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RESEARCH ARTICLE

Human Capital Development Strategy for Superior Organizational Performance.

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Abstract

In the last few year, the issue of human capital, knowledge management, and company performance is growing very rapidly. The need for a deeper understanding of the phenomenon related to the issues above is very important. Organizations and companies need it in order to formulate a strategy to increase competitiveness and overall company performance. This research aims to dig deeper into the matters mentioned above by analyzing the prior research. In the result, this study proposes a model that can be used to understand the link between human capital, knowledge management, and other factors related to the company's performance. The models we named Subanidja and Rajasa Superior Organization's Performance Model.

Introduction:-

In recent years there have been many studies about the performance of the organization, both from quantitatively and qualitative approaches. Discussion on the performance of organizations seems like never ending topic, both from the standpoint of the micro and micro economics. Although, the study of organizational performance is a study about strategic and was predicted to remain continuously in line with the development of science and knowledge.

Recently, there is a paradigm shift regarding various strategic resources for an organization. The change is from the domination of the physical resources (tangible assets) to intangible (intangible assets) (Sunarwa, 2011). Further, he said the factors that are affecting the value of the company has shifted from intangible assets amounted from 38% in 1985 to 85% in 2000. Thus, the determinant of company success is the intangible assets. Through creative innovations produced by the intellectual capital, organizations can achieve performance as expected.

According to the Mayo (2000), measurement of company performance from a financial perspective have a tendency to be accurate, but in fact, the basis of the value drivers of the financial perspective is the human capital with all of the knowledge, ideas, and innovations that they have. In addition, human capital is the core of a company.

Organization comprised of individuals working together to achieve certain goals. The organization will not run if there are no people in it (Robbin and Coulter, 2010). Although human capital can boost the competitiveness of the organization, but in many organizations, human resources is still not a major concern. This study tried to analyze how the development of human capital management strategy can be applied to organizational performance continues to increase and sustainable.

Literature study and Prior Research:-

Human Capital:-

Intellectual capital is an intangible asset owned by the company, and it is the part of all the assets owned by the company. Totanan (2004) mention that human capital is defined as the man himself who personally lent to companies with individual capabilities, commitment, knowledge and personal experience. Although not solely be seen from the individual but also as a working team who have personal relationships both inside and outside the enterprise human capital is important because it is a source of innovation and renewal strategies that can be obtained from brainstorming through laboratory research, the dream of management, process reengineering, and improvements or the development of the skills of workers.

In addition, Mayo (2000) in Rachmawati et al. (2004) narrated that human capital gives value added to the company every day, through motivation, commitment, competence and effectiveness of teamwork. The value added that can be contributed in the form of workers such as the development of the competencies of the company, transfer of workers knowledge to enterprise and the change of management culture. Human capital is a combination of knowledge, skills, innovation and ability to carry out their duties to create value for goal achievement.

Malhotra (2000) and Bontis (2002) in Rachmawati and Wulani (2004) mentioned that the establishment of value-added that has contributed by human capital in performing their duties and task will provide sustainable revenue in the future for an organization. According to Totanan (2004), a company will have a different management performance depending on who is in charge. It means that different peoples in charge in the same assets will produce different value added. Furthermore, it can be concluded that the tangible assets of the company only has a passive role without the role of human resources to manage and create value for a company. Human capital is the lifeblood of intellectual capital, the source of innovation and improvement, but it is a component that is difficult to measure. Human capital is a company collective ability to produce the best solution based on the knowledge possessed by the people in the company, which would increase if the company able to use the knowledge produced by employees. Fitz-Enz in Setyanto describes human capital as a combination of three factors, namely: 1) the character or nature that is brought to the job, for example, intelligence, energy, positive attitude, reliability, and commitment, 2) a person's ability to learn, namely intelligence, imagination , creativity and talent, and 3) motivation to share information and knowledge, the team spirit and goal orientation.

Human Capital Component:-

Based on Mayo (2000), human resources or human capital has five components, that are: individual capability, individual motivation, leadership, the organizational climate, and workgroup effectiveness. Each component has a different role in creating human capital that ultimately determines the value of a company.

The five components are: 1) Individual capability. Knowledge / skills / experience / network; ability to achieve results, potential for growth; and what they bring to work from other parts of Reviews their life, 2) individual motivation. Aspirations, Ambitions, and drive; work motivations; productivity, 3) leadership. The clarity of vision of top management and their ability to communicate it and behave in a way that is consistent with it., 4) the organizational climate. The culture of the organization, especially in its freedom to innovate, openness, flexibility and respect for the individual. and 5) Effectiveness Workgroup. Supportiveness, mutual respect, sharing common goals and values.

a. Individual Capability and Organizational Performance

According to Mayo (2000), the individual capability is broken down into five criteria. First, personal capabilities, i.e., the capabilities of the person, which includes an appearance, thoughts, actions, and feelings. Second, professional and technical know-how, the ability to be professional in every situation and condition as well as their willingness to transfer knowledge from senior to junior. Third experience, someone competent and have an experience that is long enough in their field and has an open attitude towards the experience. Fourth, the network and range of personal contacts, which is said to be competent if someone has a broad network or connection with anyone, especially those associated with the profession. Fifth, the values , and attitudes that influence actions, values , and attitudes that will influence their actions in a working environment such as having emotional stability, friendly, sociable and assertive.

