.516	0.797
	Rational	CD2	0.506	
	Widely known among employees	CD3	0.512	
	Feedback to employees on implementation	CD4	0.562	
	Knowing the potential of each employee	CD5	0.508	
	Accessing information about various opportunities to be promoted	CD6	0.159	
	Competitive internal selection	CD7	0.515	
	Flexible approach	CD8	0.6	
	Proactive approach	CD9	0.656	
	Success in achieving a position in the organization	CD10	0.537	
	Willing to accept reality	CD11	0.524	
Performance	Employee's perceptions about the quality of work	P1	0.536	0.742
	Perfection of the task of skills and abilities	P2	0.504	
	Assessment of work goals achieved	P3	0.561	
	Achievement of working time target	P4	0.510	
	Achievement of working time target	P5	0.213	
	Availability of time for other activities	P6	0.127	
	Maximizing the use of organizational resources	P7	0.102	
	Maximizing the output of organizational resources	P8	0.538	
	Ability to perform work functions	P9	0.518	
	Working without being given orders	P10	0.521	
	Committed to realizing organizational goals	P11	0.537	
	Responsibility for work	P12	0.531	

The validity test results showed that the 6th question about career development indicator and the 5th, 6th, and 7th questions about employee performance were invalid. After all, they had a factor loading of 0.5. Meanwhile, the other question indicators had a valid value since their factor loading was greater than 0.5. Further, the test results revealed that the construct reliability value for all variables was greater than 0.7. Based on the reliability results, it is possible to conclude that all research instruments were reliable enough to be used in research.

Hypotheses test result summary is presented in Table 3. From the table, it can be seen that intellectual capital and organizational culture positively affected career development and performance. Meanwhile, career development did not show a positive effect on performance.

Table 2 Hypotheses Test Result Summary

Hypothesis		Estimate	S.E.	P-Value	Conclusion
Intellectual Capital	→ Career Development	0.197	0.088	0.025	Supported
Organizational Culture	→ Career Development	0.306	0.147	0.038	Supported
Intellectual Capital	→ Performance	0.354	0.111	0.001	Supported
Organizational Culture	→ Performance	0.479	0.171	0.005	Supported
Career Development	→ Performance	0.003	0.120	0.979	Not Supported

Then, the standardized direct effect value was compared to the value of the standardized indirect effect when explaining the relationship between exogenous and endogenous variables via mediating variables. If the standardized direct effect value is less than the standardized indirect effect value, the mediating variable indirectly affects the relationship between the two variables.

Table 3 Standardized Direct Effects

	Culture	Intellectual	Development	Performance
Development	0.256	0.270	0.000	0.000
Performance	0.368	0.446	0.003	0.000

Table 4 Standardized Indirect Effects

	Culture	Intellectual	Development	Performance
Development	0.000	0.000	0.000	0.000
Performance	0.001	0.001	0.000	0.000

Testing the influence of intellectual capital on performance through career development obtained the value of direct effect > indirect effect, 0.446 > 0.001. It indicates that career development could not mediate the influence of intellectual capital on performance. It means that without intellectual capital, career development for employees can maximize employee performance. Then, testing the influence of organizational culture on performance through career development obtained the value of direct effect > indirect

effect, $0.368 > 0.001$. It shows that career development could not mediate the influence of organizational culture on performance. It also means that without employee career development, organizational culture can maximize employee performance.

The Impact of Intellectual Capital on Career Development

This research suggests a positive relationship between intellectual capital and career advancement. The results of this study also support previous research conducted by (Onuoha et al., 2019). In this regard, intellectual competence affects the smoothness of one's career that the more educated a person will have good work performance, or in other words, the more highly educated someone will have better thinking too, although, in reality, it is sometimes found the opposite due to errors in the learning process, assessment, and so on (Ali et al., 2019). Then, to achieve company goals more effectively and efficiently, the company offers career development opportunities to employees with higher intellectual competence and work performance than other employees (Carolina et al., 2019). It is in line with the resource-based view theory, which puts forward that intellectual capital is a resource that should not be wasted as it can increase employees' career development, which may later improve the company's performance.

In addition, local banks with good intellectual capital will achieve optimal employee performance (Katili et al., 2016). Structural capital also becomes the company's infrastructure that helps increase employee productivity (Bontis et al., 2000). Besides, the existence of infrastructure and procedures as well as a good corporate culture will support the career development of its employees. The last is relational capital, in which the existence of extensive networking or relationships with people around will be easy to get another knowledge. With extensive networking, employees will also get to know many people so that the association will be of high quality (Kenny & Medvide, 2013). Moreover, for self-development, relationships can be a means to exchange ideas and consult with many people. They will teach and direct for self-development in accordance with what is in the world of work today.

The Impact of Organizational Culture on Career Development

The research result confirmed a positive relationship between organizational culture and career development. Concerning this, employee career planning and development are inextricably linked to the company's organizational culture (Manggis et al., 2018). Companies with a stable organizational culture deeply ingrained in their employees will find it easier to encourage employees to advance their careers, both individually and organizationally (Siagian, 2015). If the employee has a strong understanding of the company's culture and good ideas for personal and organizational career development, he will decide to stay and further his career at the company.

Previous research conducted by Reeder (2020) found that there was a cultural influence on career development. His findings suggest that a good organizational culture will motivate employees to achieve organizational goals, promoting better career development. Thus, the organizational culture at local banks, structured according to

procedures and staff who have been given more responsibility to achieve their organization's mission, will improve employee career development.

