



STRATEGIC ASSETS EXPLORE THE INFLUENCE OF HUMAN CAPITAL, ORGANIZATIONS, AND RELATIONSHIPS FOR PERFORMANCE EXCELLENCE (CASE STUDY OF CIMAHI CITY BAPPENDA)

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ABSTRACT

Human resource management (HR) and organizational performance are the focus of this research in the context of government sector management in Indonesia. This study aims to identify and analyze the influence of human resource capital, organizational capital and relationship capital on performance. The research method used is quantitative research with path analysis techniques. The results of the analysis show that the three independent variables have a significant influence on employee performance, with a total contribution of 87.80%. Human resource capital has the most dominant impact, followed by organizational capital and relationship capital. Even though relationship capital has a significant impact, it still requires support from high levels of human resource capital and organizational capital. The implication of this research is the importance of human resource management in achieving the success of government organizations in the future, with a focus on the management of the State Civil Apparatus (ASN) and the challenges faced such as violations of discipline and abuse of authority. In addition, this research also highlights the importance of organizational capital and relationship capital in improving overall organizational performance and building mutually beneficial relationships with stakeholders. With a deep understanding of the complexity of the relationships between the variables studied, this research provides important insights for decision makers in designing human resource management strategies and managing stakeholder relationships to achieve organizational success in the future.

Keywords: Human Resource Capital, Organizational Performance, Stakeholder Relationship Management

INTRODUCTION

Human resources play a key role in the success of an organization. Awareness of the importance of human resources is nothing new, since ancient times humans have always tried to fulfill their daily needs by utilizing natural resources. The concept of human resources does not only refer to objects or materials, but rather to operational capabilities to achieve certain goals, such as needs and satisfaction. Human resource management is crucial in ensuring that organizational goals can be achieved through effective and efficient utilization of the workforce. The State Civil Service (ASN) is an invaluable asset for the state, playing a vital role in achieving political and governmental goals. However, the challenges in managing ASN in Indonesia are still large. Violations of discipline, abuse of authority, and problems with employee data that are not up to date are the main obstacles. The disproportional distribution of labor also results in inequality in services in various organizational units. Law Number 5 of 2014 concerning State Civil Apparatus is a turning point in human resource management in the public sector, changing the paradigm from personnel administration to human resource management that respects and manages ASN as state assets. By understanding this complexity, human resource management becomes the key to achieving success for government organizations in the future.

Performance has a very important role in the success and survival of an organization. First, good performance helps the organization achieve its goals. With optimal performance, organizations can increase productivity, efficiency and effectiveness in achieving predetermined targets. Good performance also allows organizations to measure their progress against those goals, as well as identify areas where improvement is needed. Good performance helps organizations maintain their competitiveness in the market (Cay et al., 2022). In a competitive business environment, organizations need to be able to adapt to changes in the market and meet customer expectations (Sunarsi et al., 2020). McKinsey & Company (2017) Optimal performance allows organizations to remain relevant, innovative, and responsive to these changes (Damanpour et al., 2009). Thus, good performance helps organizations to remain competitive and adapt amidst constant change (Ismail et al., 2023).

Good performance affects an organization's reputation and image. Organizations that are known for excellent performance tend to be more respected and appreciated by stakeholders such as employees, customers, investors and the wider community. This positive image can help organizations attract the best talent, gain support from customers and investors, and build good relationships with the surrounding community. Edelman (2020) Thus, good performance is not only important for achieving organizational goals internally, but also for building and maintaining the organization's reputation externally.

Performance and human resource capital are closely related in the context of organizational management. Individual and collective performance is the main indicator of the effectiveness and efficiency of human resource capital utilization. In this case, individual performance refers to the contribution made by each team member or employee in achieving organizational goals. Meanwhile, collective performance reflects the organization's overall ability to utilize available human resources (Lepak et al., 2006). In other words, good performance shows that human capital has been managed effectively and is able to provide significant added value to the organization (Zehir et al., 2020).

Investments in human resource development contribute directly to improving organizational performance. Organizations that allocate resources to training, employee development, and career development programs tend to have more skilled, competent, and motivated employees. A study by PwC (2019) shows that organizations that invest time and resources in the development of their employees perform better financially than their competitors who do not do the same. Good performance also encourages retention and recruitment of top talent. Organizations known for superior performance and a conducive work environment tend to attract qualified and potential employees. Bersin & Associates (2020) In addition, employees who feel appreciated and supported by the organization have a tendency to remain loyal and contribute optimally to the organization's success. Thus, good performance not only strengthens existing human resource capital (Hickman & Robison, 2020), but also helps organizations attract and retain the best talent in the market.