b. **Organizational Culture and Organizational Performance.**

Kreitner and Kinicki (2005) mention that organizational culture is a manifestation of the existence of an assumption, implicitly accepted by the group and determine how these groups feel, think and react to its environment are diverse. Culture will look through the socialization of new employees, sub-cultures clash, and the behavior of top management. According to Trisnaningsih (2007), organizational culture refers to a system of meaning that accepted by amember who set the company to be different from the others. Gibson et al. (1996) in Trisnaningsih (2007) define organizational culture as a system of values, beliefs and norms are unique, are shared by members of an organization. Organizational culture can be positive and negative forces in achieving effective organization. According to Mayo (2000), organizational culture is a very important factor to create human capital, those factors are: 1) assessing the performance of both teams and individuals, 2) conduct an assessment of the employees in dealing with problems through a process of learning and self-improvement, 3) the assessment of the innovations and creativity of individuals that aims to improve the condition of the company, 4) the support of companies such as facilities and infrastructure for employees to work and perform their duties, 5) the transfer of knowledge from the senior to the junior, share their experiences in working. Markus and Santoso (2006), said a conducive working atmosphere will encourage employees to contribute the maximum performance in the company. Employees who are satisfied with the company where he works, will most likely choose to continue working in these places despite emerging opportunities the other job offers. If the employee already has a strong attachment to the company, it will show in his daily behavior where he was compelled to do something for the development of the company. Furthermore, the companies performance is the result of cumulative individual achievement in the certain time. Assessment will become a reference for the employees in order to motivate them to contribute more to the company, as well as employees performance assessment conducted by the company systematically based on the work assigned to him.

Trisnaningsih (2007) also concluded that performance is a work result that is achieved by someone in executing their assigned tasks based on skills, experience, and time determination that has measured regard to quality, quantity, and timeliness. The performance can be measured by specific measurements whereas quality relates to the quality of work result, while the quantity is appropriateness with the time planned.

c. Individual Capability, The Organizational Climate and Organization Performance.

Chen and Lin (2003) in Setyanto (2004) stated that the company expenses related to human resources should be viewed as an investment in human capital. The argument that the human capital management is the cost had to be abandoned, meaning that investment in human capital is seen not as a cost but as an investment in an asset that has a future value. Then, if the condition of the company decline, the cost of human resources is no longer seen as a cost that must be trimmed for the first time. Therefore the main steps should be taken by the organization is to change the mindset from managing cost to the value creation which will be rated by the market from alook at the company's activities, and is reflected from the value added that has generated. Human capital is seen as a strategic element of the company because management and human resources performance provide a major contribution to the competitive advantage creation. The ability to manage human resources as an asset that is essential to the company success because in the end, people will become the key to implementation of the company strategy. The key advantages of human assets also derived from the unique value, since the value of human capital, is not going to depreciate, but it will appreciate if they always developed and treated appropriately.

Result and Discussion:-

From the above description, it can be seen that the superior organizational performance can be achieved through various antecedents. Human capital is seen as the dominant antecedent to achieve superior organizational performance. Human capital can form optimal organizational performance if it is also supported by structural capital, such as organizational culture, leadership system, thelocus of control, and always focused on the customer as valuable assets. Through the intermediate variable, knowledge management, superior organizational performance can be achieved. The synergy between the components that make up the antecedent variables through knowledge management is accelerated to achieve superior organizational performance

According to prior discussion, it can be concluded that human capital is an intangible asset that is strategic value in achieving high organization performance. Therefore, the management of human capital is a strategic domain for the management of the organization. Study of superior performance for an organization is a topic that never expires for review. There are so many factors that can affect the performance of an organization, but it all comes down to people that understood as human capital.

The discussion on the above is the basis for the authors to propose a causal model that links between organizational performance, human capital, capital structure, customer capital and knowledge management, as reflected in the following diagram. Knowledge management is seen as an intervening variable, while human capital, structural capital, and customer capital is positioned as an antecedent to the knowledge management. Knowledge management is a variable that synergizes the determining factors of organizational performance.

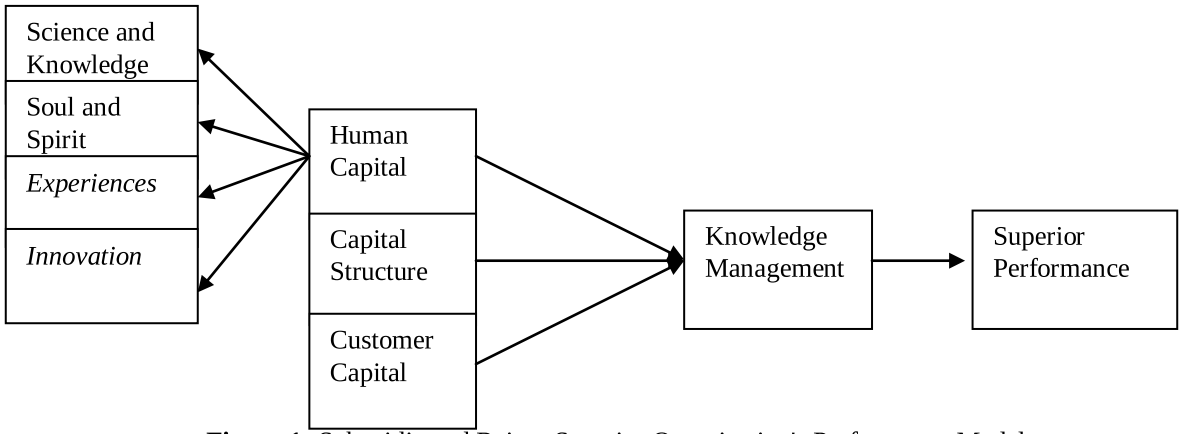

Figure 1: Subanidja and Rajasa Superior Organization's Performance Model.

This model has constructed from the compilation from various sources. Authors try to add knowledge management as an intervening variable that is positioned as anantecedent of organizational performance variable. This causal model named Subanidja and Rajasa Superior Organization's Performance Model.

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