The Impact of Intellectual Capital on Performance

The research results verified a positive relationship between intellectual capital and performance. It is under the resource-based view theory that intellectually well-managed will improve a company's performance. Intellectual capital is derived from the company's employee competence, organizational structure, and relation with companies to perform work efficiently, improving company performance (Hidayat & Azzahra, 2019). It is expected that by properly and correctly utilizing intellectual capital resources, the performance of local banks will improve. It will improve the performance as a result of its competitive advantage. As a result, intellectual capital can be considered an intangible asset that has a significant impact on business performance and overall success and is in accordance with what is explained by the resource-based view theory (Mention & Bontis, 2013).

The findings of this study are supported by Katili et al. (2016), Hidayat and Azzahra (2019), and Ismail (2005). Intellectual capital affected performance, according to their research. Besides, the existence of intellectual capital in a local bank could affect the performance of employees so that the better the local bank can manage the Intellectual capital they have, the greater the productivity that will be generated by the company concerned (Hidayat & Azzahra, 2019). Intellectual capital can also play a maximum role with the help of measuring tools for the company's success criteria to see results that can improve the company's organizational performance. However, from the research conducted by Amrullah et al. (2019) on manufacturing companies, many organizational leaders were not aware that organizations' profits came from intellectual capital; it was because the company's activities were seen from a business perspective alone.

The Impact of Organizational Culture on Performance

The research result proved a positive relationship between organizational culture and performance. Organizational culture is one of the strategies for motivating employees to achieve maximum performance; a good organizational culture will provide a consistent condition with employee behavior at work if the culture is very appropriate and supports employees in developing abilities and sustaining their welfare (Hogan & Coote, 2014). Organizational culture, on the other hand, is an important factor in improving performance.

The findings of this study are supported by Wambugu (2014), Laras and Susanti (2021), Wardani et al., (2016), Nurvitasari et al., (2020), Arianty (2014), (Manggis et al., 2018), and Muis et al., (2018). According to their findings, organizational values had a significant impact on employee performance. Companies with a strong work culture will have employees, who are highly committed, result-oriented, always developing, and always maintaining the company's existence (Laras & Susanti, 2021). The study results indicate that the organizational culture in a local bank was good and had employees with a high

commitment to achieving its goals. It is reinforced by research carried out (Furkony, 2018) at a private bank in Bandung City, which stated the organizational culture in a bank, where employees are encouraged to be innovative, dare to take risks, and work in teams, resulted in a high commitment.

The Impact of Career Development on Performance

The research result confirmed that career development did not show a positive effect on performance. This finding support previous research by Kaseger et al. (2017), Shaputra and Hendriani (2015), Wirotomo and Pasaribu (2015), and (Ningsih et al., 2020). Employees can maximize performance without career development because many other factors can affect employees' performance, such as salaries, bonuses, rewards, superiors/leaders, and so on (Rahadian et al., 2020). Since career development is competitive, not all employees receive career development opportunities, particularly in the banking sector.

In a study (Shaputra & Hendriani, 2015) at one of the banks in Indonesia, it was revealed that the career development procedures and requirements in banks were still unclear. The practice was that career development in the bank was based on employee seniority and outstanding employee performance. In that study, the promotion policy for employees was more for the supervisor and customer service positions. Coupled with the findings (Ningsih et al., 2020) conducted at one of the Islamic banks, bank employees who worked in the field were not in accordance with their educational background, which affected employee performance in their work.

Testing a Mediating Role of Career Development in Affecting Intellectual Capital and Organizational Culture on Employee Performance

The hypothesis testing results found that career development could not mediate intellectual capital and organizational culture on employee performance at local banks. This finding does not support some previous studies. Ali et al. (2019) and Siahaan et al. (2016) examined the association between intellectual capital and individual career development and uncovered that intellectual capital improved individual performance through career development. Moreover, Shields et al. (2015) and Nikpeyma et al. (2014) argued that intellectual capital would effectively determine employee performance after adopting career development and performance appraisal processes. However, from previous studies, several differences exist, in which previous researchers only focused on human capital. Meanwhile, this research provides novelty by adding capital structure and relational capital to local bank performance.

In addition, banking career development is competitive, and not all employees have the opportunity to advance their careers. It is also reinforced by findings (Shaputra & Hendriani, 2015), which revealed that procedures and requirements in banks were still unclear. The practice is that career development in the bank was based on employee seniority and outstanding employee performance. To get a good career, they have to work longer hours ahead of time to get a promotion. As well as bank employees, most of

them come from different backgrounds to achieve good performance, and local banks are not concerned with career development.

This finding, not supported by the mediating effect of career development, indicates that employee performance enhancement in local banking companies did not require high career development. This research indicates that as long as the intellectual capital and the organizational culture are harmonious in the local bank, it is considered sufficient to achieve high employee performance. Thus, in the context of regional banks, career development has not become a crucial aspect to track high employee performance.

Conclusion

This study aims to examine the role of career development in affecting intellectual capital and organizational culture on employee performance. This study used a proportional stratified random sampling method with 126 permanent employees of local banks in Yogyakarta, Indonesia, as research respondents from the Head Office, Main Branch Office, and Senopati Branch Office. In summary, this research found that intellectual capital and organizational culture positively affected career development and performance. However, career development could not mediate the effect of intellectual capital and organizational culture on performance.

The practical implication that can be drawn from this research is that management needs to pay attention to intellectual capital and a good organizational culture to improve the performance of regional bank employees. Theoretically, this research discusses resource-based view theory in a rarely studied context, namely regional banking. The relevance of resource-based theory can be seen from the significant influence of intellectual capital and organizational culture on employee performance.

Nevertheless, this study has several limitations. This research was only carried out in the local bank within Yogyakarta scope. The results of this study were also not strong enough to produce generalizable results. Therefore, further research can examine the various organization of local banks by expanding at least in two regions.

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