The mutually reinforcing relationship between performance and human capital creates a dynamic and innovative work environment. Organizations that provide opportunities for employees to develop, innovate and contribute to change have a significant competitive advantage in an ever-changing marketplace. In this context, good performance not only creates valuable human capital, but also encourages an organizational culture that is progressive and adaptive in facing future challenges and opportunities. Deloitte (2020).

Organizational capital is a critical asset for the continuity and success of an organization. Such capital includes the resources available to the organization, including financial capital, human resources, and physical assets. The role of organizational capital is very important in improving overall organizational performance. World Bank (2018) Organizational capital plays a vital role in the success of government organizations. First, financial capital is the main foundation that allows the government to provide public services needed by society such as education, health, infrastructure and security. Mckinsey (2019) Funds from organizational capital are also used to support government operational activities,

including employee salaries and financing strategic programs. Second, human capital strengthens the government's ability to provide quality services. OECD (2020). Investments in training, employee development, and appropriate rewards increase employee competency and motivation, which in turn increases operational efficiency and effectiveness. Third, organizational capital is also important for developing the infrastructure and technology needed for government administration. Reliable infrastructure and sophisticated information technology help the government increase service accessibility, speed up administrative processes, and increase transparency. Thus, organizational capital becomes a crucial foundation in carrying out government functions and creating a positive impact on society as a whole. Government Information Quarterly (2020).

Relational capital, or relationship capital, plays an important role in the success of an organization. A. El Hedhli, R. Chebbi, and H. Hsini (2020) First of all, relationship capital includes the networks and relationships that an organization builds with its stakeholders, including customers, business partners, and local communities. The existence of strong relationships with customers can increase loyalty and trust, thereby strengthening the organization's market position in the long term. Gounaris, D., & Dimitriadis, S (2013) Likewise, strong partnerships with suppliers and business partners help improve operational efficiency and product innovation. Harvard Business Review (2019).

Relationship capital contributes to an organization's reputation and image. Dwyer, FR, Schurr, PH, & Oh, S (2017) Good relationships with various parties can create positive perceptions about the organization, which in turn can increase the organization's attractiveness to potential employees, investors and customers. Kim, W.G., & Cha, Y. (2002) A good reputation enables organizations to attract the best talent in their industry and maintain customer trust, which is essential for long-term growth. Roberts, P.W. and Dowling, G.R. (2002). Relationship capital facilitates collaboration and knowledge exchange. By building extensive networks with external stakeholders, organizations can access additional intellectual resources, innovative ideas, and collaboration opportunities that may not be available if working in isolation. Inkpen, AC, and Tsang, EWK (2005) Such collaboration can produce more creative and sustainable solutions to the challenges organizations face. Oh, H., Chung, M.H., and Labianca, G. (2004)

Relationship capital plays an important role in managing crises and conflicts. A strong, trusting relationship between an organization and its stakeholders can help reduce the negative impact of a crisis or conflict. PH, Ferrin, DL, Cooper, CD, and Dirks, KT (2004) By having strong relationship capital, organizations can more easily communicate, negotiate, and reach agreements that are profitable for all parties involved. Therefore, relationship capital is not just about building relationships, but also about maintaining, managing and strengthening them over time. Doney and Cannon (2017).

This research combines important concepts such as human resource management, organizational performance, human resource capital, and relationship capital in the context of organizational management, especially the government sector in Indonesia. This approach provides a comprehensive understanding of how these elements are interrelated and influence each other to achieve organizational success. One aspect that is quite new is the emphasis on relationship capital in the context of organizational success. This research provides an in-depth understanding of how good relationships with stakeholders can influence an organization's reputation, attractiveness, and ability to manage crises and conflicts. This is an important contribution to the literature on organizational management.

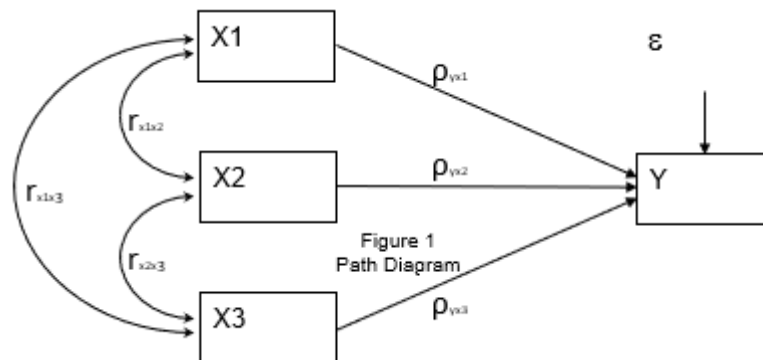
This research is important because it explains how human capital, performance, and relationship capital play a role in the success of an organization, especially in the context of the government sector in Indonesia. Understanding the importance of human resource management is the key to achieving success for government organizations in the future, especially with the still big challenges in managing the State Civil Apparatus (ASN) such as violations of discipline, abuse of authority, and disproportional distribution of labor. This

research also highlights how good performance affects an organization's reputation and image, as well as how investment in human resource development can improve overall organizational performance. In addition, the importance of relationship capital in creating a dynamic and innovative work environment is also the focus of this research, emphasizing that strong relationships with various parties can help organizations manage crises and conflicts more effectively. Thus, this research provides important insights for practitioners and decision makers in designing human resource management strategies and managing stakeholder relationships to achieve organizational success in the future.

METHODS

This research is a quantitative study which aims to collect data numerically and apply statistical analysis to the data. The total research population in this study was 152 respondents. The sampling technique used is a census technique, where all members of the population or respondents who meet the inclusion criteria become research objects. This makes it possible to obtain a more complete and representative picture of the population studied.

The data analysis method used in this research is path analysis, which is also known as structural equation modeling (SEM). Path analysis is a statistical method used to test the relationship between variables simultaneously in a model. Sugiyono (2018) By using path analysis, this research can identify and measure the extent of the relationship between the independent variables and the dependent variable in the model that has been formulated. Path analysis makes it possible to evaluate and model direct and indirect relationships between variables, as well as taking into account the simultaneous effects of several independent variables on the dependent variable. Thus, this research can provide a deeper understanding of the complexity of the relationships between the variables studied. By using path analysis techniques, it is hoped that this research can make a significant contribution to the understanding of the phenomenon under study and provide a strong basis for theory development and relevant practical implications. Smith et al. (2020).



Structural equation:

$$Y = \rho_{yx1}X1 + \rho_{yx2}X2 + \rho_{yx3}X3 + \epsilon$$

Information:

Y	=	Employee Performance
X1	=	Human Capital
X2	=	Organizational Capital
X3	=	Relational Capital
ϵ	=	influence of other factors (epsilon variable)

RESULT

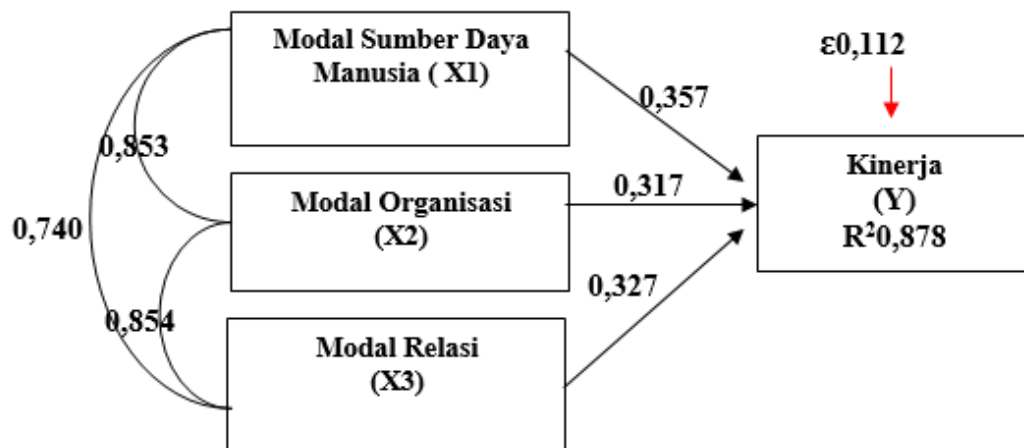


Figure 2. Path Analysis Results

From the results of the path analysis, it can be formulated into direct and indirect influences in the table below:

Table 1
Direct and Indirect Influence

Variable	Direct influence to Y	Indirect influence						Total indirect influence	Total influence
		1	X	2	X	3	X		
X1	0.128		0.096	0.086	0.086	0.086	0.310	0.438	
X2	0.101	0.096		0.089	0.089	0.089	0.354	0.455	
X3	0.107	0.086	0.089				0.175	0.282	
Total influence								0.878	0.878

The results of data analysis show that Human Resource Capital has a significant impact on organizational performance, with a direct influence of 12.80%. Apart from that, there is an indirect influence through its relationship with Organizational Capital and Relationship Capital of 9.60% and 8.60% respectively, which in total gives an influence of 31.00%. Human resources, or human capital, play an important role in carrying out company operations, because they are the driving force in the organization's performance system. Human capital does not only refer to individuals personally, but also to the dynamics of work teams and interpersonal relationships both inside and outside the company. Prayedí (2017)

Human capital is a combination of individual capabilities, commitment, knowledge and experience that is lent to a company. They not only function as individual actors, but also as part of collaborating teams both within and outside the company. The existence of human capital is important because they are a source of innovation and strategic renewal, which emerge from collaborative processes such as brainstorming, laboratory research, and the development of skills and knowledge. Human capital also provides significant added value to the company through motivation, commitment and teamwork effectiveness. They contribute to developing company competencies, transferring knowledge, and changing management culture. Thus, it is important for companies to manage human capital well in order to optimize organizational performance and increase competitiveness in the market. Endri (2017).

After analyzing the data, it is proven that Organizational Capital has a significant impact on organizational performance, with a direct effect of 10.10%. Apart from that, there is an indirect influence through its linkage with Human Resource Capital and Relationship Capital of 9.60% and 8.90% respectively, so that overall it has an influence of 28.60%. Carlin, et al. (2016) The concept of organizational capital was first defined in 1980 by Prescott and Visscher as an effort to increase production efficiency in a company by collecting and using personal information. Marti-de-Castro et al (2016) This capital has great potential to become a source of value for the company. The elements that make up organizational capital, such as culture, structure, and learning organizations, can be a source of competitive advantage for a company. The concept of structural capital or organizational capital refers to the knowledge that exists within an organization, which remains there even though the individual who brought it has left the organization. Saleh and Gan, (2018).

After analyzing the data, it turns out that Relationship Capital has a significant impact on company performance. With a direct influence of 10.70%, and an indirect influence through its relationship with Human Resource Capital of 8.60%, and an indirect influence through Organizational Capital of 8.90%, the total influence reaches 28.20%. The relationships built between companies and their partners are often manifested in annual reports, providing information to report users that the company has support from various parties. This creates a mutually beneficial relationship and ultimately results in improved company performance, including reduced costs and increased market share. (Ashton, 2015) Therefore, disclosure of relational capital positively influences variables related to the company's financial performance and can generate added value within the company. This is in line with increasing research interest in examining the contribution of intellectual capital disclosure, especially relational capital, to improving company performance. Luo et.al., 2004; Chen at.al., 2005; Tan et.al., 2007; Salehi et.al., 2014).

The contribution of Human Resource Capital, Organizational Capital and Relationship Capital to variations in employee performance reached 87.80%. This means that these three independent variables have a very significant influence in determining employee performance. However, there are still other factors that are not researched but also influence employee performance, with a value of 12.20%. These factors include work environment, compensation, job opportunities, and communication. Of these three variables, Human Capital shows the most dominant influence. This may be caused by work in the inspectorate which tends to fall into the realm of routine work, so a high level of Organizational Capital is required to overcome boredom at work. Many employees feel that their performance is very dependent on the organizational capital they have. A decrease in organizational capital will directly impact their performance. Apart from that, encouraging transformational leadership is also considered important in encouraging employees to have high organizational capital. Even though Relationship Capital has a significant impact, it still requires great support from Human Resources Capital and high levels of Organizational Capital. This is reinforced by Priansa's (2015) statement which states that in several conditions, Organizational Capital has a very dominant role in employee performance. Therefore, a decrease in Organizational Capital can have a serious impact in reducing employee performance.

CONCLUSION

From the analysis carried out, it can be concluded that Human Resource Capital (HR), Organizational Capital and Relationship Capital have a significant impact on organizational performance. Human Resource Capital shows the most dominant influence, followed by Organizational Capital and Relationship Capital. The combination of these three factors contributes 87.80% to the variation in employee performance.

Suggestions that can be drawn from these findings are the need for companies to pay more intensive attention to human resource management, because HR is the driving force in the organization's performance system. In addition, the importance of managing

organizational capital, which includes culture, structure and learning organization, also needs to be considered. Relationship Capital should also not be ignored, because good relationships with partners can bring significant benefits to company performance. Companies also need to pay attention to other factors that can influence employee performance, such as the work environment, compensation, job opportunities and communication. Transformational leadership is also important in encouraging employees to have high organizational capital. In conclusion, companies need to adopt a holistic approach in managing human resources, organizational capital, and relationships with external parties to improve performance and competitiveness in the market.

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